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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 SIGNED THE CONCESSION AGREEMENT FOR RAILWAY BASE INFRASTRUCTURE

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.

The board of directors (the “**Board**”) of Mongolian Mining Corporation (the “**Company**”) is pleased to announce that on 31 May 2012, the Government of Mongolia (the “**Government**”), represented by the Ministry of Road, Transportation, Construction, and Urban Development of Mongolia, the State Property Committee, and the Railway Authority of Mongolia has signed the concession agreement with Energy Resources LLC (“**ER**”), an indirect wholly-owned subsidiary of the Company, and Energy Resources Rail LLC (“**ERR**”), a wholly-owned subsidiary of Energy Resources LLC (the “**Concession Agreement**”) to build and operate the railway base infrastructure between Ukhaa Khudag coking coal mine and Gashuun Sukhait border check point of Mongolia (the “**UHG-GS Railway**”).

The major terms under the Concession Agreement are as follows:

- (1) ERR has been granted a right to construct the UHG-GS Railway;
- (2) ERR has been granted a right to operate the UHG-GS Railway for a period up to 19 years from the date of the commissioning of the railway base infrastructure;
- (3) The UHG-GS Railway will be built using a 1,520 millimeter gauge;
- (4) Upon expiration of the concession term, ER shall transfer 51% of its shareholding in ERR to the Government in accordance with the conditions set forth in the Concession Agreement; and
- (5) Upon transfer 51% of its shareholding in ERR to the Government, ER has an option to swap certain portion of the remaining shares in ERR for 10 percent of shares in a state owned company, which will own an integrated railway base structure network between Sainshand – Tavantolgoi – Ukhaa Khudag – Gashuun Sukhait.

The UHG-GS Railway is expected to increase efficiency and reliability of the coal transportation of the Company while bringing further reduction in cost of transportation to the Company. Moreover, the railway is expected to improve safety in coal transportation operations and significantly reduce negative impact on the environment.

The Company will make further announcements on the progress of our railway construction in line with internal and external disclosure guidelines and regulations.

Shareholders and potential investors of securities of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 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.