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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 975)

ANNOUNCEMENT PURSUANT TO RULE 13.09(1) OF THE LISTING RULES THE GOVERNMENT OF MONGOLIA RESOLVED TO COMMENCE RAILWAY CONSTRUCTION

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

According to media reports, the Government of Mongolia (the “**Government**”) at its regular session held on 9 May 2012 resolved to commence construction of railway base infrastructures network which includes the base structure in the direction of Ukhaa Khudag (“**UHG**”) mine to Gashuun Sukhait (“**GS**”) border point under concession arrangements, with, among other things, conditions that 51% ownership of each of the entities by which the interests in the infrastructure are held be transferred to such entities owned or controlled by the Government for free of charge or for compensation depending on the time period as specified in the concession arrangements.

In an interview held after the cabinet session, Mr Dashdorj Tsedev, the Minister of Road, Transportation, Construction and Urban Development of Mongolia, informed the media that the Government has resolved to grant concession to construct railway base infrastructure from UHG mine to GS border point to Energy Resources Rail LLC, an indirect wholly-owned subsidiary of the Company.

The Company will issue a further announcement to inform the public and its shareholders on the progress of the concession once the concession agreement and other required documentation with relevant governmental and regulatory authorities have been formalised.

For and on behalf of the Board
Mongolian Mining Corporation
Odjargal Jambaljamts
Chairman

Hong Kong, 10 May 2012

As at the date of this announcement, the Board consists of Mr. Odjargal Jambaljamts and Dr. Battengel Gotov, being the executive directors of the Company, Mr. Gantumur Lingov, Ms. Enkhtuvshin Gombo, Mr. Enkh-Amgalan Luvsantseren, Dr. Oyungerel Janchiv, Mr. Philip Hubert ter Woort and Mr. Batsaikhan Purev, being the non-executive directors of the Company, and Mr. Ochirbat Punsalmaa, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, being the independent non-executive directors of the Company.