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MONGOLIAN MINING CORPORATION

(In Provisional Liquidation)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

RECENT DEVELOPMENT

This announcement (the “**Announcement**”) is made by Mongolian Mining Corporation (In Provisional Liquidation) (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 (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 21 July 2016 in relation to the appointment by the Grand Court of the Cayman Islands (the “**Cayman Court**”) of Mr. Simon Conway of PwC Corporate Finance Recovery (Cayman) Limited and Mr. Christopher So Man Chun of PricewaterhouseCoopers Ltd. as joint provisional liquidators (the “**JPLs**”) of the Company on a soft touch basis to assist the Company and its existing board of directors (the “**Board**”) with the implementation of the proposed debt restructuring on an expedited basis (the “**Debt Restructuring**”).

The Company is an exempted company incorporated with limited liability under the laws of the Cayman Islands and is subject to the Companies Law (2016 Revision) of the Cayman Islands (the “**Cayman Companies Law**”). Given the filing of a winding up petition in relation to the Company on 7 July 2016 (the “**Petition**”), section 99 of the Cayman Companies Law provides that, if a winding up order is made against a company, unless the Cayman Court otherwise orders, any transfer of shares or alteration in the status of such company’s members made after the commencement of the winding up would be void. In the event that a winding up order is made, section 100(2) of the Cayman Companies Law provides that a winding up of the Company is deemed to have commenced at the time of the presentation of the petition for the winding up. Section 99 of the Cayman Companies Law only affects transfers of the legal ownership of the shares of the Company (the “**Shares**”), namely Shares proposed to be transferred (i) in and out of the Central Clearing and Settlement System (“**CCASS**”) and (ii) between shareholders whose names are registered in the register of members of the Company. Transfer of beneficial interests in the Shares registered in the name of Hong Kong Securities Clearing Company Limited (or its nominee) within CCASS are not affected and would not be void under Cayman Islands law should a winding up order be made.

The purpose of section 99 of the Cayman Companies Law is to protect the validity of dispositions of property and share transfers whilst a winding up petition is outstanding against a company incorporated in the Cayman Islands. Accordingly, whilst the Petition filed in respect of the Company is outstanding, any transfer of legal ownership of the Shares would require approval from the Cayman Court so as not to be void under section 99 of the Cayman Companies Law. In the event that the Debt Restructuring is successfully implemented, the JPLs will be discharged and the Petition will ultimately be dismissed allowing the Company and the Group thereafter to continue as a going concern. In those circumstances, no winding up order will be made (due to the dismissal of the Petition).

The Company wishes to inform its shareholders that it is continuing to progress negotiations with its creditors in relation to the Debt Restructuring. Since the JPLs have been appointed, the Company has been protected by a statutory moratorium from any proceedings being commenced or continued against it without the leave of the Cayman Court, leaving the Company, the Board and the JPLs free to engage in concluding a collective restructuring plan in the best interests of all of the Company's creditors, and ensure the Company and the Group's ability to continue thereafter as a going concern. In order for the JPLs to have been appointed by the Cayman Court, the Petition was required to be filed with the Cayman Court at the same time as the application seeking the appointment of JPLs. As at the date of this Announcement, no winding up order had been made against the Company.

The Company intends to maximize legal protection for its shareholders by removing uncertainties associated with share transfers imposed by the Cayman Companies Law and facilitate the ongoing trading of the Shares. As such, the Company has applied and successfully obtained, for the benefit of all its shareholders, an order from the Cayman Court approving any transfer of the Shares whilst the Company is in provisional liquidation.

The Company is pleased to announce that, on 7 October 2016 (Cayman time), the Cayman Court granted an order to the effect that (i) all proposed share transfers for which the Company had received requests, as of 7 October 2016, are approved and shall not be void if a winding up order is ever made against the Company, and (ii) all future transfers of full-paid Shares during the provisional liquidation of the Company are approved and shall not be void if a winding up order is made against the Company, provided that the JPLs provide their written consent to each future transfer of the Shares. As a company listed on the Stock Exchange, all of the Shares are fully paid. As such, the Company has been informed by the JPLs that they will provide such written consent to all future share transfers upon receipt of valid requests from the Company's share registrar. Accordingly, there is no impediment to the trading of the Shares.

The Company will publish further announcements to update the shareholders and potential investors on the progress of the Debt Restructuring as and when necessary.

For and on behalf of
Mongolian Mining Corporation
(In Provisional Liquidation)
Simon Conway
Joint Provisional Liquidator
who acts without personal liability

Hong Kong, 11 October 2016

As at the date of this announcement, the board of directors of the Company consists of Mr. Odjargal Jambaljamts and Dr. Battengel 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.