THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mongolian Mining Corporation (the "Company"), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders

SOMERLEY LIMITED

A letter from the Board is set out on pages 4 to 13 of this circular.

A letter of recommendation from the Independent Board Committee is set out on pages 14 to 15 of this circular and a letter of recommendation from Somerley, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 25 of this circular.

A notice convening the EGM to be held at Hennessy Room, Level 7, Conrad Hong Kong Hotel, Pacific Place, 88 Queensway, Admiralty, Hong Kong on 27 November 2013 at 10:00 a.m. is set out on pages 32 to 33 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.mmc.mn).

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

8 November 2013

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In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

"associate(s)"	has the same meaning ascribed to it under the Listing Rules;
"BN mine site"	the Group's Baruun Naran coal deposit located in the Khankhongor soum, Umnugobi aimag;
"Board"	the board of Directors;
"CHPP"	coal handling and preparation plant at the UHG mine site;
"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;
"connected person"	has the same meaning ascribed to it under the Listing Rules;
"DAF"	"Delivered at Frontier" a trade term requiring seller to deliver goods to a named destination;
"Director(s)"	director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Fuel Supply Agreements and the transactions contemplated thereunder, and the Proposed Annual Caps;
"Energy Resources"	Energy Resources LLC, a company incorporated in Mongolia with limited liability, is an indirect wholly-owned subsidiary of the Company;
"Fuel Supply Agreement with NIC"	the Fuel Supply Agreement entered into between NIC and Energy Resources dated 18 October 2013 in relation to the supply of fuel products and other related services by NIC to the Group;
"Fuel Supply Agreement with Shunkhlai"	the Fuel Supply Agreement entered into between Shunkhlai and Transgobi dated 18 October 2013 in relation to the supply of fuel products and other related services by Shunkhlai to the Group;
"Fuel Supply Agreements"	the Fuel Supply Agreement with NIC and the Fuel Supply Agreement with Shunkhlai;
"Group"	the Company and its subsidiaries;

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of the transactions contemplated under each of the Fuel Supply Agreements and the Proposed Annual Caps;
"Independent Financial Adviser" or "Somerley"	Somerley Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the Fuel Supply Agreements and the Proposed Annual Caps;
"Independent Shareholder(s)"	Shareholder(s) other than Lotus Amsa and its associates relating to the Fuel Supply Agreement with NIC; and Shareholder(s) other than Shunkhlai Mining and its associates relating to the Fuel Supply Agreement with Shunkhlai;
"Latest Practicable Date"	5 November 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Lotus Amsa"	Lotus Amsa Limited, a company incorporated in Jersey, is wholly-owned by Dr. Oyungerel Janchiv, a non-executive Director, and is interested in approximately 3.05% of the issued share capital of the Company as at the Latest Practicable Date;
"MNT"	togrok or tugrik, the lawful currency of Mongolia;
"NIC"	NIC LLC, a company incorporated in Mongolia with limited liability, is an associate of Dr. Oyungerel Janchiv, a non-executive Director;
"Proposed Annual Caps"	the proposed annual caps for each of the Fuel Supply Agreements for the three financial years ending 31 December 2016;

"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company;
"Shareholder(s)"	the registered holder(s) of the Share(s);
"Shunkhlai"	Shunkhlai LLC, a company incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of Shunkhlai Group. Therefore, Shunkhlai is an associate of Mr. Batsaikhan Purev, a non-executive Director;
"Shunkhlai Group"	Shunkhlai Group LLC, a company incorporated in Mongolia with limited liability. Mr. Batsaikhan Purev, a non-executive Director, is interested in 50% of Shunkhlai Group, which in turn holds the entire interests of Shunkhlai and Shunkhlai Mining, respectively;
"Shunkhlai Mining"	Shunkhlai Mining, a company incorporated in the Cayman Islands with limited liability, which is interested in approximately 4.94% of the issued share capital of the Company as at the Latest Practicable Date;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"TKH"	the Group's Tsagaan Khad camp at the Tsagaan Khad port which is located at the Mongolia-China border;
"Transgobi"	Transgobi LLC, a company incorporated in Mongolia with limited liability, is an indirect wholly-owned subsidiary of the Company;
"UHG mine site"	the Group's Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield;
"US$"	United States Dollar, the lawful currency of the United States of America;
"VAT"	value added tax;
"%"	per cent.

