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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

CLARIFICATION ANNOUNCEMENT

The board of directors (the “**Board**”) of Mongolian Mining Corporation (the “**Company**”) has noted certain press articles (the “**Press Articles**”) in relation to an arrest of the Deputy Chief Executive Officer of the Company. Pursuant to the Press Articles, Mr. Oyunbat Lkhagvatsend, the Deputy Chief Executive Officer of the Company (“**Mr. Oyunbat**”), was detained as he was alleged to have defrauded the Government of Mongolia (the “**Government**”) in respect of a compensatory claim regarding the Government’s revocation of a railway infrastructure base concession project originally awarded to Energy Resources LLC and Energy Resource Rail LLC (“**ERR**”), both indirectly wholly-owned subsidiaries of the Company, which used to be responsible for implementing such project. It was also alleged that Mr. Oyunbat was released as a result of the Company’s influence on the Police of Mongolia.

The Company confirms that the abovementioned allegations are not accurate and would wish to clarify that:

- (i) The Independent Anti-Corruption Agency and the Police of Mongolia (the “**Investigators**”) have been jointly investigating a number of individuals belonging to former management of Mongolian Railway State-Owned Joint-Stock Company (“**MTZ**”) and the then incumbent officials of the Ministry of Road and Transportation in relation to projects implemented by MTZ and funded by Government financing sources, including the Ukhaa Khudag-Gashuunsukhait railway project (the “**Project**”);
- (ii) There has been no claim against any of the Company and its directors. As a result of its previous involvement in the Project, the Company was requested by the Investigators to provide available information in relation to the Project. The Company has fully collaborated with the Investigators and provided all documentation available as requested, and intends to continue to fully collaborate;
- (iii) Mr. Oyunbat, in his capacity as the chief executive officer of ERR, the Company’s indirectly wholly-owned subsidiary involved in the Project, was also questioned by the Investigators. He was detained by the Investigators on February 24, 2016 and released on the following day. As at the date of the Announcement, Mr. Oyunbat is continuing to perform his duties at office and reports to the Company as usual and has been fully collaborating with the Investigators.

The Company would urge the media to report accurately and the Company reserves its right to take any legal action against any inaccurate reports.

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

Hong Kong, 17 March 2016

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, Dr. Oyungerel Janchiv, Mr. Od Jambaljamts and Mr. Gankhuyag Adilbish, being the non-executive directors of the Company, and Dr. Khashchuluun Chuluundorj, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, being the independent non-executive directors of the Company.