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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

CONTINUING CONNECTED TRANSACTIONS ON SUPPLY AND SERVICE AGREEMENT

Reference is made to the announcement of the Company dated 15 August 2023 in relation to, among others, the supply of light vehicles, spare parts for light vehicles and related maintenance services by Top Motors to the Group for the period from 1 September 2023 to 31 August 2026. The Company intends to continue to enter into transactions of the same nature after 31 August 2026, and therefore has arranged tendering processes for the selection of service providers.

Top Motors has been selected, through competitive tendering processes, as a service provider for the supply of (i) light vehicles; (ii) spare parts for light vehicles; (iii) related maintenance services; (iv) light vehicles rental services; and (v) light vehicles exterior repair services to the Company's offices located at Ulaanbaatar and operational sites. On 20 August 2026, Energy Resources, an indirect wholly-owned subsidiary of the Company, and Erdene Mongol LLC, an indirect non wholly-owned subsidiary of the Company, entered into the Supply and Service Agreement with Top Motors, pursuant to which Top Motors agreed to provide the relevant supplies and services to the Group for the period from 1 September 2026 to 31 August 2029, for an aggregate consideration of up to MNT33,588,660,000 (equivalent to approximately USD9,344,408).

LISTING RULES IMPLICATIONS

Top Motors is a wholly-owned subsidiary of MCS Holding which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, a substantial Shareholder holding approximately 31.65% of the issued share capital of the Company as at the date of this announcement. As such, Top Motors is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the transactions contemplated under the Supply and Service Agreement constitute continuing connected transactions of the Company.

As the highest percentage ratio for the annual caps for the continuing connected transactions under the Supply and Service Agreement exceeds 0.1% but less than 5%, the transactions contemplated under the Supply and Service Agreement are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SUPPLY AND SERVICE AGREEMENT

Date: 20 August 2026

Parties: Energy Resources and Erdene Mongol as purchasers

Top Motors as supplier and service provider

Principal terms:

Pursuant to the Supply and Service Agreement, Top Motors agreed to supply the following assets and services to the Group's Ulaanbaatar office and operational sites:

– light vehicles;

– spare parts for light vehicles;

– related maintenance services;

– light vehicles rental services; and

– light vehicles exterior repair services.

Consideration:

The maximum aggregate consideration payable by the Group to Top Motors under the Supply and Service Agreement is MNT33,588,660,000 (equivalent to approximately US$9,344,408) inclusive of VAT, other applicable taxes and all other costs associated with the services provided by Top Motors.

The consideration was determined after arm's length negotiations between Energy Resources, Erdene Mongol and Top Motors, taking into account (i) the number of light vehicles and quantity of spare parts required for the Group's operational needs; (ii) the proposed unit prices for the relevant types of light vehicles and spare parts, based on historical and/or prevailing market prices; (iii) the proposed maintenance service fees, based on historical and/or prevailing hourly labour rates; (iv) the proposed operating costs to be incurred by Top Motors in providing spare parts and related services to the Group's operational sites, including transportation, storage, employee-related, operating, management and other related costs; (v) the proposed fees for rental and exterior repair services, with reference to prevailing market rates and incurred on an as-needed basis; and (vi) the fee quotations and cost structure for the relevant supplies and services, as set out in the bid proposal submitted by Top Motors.

Payment terms:

Invoices will be issued on a monthly basis in respect of the transaction amounts incurred for the relevant month, and Energy Resources and Erdene Mongol are required to settle the payments within 45 days upon receipt of valid invoices from Top Motors.

Historical transaction amounts:

Historical transaction amounts incurred by the Group under the supply and service agreement entered into between Top Motors and Energy Resources on 15 August 2023 and expiring on 31 August 2026 are as follows:

Financial year	Transaction amount	Period covered
31 December 2023	MNT1,326,327,676 (equivalent to approximately USD384,201)	4 months from 1 September 2023 to 31 December 2023
31 December 2024	MNT3,590,463,179 (equivalent to approximately USD1,059,501)	12 months from 1 January 2024 to 31 December 2024
31 December 2025	MNT5,932,929,004 (equivalent to approximately USD1,665,101)	12 months from 1 January 2025 to 31 December 2025

Based on the unaudited management accounts, the transaction amount under the supply and service agreement for the period from 1 January 2026 to 31 July 2026 was approximately MNT2,886,844,556 (equivalent to approximately USD807,563).