For the purpose in this circular, unless otherwise indicated, the exchange rate of US$1.00 = MNT1,695.65 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

Executive Directors:
Mr. Odjargal Jambaljamts *(Chairman)*
Dr. Battsengel Gotov *(Chief Executive Officer)*

Non-Executive Directors:
Dr. Oyungerel Janchiv
Mr. Batsaikhan Purev
Mr. Od Jambaljamts
Ms. Enkhtuvshin Gombo

Independent Non-Executive Directors:
Mr. Ochirbat Punsalmaa
Mr. Unenbat Jigjid
Mr. Chan Tze Ching, Ignatius

Registered office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

8 November 2013

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 18 October 2013 whereby it was announced amongst others that on 18 October 2013, (i) Energy Resources and NIC entered into the Fuel Supply Agreement with NIC pursuant to which NIC conditionally agreed to supply fuel products to the Group during the term of the Fuel Supply Agreement with NIC; and (ii) Transgobi and Shunkhlai entered into the Fuel Supply Agreement with Shunkhlai pursuant to which Shunkhlai conditionally agreed to supply fuel products to the Group during the term of the Fuel Supply Agreement with Shunkhlai.

The purpose of this circular is to provide you with (i) further information in respect of the Fuel Supply Agreements and the Proposed Annual Caps; (ii) a letter from Somerley to the Independent Board Committee and the Independent Shareholders containing its advice on the Fuel Supply Agreements and the Proposed Annual Caps; (iii) the recommendation of the Independent Board Committee in respect of the Fuel Supply Agreements and the Proposed Annual Caps; and (iv) a notice convening the EGM.

CONTINUING CONNECTED TRANSACTIONS

1. Fuel Supply Agreement with NIC

Date:

18 October 2013

Parties:

Energy Resources as purchaser

NIC as supplier

Principal terms:

NIC agreed to supply fuel products (diesel fuel and gasoline), lubricants and provide other related services including fueling and storing services for the mining activities and site operations at the UHG mine site and BN mine site.

In broad terms, the supply of fuel products and related services comprises the following:

– supply diesel (summer and winter grade), A80 and A92 gasoline at UHG mine site and BN mine site for both mining and non-mining use;

– provide fueling service for mining and non-mining machinery and equipment at mine pit and coal stock piles using own fueling trucks;

– provide fueling service for trucks and non-mining vehicles at fuel stations; and

– store a normal and emergency reserve of fuel for the Group at its own storage facilities.

Consideration and payment terms:

The maximum consideration payable by the Group to NIC is US$784,369,936 including VAT, other applicable taxes and all other costs undertaken by NIC. The payment for the fuel supply and related services is to be made on a monthly basis within 60 days upon receipt of valid invoice from NIC.

The maximum consideration was determined by the tender proposal submitted by NIC which is based on market rate of fuel products.

The unit price of fuel is based on "cost plus margin" principle and is calculated by a formula where taxes, levies, supplier's costs and profit rate are added to the DAF price of fuel. The DAF price and exchange rate are updated monthly based on the actual figures supported by Mongolian Customs and Bank of Mongolia data.

According to the formula, over 75% of the unit price of fuel is DAF price, 16-18% are taxes, levies, third party costs which are the same for all fuel importers and approximately 8% is supplier's operation cost and profit. In order to ensure the DAF price is competitive, it is agreed to be not more than the average DAF price of the top five fuel importers, who together constitute over 90% of the Mongolian fuel market.

The Group negotiated down the supplier's costs and profit rate and these are the lowest in the market and fixed for the three years of contract duration.

Proposed annual caps:

The following table sets out the proposed annual caps for the Fuel Supply Agreement with NIC for the three financial years ending 31 December 2016:

Financial year ending	Proposed annual caps	Period covered
31 December 2014	US$202,808,966	12 months from 1 January 2014 to 31 December 2014
31 December 2015	US$254,580,068	12 months from 1 January 2015 to 31 December 2015
31 December 2016	US$326,980,902	12 months from 1 January 2016 to 31 December 2016

The proposed annual caps were determined with reference to the internal projection of the amount of fuel required having regard to (i) the mining production plans for the coming three years; (ii) the prevailing market price of fuel; (iii) the business development plan of the Group; (iv) the historical transaction amounts in respect of fuel supply transactions; and (v) buffer to accommodate possible inflation, possible increases in production volume, fuel price and storage, and other contingent costs.

