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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

VOLUNTARY ANNOUNCEMENT AGREEMENT ON RAIL CONCESSION SETTLEMENT

Reference is made to the announcements dated 31 May 2012 and 4 November 2012 (the “**2012 Announcements**”) and the annual report for the year ended 31 December 2012 issued by Mongolian Mining Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to the decision of the Government of Mongolia (the “**Government**”), amongst others, to consolidate various railway projects in Mongolia into an unified railway project (the “**Project**”) to be managed and implemented under government authority and for the Minister of the Road and Transportation to take measure to terminate with the Group the Concession Agreement entered by and between the various entities which represented the Government, ER and ERR on 31 May 2012 (the “**Concession Agreement**”). Capitalized terms used in this announcement shall have the same meanings as defined in the 2012 Announcements unless the context herein requires otherwise.

The board of directors of the Company (the “**Board**”) wishes to announce that on 6 May 2013, the Government, represented by the Ministry of Road and Transportation, the State Property Committee and Mongolian Railway (“**MTZ**”), which is a state owned company assigned by the Government to implement the construction of the Project, ER and ERR (together, the “**Parties**”) signed an agreement to implement the Government Resolution 121 dated 3 November 2012 relating to the Project (the “**Agreement**”).

Pursuant to the Agreement, the Parties agreed upon the terms and conditions according to which the Concession Agreement is terminated.

The major terms under the Agreement are as follows:

- (1) The compensation amount for all the costs incurred by ER and ERR in relation to the construction of the UHG-GS Railway is confirmed and agreed to be MNT84,330,024,111 (eighty four billion three hundred thirty million twenty four thousand one hundred and eleven togrog);
- (2) The Parties will enter into negotiation regarding potential investment in the Project. Depending on the outcome of the negotiation, the above compensation amount could be converted into equity of a special purpose enterprise to be established by the Government to implement the Project and/or reimbursed;
- (3) The Company will be granted an access to 50% of the capacity of the UHG-GS Railway; and
- (4) The existing contracts and obligations for the construction of the UHG-GS Railway will be reassigned to MTZ and/or its designated entity.

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

Hong Kong, 6 May 2013

As at the date of this announcement, the Board consists of Mr. Odjargal Jambaljamts and Dr. Battsengel Gotov, being the executive directors of the Company, Mr. Batsaikhan Purev, Dr. Oyungerel Janchiv, Mr. Od Jambaljamts and Ms. Enkhtuvshin Gombo, 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.