Annual caps:

The following table sets out the proposed annual caps to be incurred under the Supply and Service Agreement for the periods from 1 September 2026 to 31 August 2029:

Financial year ending	Annual caps	Period covered
31 December 2026	MNT3,732,073,000 (equivalent to approximately USD1,038,267)	4 months from 1 September 2026 to 31 December 2026
31 December 2027	MNT11,196,220,000 (equivalent to approximately USD3,114,803)	12 months from 1 January 2027 to 31 December 2027
31 December 2028	MNT11,196,220,000 (equivalent to approximately USD3,114,803)	12 months from 1 January 2028 to 31 December 2028
31 December 2029	MNT7,464,147,000 (equivalent to approximately USD2,076,535)	8 months from 1 January 2029 to 31 August 2029

The annual caps were determined with reference to the Company's internal projections of the number of supplies and services required having regard to (i) the historical transaction amounts of light vehicles, spare parts and related maintenance services; (ii) the anticipated fees for light vehicles rental and exterior repair services; (iii) the Group's projected demand for light vehicles, spare parts and related services in line with its operational plans; (iv) the expanded scope of supplies and services compared to the prior years; (v) the bid proposal submitted by Top Motors; (vi) the increase in inflation, exchange rate and official price of Toyota dealer; and (vii) probable contingencies.

The increase in the proposed annual caps is primarily attributable to the newly added scope of supplies and services to be provided to Erdene Mongol, which was not covered by the previous annual caps and accounts for approximately 30% of the proposed annual caps. In addition, the proposed annual caps reflect Energy Resources's continued demand for light vehicles, spare parts and related maintenance services, as well as the introduction of new services, such as light vehicles rental and exterior repair services, and associated costs arising from, among other factors, inflation, foreign exchange rate fluctuations and changes in the official prices quoted by the Toyota dealer.

Term of the services:

The Supply and Service Agreement will be effective for the period from 1 September 2026 to 31 August 2029.

Reasons for the transaction:

In order to select the contractor to supply light vehicles, spare parts for light vehicles, related maintenance services, light vehicles rental services and exterior repair services for the period from 2026 to 2029, the Company organized and conducted a competitive bidding process. The Company invited all three authorized Toyota dealer companies in Mongolia that are locally recognised and qualified to provide relevant light vehicles, spare parts for light vehicles, related maintenance services, light vehicles rental services and exterior repair services to participate in the bidding process. Out of the three invitees, two are independent third-party service providers except for Top Motors. Only two companies (namely, Top Motors and one other independent third-party) submitted their bid proposals within the due date.

The bid proposals were evaluated in detail with reference to the overall scope of services offered, financial capabilities, technical proposals and commercial proposals.

Top Motors was selected as the successful preferable bidder who can provide reliable services that meet safety standards and requirements for mining operation at a competitive price while incorporating international standards, service methods and offering cost-effective solutions; and was evaluated as more favourable than the other dealers.

INFORMATION ON THE GROUP

The Company, together with its subsidiaries, is the largest producer and exporter of high-quality washed hard coking coal in Mongolia. The Group owns and operates the UHG and the BN open-pit coking coal mines, both located in the Umnugobi aimag (South Gobi province), Mongolia.

The Group, through its subsidiaries, is also engaged in the exploration of gold and other precious metals.

Energy Resources, an indirect wholly-owned subsidiary of the Company, is principally engaged in the operation of the UHG mine.

Erdene Mongol, an indirect non-wholly owned subsidiary of the Company, is principally engaged in the operation of the BKH mine in Bayankhongor aimag (province), Mongolia.

INFORMATION ON TOP MOTORS

Top Motors, a wholly-owned subsidiary of MCS Holding, is an authorised dealer of the world-leading automobile manufacturer "Toyota Motor Corporation" and is principally engaged in provision of maintenance and repair services, and sales of Toyota vehicles and auto spare parts in Mongolia.

MCS Holding is wholly-owned and controlled by MCS Mongolia LLC, which directly holds 100% shareholding interest in MCS Mining Group LLC, a substantial Shareholder holding 31.65% of the issued share capital of the Company as at the date of this announcement. MCS Mongolia LLC is owned as to 58.18% by Mr. Odjargal Jambaljamts (a Director).

LISTING RULES IMPLICATIONS

Top Motors is a wholly-owned subsidiary of MCS Holding which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, a substantial Shareholder holding approximately 31.65% of the issued share capital of the Company as at the date of this announcement. As such, Top Motors is a connected person of the Company within the meaning of the Listing Rules and the transactions contemplated under the Supply and Service Agreement constitute continuing connected transactions of the Company.

As the highest percentage ratio for the annual caps for the continuing connected transactions under the Supply and Service Agreement exceeds 0.1% but less than 5%, the transactions contemplated under the Supply and Service Agreement are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Each of Mr. Odjargal Jambaljamts and Ms. Enkhtuvshin Gombo, being a Director and a director of MCS Holding, was deemed to have material interest in the transactions contemplated under the Supply and Service Agreement and therefore has abstained from voting on the relevant resolutions of the Board in relation to the approval of the Supply and Service Agreement and the relevant annual caps.