Subject to overall market conditions and infrastructure development, it is the Company's plan to increase the annual production capacity of CHPP to 15 million tonnes of coal per annum in 2014, representing an increase of 50% from the current production level of 10 million tonnes per annum. The increase in mining production volume contributes to a significant increase in the fuel consumption for mining machinery. The Company therefore projects a significant increase in fuel consumption in the proposed annual caps in 2014. Further, the Company intends to optimise the coal production volume of the Group by integrating the BN mine site with the UHG mine site. Consequently, an assumption of year-on-year projected growth of fuel consumption of approximately 19% and 21% from 2014 to 2016 was adopted.

The approximate historical fuel transaction amounts are set out as follows:

	UHG Mine
Financial Year 2011 (period from 31 August to 31 December)	US$26,829,830
Financial Year 2012 (period from 1 January to 31 December)	US$87,642,601
Financial Year 2013 (period from 1 January to 30 June)	US$46,856,420

Further, the semi-annual mining production volume of the Company was higher for the second half of the year than that of the first half of the year historically. Same pattern is also applicable to 2013 based on the mining production volume of the Company as of October 2013. Accordingly, the Company anticipates that the fuel consumption amount for the second half of 2013 is likely to be higher than that of the first half of the year.

20% buffer is considered in cap calculation to accommodate (i) possible production increase more than the Company has planned; (ii) fuel price increase; (iii) increase in fuel consumption as the equipment and machineries get older; (iv) increase in fuel consumption due to expansion of mine pit, hence increase in transportation distances; (v) possible fuel storage cost and price increase in cases of high risk of fuel supply interruption; and (vi) effect in inflation rates leading to possible increase in transportation and handling costs.

Term of the Fuel Supply Agreement with NIC:

The Fuel Supply Agreement with NIC will be effective for a period commencing from 1 January 2014 to 31 December 2016 conditional upon the requisite approval from the Independent Shareholders at the EGM is obtained.

Reasons for the transaction:

In order to obtain good proposals for long term cooperation which enables the Group to secure stable supplies of fuel products for the mining activities and site operations at the UHG mine site and BN mine site, the Company had invited the major fuel importers and suppliers in Mongolia for a national competitive bid. The Company identified the three largest fuel importers each of them holds above 5% of the Mongolian fuel market share and together constitute over 80% of the total fuel market and invited them to submit bids.

Among the three bid proposals received from major fuel importers of Mongolia, NIC's bid was evaluated as the most favourable bid in terms of commercial proposal, experience and technical capacity (including existing storage facilities, logistics network and reliability of the source) among the other proposals received. NIC proposed the lowest values for "supplier's cost components" and agreed to decrease profit rate during negotiation. As a leading importer of diesel fuel of Mongolia holding over 45% of the market share, NIC can offer the lowest DAF price value, due to the highest volume of purchase from refineries. NIC will be able to provide reliable supply and related services that meet the Company's operational and safety requirements at the lowest cost to the Company. As NIC has been selected, the Group will purchase fuel products and related services from NIC during the term of the Fuel Supply Agreement with NIC.

2. Fuel Supply Agreement with Shunkhlai

Date:

18 October 2013

Parties:

Transgobi as purchaser

Shunkhlai as supplier

Principal terms:

Shunkhlai agreed to supply fuel products (diesel fuel and gasoline) and provide other related services including fueling and storing services at the UHG mine site and TKH site for the Group's coal transportation and logistics operations.

In broad terms, the supply and related services comprises the following:

- supply diesel (summer and winter grade), A80 and A92 gasoline at UHG mine site and TKH site;
- provide fueling service for non-mining machinery and equipment at coal stock piles at TKH site using own fueling trucks;
- provide fueling service for trucks and non-mining vehicles at fuel stations; and
- store a normal and emergency reserve of fuel for the Group at its own storage facilities.

