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MONGOLIAN MINING CORPORATION
(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 975)

**THE GOVERNMENT OF MONGOLIA'S DECISION
ON COAL EXPORT SUPPORT MEASURES**

This announcement is made by Mongolian Mining Corporation (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the disclosure obligation under the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

Reference is made to the announcements dated 6 October 2011 (the “**Road Announcement**”) and 16 January 2012 (the “**Border Expansion Announcement**” together with the “**Road Announcement**”, the “**Announcements**”) both issued by the Company in relation to the completion of the Ukhaa Khudag – Gashuun Sukhait paved road (“**UHG-GS road**”) built under the BOT Agreement with the Government of Mongolia (“**Government**”) and the completion of an expansion project of border crossing capacity at Gashuun Sukhait border checkpoint (“**GS**”) of Mongolia, for coal export transportation, respectively. Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements unless the context herein requires otherwise.

The board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that according to the news published on the official website of the Government, the Government discussed at its cabinet meeting held on 16 August 2013 the measures to support coal exports from Mongolia. Among other matters discussed, the Government, recognizing the importance of the UHG-GS road to coal exports, has resolved to purchase (i) the UHG-GS road from Gobi Road LLC, an indirect wholly-owned subsidiary of the Company, and (ii) the infrastructure built under the Border Crossing Expansion project by Energy Resources LLC, an indirect wholly-owned subsidiary of the Company, with an aim to decrease transportation costs, an important factor for coal export support.

As at the date of this announcement, the purchase amount payable to the Group by the Government in respect of the above resolutions has not yet been discussed. The Board believes that the cash received by the Group in relation to the above mentioned assets will allow the Group to maintain strong cash position until end of 2013. The Group will continue to have unrestricted access to this transportation infrastructure.

Also, in order to lower coal transportation costs, the Government resolved to initiate process to allow Chinese railway network cross-border access to Gashuun Sukhait and Shivee Khuren border crossing points.

As at the date of this announcement, the Company has not yet received any notification letter from the Government in relation to the aforesaid resolutions. The Company will issue a further announcement to inform the public and its shareholders as and when the Company receives any official letter or notification in respect of such resolutions from the Government.

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

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

Hong Kong, 19 August 2013

As at the date of this announcement, the board of directors of the Company 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.