INTERNAL CONTROL MEASURES

The Company has established internal control procedures to ensure that the continuing connected transactions are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. Relevant internal control measures include strict measures for evaluation on and selection of the service providers; regular monitoring of actual amounts incurred for the continuing connected transactions; regular internal control tests to evaluate completeness and effectiveness of internal control measures; and regular review by the internal audit department, the audit committee of the Board, the Board, and the independent non-executive Directors.

In respect of continuing connected transactions, the Group determines pricing based on the size and scope of each transaction, in accordance with the internal control measures, using methods including, but not limited to, requests for quotation, requests for proposal or tenders, subject to oversight by the Company's executive and procurement committees, and the internal audit department.

Depending on the transaction method, the Group will obtain no less than three quotations from independent third parties and ensure review and monitoring by the Company's legal and financial compliance teams. These measures aim to ensure that the terms are fair and reasonable, conducted on normal commercial terms that are no less favourable than those offered by independent third parties, and compliant with the Listing Rules. To clarify, the requirement to obtain no less than three quotations from independent third parties applies to requests for quotation and requests for proposal, but does not strictly apply to tenders, as participation is subject to, among other factors, the invitees' discretion and the availability of a sufficient number of service providers. Notwithstanding this limitation, the Company's procurement team endeavours to obtain no less than three quotations to ensure that the terms are fair and reasonable, conducted on normal commercial terms or better. The Company acknowledges that, in circumstances where there are no, or an insufficient number of, service providers (which, in some cases, are required to hold relevant permits) willing or able to participate in the tendering invitation, for reasons beyond the Company's control, there may be potential compliance risks.

In the case of the Supply and Service Agreement, considering that Mongolia has a limited pool of only three authorized Toyota dealer companies (including Top Motors and two other independent third parties) that are locally recognized and qualified to provide the relevant assets and services, the Company had invited all three authorized Toyota dealer companies to participate in the bidding process, with only Top Motors and one other independent third party submitting their bid proposals in time for evaluation.

BENEFITS OF THE TRANSACTIONS

The Board (including the independent non-executive Directors) is of the view that the terms of the continuing connected transactions contemplated under the Supply and Service Agreement are fair and reasonable; such continuing connected transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; the entering into of the continuing connected transactions contemplated under the Supply and Service Agreement is in the interests of the Company and the Shareholders as a whole; and that the relevant annual caps for the continuing connected transactions contemplated under the Supply and Service Agreement are fair and reasonable.

DEFINITIONS

"BKH mine"	the Group's Bayan Khundii mine located in the Bayankhongor aimag;
"BN"	the Group's Baruun Naran coal deposit located in the Khankhongor soum, Umnugobi aimag;
"Board"	the board of Directors;
"Company"	Mongolian Mining Corporation (stock code: 975), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited;
"Connected person"	has the same meaning ascribed to it under the Listing Rules;
"Director(s)"	director(s) of the Company;
"Energy Resources"	Energy Resources LLC, a company incorporated in Mongolia with limited liability, an indirect wholly-owned subsidiary of the Company;
"Erdene Mongol"	Erdene Mongol LLC, a company incorporated in Mongolia with limited liability, an indirect non-wholly owned subsidiary of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"MCS Holding"	MCS Holding LLC, a company incorporated in Mongolia with limited liability;
"MNT"	togrog or tugrik, the lawful currency of Mongolia;
"Share(s)"	ordinary share of USD0.1 each in the share capital of the Company;
"Shareholder(s)"	the registered holders of the Shares;

"Supply and Service Agreement"	the Supply and Service Agreement entered into between Energy Resources and Erdene Mongol and Top Motors dated 20 August 2026 in relation to the supply of light vehicles, spare parts for light vehicles, related maintenance services, light vehicles rental services and exterior repair services by Top Motors to the Group;
"Top Motors"	Top Motors LLC, a company incorporated in Mongolia with limited liability, a wholly-owned subsidiary of MCS Holding;
"UHG"	the Group's Ukhaa Khudag coal deposit located in the Tavan Tolgoi coalfield;
"USD"	United States Dollar, the lawful currency of the United States of America;
"VAT"	value added tax; and
"%"	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of USD1.00 =MNT3,594.52, has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at any other rates.

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

Hong Kong, 20 August 2026

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, Ms. Enkhtuvshin Gombo and Mr. Ariunbayar Byambadorj, being the non-executive directors of the Company, and Mr. Chan Tze Ching, Ignatius, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being the independent non-executive directors of the Company.