Consideration and payment terms:

The maximum consideration payable by the Group to Shunkhlai is US$169,373,021 including VAT, other applicable taxes and all other costs undertaken by Shunkhlai. The payment for the fuel supply and related services is to be made on a monthly basis within 60 days upon receipt of valid invoice from Shunkhlai.

The maximum consideration was determined by the tender proposal submitted by Shunkhlai which is based on market rate of fuel products.

The unit price of fuel is based on "cost plus margin" principle and is calculated by a formula where taxes, levies, supplier's costs and profit rate are added to the DAF price of fuel. The DAF price and exchange rate are updated monthly based on the actual figures supported by Mongolian Customs and Bank of Mongolia data.

According to the formula, over 75% of the unit price of fuel is DAF price, 16-18% are taxes, levies, third party costs which are the same for all fuel importers and approximately 8% is supplier's operation cost and profit. In order to ensure the DAF price is competitive, it is agreed to be not more than the average DAF price of the top five fuel importers, who together constitute over 90% of the Mongolian fuel market.

Suppliers' proposed costs were competitive and the Group negotiated down some price components, and fixed them for the duration of the contract period.

Proposed annual caps:

The following table sets out the proposed annual caps for the Fuel Supply Agreement with Shunkhlai for the three financial years ending 31 December 2016:

Financial year ending	**Proposed annual caps**	**Period covered**
31 December 2014	US$51,846,268	12 months from 1 January 2014 to 31 December 2014
31 December 2015	US$56,144,383	12 months from 1 January 2015 to 31 December 2015
31 December 2016	US$61,382,370	12 months from 1 January 2016 to 31 December 2016

The proposed annual caps were determined with reference to the internal projection of the amount of fuel required having regard to (i) the anticipated increase in the fuel consumption due to the anticipated increase in coal transportation volume from the UHG mine site to TKH; (ii) coal handling volume at TKH; (iii) workshop, camp and other auxiliary consumption at TKH; (iv) the prevailing market price of fuel; (v) the historical transaction amounts in respect of fuel supply transactions; and (vi) buffer to accommodate possible inflation, future fluctuation in exchange rates, possible increases in production volume, fuel price and storage, and other contingent costs.

For calculation of transportation fuel consumption, no increase in the truck fleet is considered, while additional materials handling and other ancillary machineries and equipment is considered to be deployed in order to manage the increasing volume of coal at stockpile and other facilities. The fuel consumption rate per machinery is based on technical specifications of machineries.

Fuel cost for transportation is based on consideration of maximum transportation volume of 10.08 million tons every year to be handled by the truck fleet owned by the Group. The fuel cost for TKH stockpile, workshop, camp and other auxiliary consumption are calculated based on coal volume to be handled at TKH stockpile.

The approximate historical fuel transaction amounts for transportation logistics operation are set out as follows:

	Transportation and Logistics
Financial Year 2011 (period from 31 August to 31 December)	US$4,219,895
Financial Year 2012 (period from 1 January to 31 December)	US$20,809,312
Financial Year 2013 (period from 1 January to 30 June)	US$14,099,564

20% buffer is considered in cap calculation to accommodate (i) possible production increase more than the Company has planned; (ii) fuel price increase; (iii) increase in fuel consumption as the equipment and machineries get older; (iv) possible fuel storage cost and price increase in cases of high risk of fuel supply interruption; and (v) effect in inflation rates leading to possible increase in transportation and handling costs.

Term of the Fuel Supply Agreement with Shunkhlai:

The Fuel Supply Agreement with Shunkhlai will be effective for a period commencing from 1 January 2014 to 31 December 2016 conditional upon the requisite approval from the Independent Shareholders at the EGM is obtained.

Reasons for the transaction:

The scope of fuel supply tender is divided into two parts and two separate tenders were organized by the Company for the following fuel consumption:

(1) supply of fuel for the mining activities and site operations at the UHG mine site and BN mine site; and

(2) supply of fuel at the UHG mine site and TKH site for the Group's coal transportation and logistics operations.

The purpose of splitting the fuel supply scope is to engage at least two suppliers of fuel to increase supply source, improve the reliability of fuel supply, reduce risks and increase service quality by having competition among suppliers.

In order to obtain good proposals for long term cooperation which enables the Group to secure stable supplies of fuel products for coal transportation and logistics operations, the Company had invited some of the fuel importers and suppliers in Mongolia each of them holds over 5% of the Mongolian fuel market share and together constitute over 80% of the total fuel market and were invited to submit bids. All four invited companies submitted their bids.

The Company's policy is to have more than one supplier of fuel and NIC was excluded from the evaluation as it has been selected as the preferred supplier of fuel for mining and site operations covering UHG mine site and BN mine site. Among other bids, Shunkhlai's bid was evaluated as the best in terms of commercial proposal, experience and technical capacity.

Shunkhlai proposed the lowest costs for "supplier's cost components" and some price components were further negotiated down by the Group. Shunkhlai is selected as the preferred bidder for the supply of fuel and related services at the UHG mine site and TKH site for the Group's coal transportation and logistics operations that meet the Company's operational and safety requirements. As Shunkhlai has been selected, the Group will purchase fuel required for its coal transportation and logistics operations from Shunkhlai during the term of the Fuel Supply Agreement with Shunkhlai.

INFORMATION ON THE GROUP

The Company is principally engaged in open-pit mining and sale of coking coal in Mongolia.

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

Transgobi, an indirect wholly-owned subsidiary of the Company, is principally engaged in the transportation of coal extracted from the UHG mine site.

INFORMATION ON NIC AND SHUNKHLAI

NIC, an associate of Dr. Oyungerel Janchiv, a non-executive Director, is principally engaged in import, marketing and distribution of petroleum products in Mongolia.

Shunkhlai, an associate of Mr. Batsaikhan Purev, a non-executive Director, is principally engaged in import and supply of petroleum products in Mongolia.

LISTING RULES IMPLICATIONS

NIC is an associate of Dr. Oyungerel Janchiv, a non-executive Director. Shunkhlai is an associate of Mr. Batsaikhan Purev, a non-executive Director. As such, each of NIC and Shunkhlai is a connected person of the Company and the transactions contemplated under each of the Fuel Supply Agreements constitute continuing connected transactions of the Company.

As the relevant percentage ratios of the continuing connected transactions under each of the Fuel Supply Agreements is expected to be more than 5%, the transactions contemplated under each of the Fuel Supply Agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Lotus Amsa, Shunkhlai Mining and their respective associates will abstain from voting on the relevant resolutions in relation to the Fuel Supply Agreements and the Proposed Annual Caps to be proposed at the EGM. Each of Dr. Oyungerel Janchiv and Mr. Batsaikhan Purev, being a Director, has abstained from voting on the relevant resolutions of the Board in relation to the approval of each of the Fuel Supply Agreements and the relevant Proposed Annual Caps.

The Board (excluding the independent non-executive Directors whose views have been set out in this circular after taking into account the advice from the Independent Financial Adviser) is of the view that the transactions contemplated under each of the Fuel Supply Agreements were entered into in the ordinary and usual course of business of the Company and on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether (i) the terms of each of the Fuel Supply Agreements; and (ii) the Proposed Annual Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

EGM

A notice convening the EGM is set out on pages 32 to 33 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.mmc.mn). Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the continuing connected transactions contemplated by each of the Fuel Supply Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of each of the continuing connected transactions contemplated under Fuel Supply Agreements and the relevant Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Independent Shareholders to vote in favour of the ordinary resolutions set out in the notice of the EGM.

The Independent Board Committee comprising all the independent non-executive Directors was formed to advise the Independent Shareholders on the terms of the continuing connected transactions contemplated by each of the Fuel Supply Agreements respectively and the relevant Proposed Annual Caps. Having considered the information contained in this letter and the advice of the Independent Financial Adviser set out on pages 16 to 25 of this circular, the Independent Board Committee considers that the continuing connected transactions contemplated under the Fuel Supply Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of each of the continuing connected transactions contemplated under the Fuel Supply Agreements and the relevant Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular, the letter of advice from Somerley set out on pages 16 to 25 of this circular and the additional information set out in the Appendix to this circular.

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

MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

8 November 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 8 November 2013 ("Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context requires otherwise.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of each of the continuing connected transactions contemplated under each of the Fuel Supply Agreements and the relevant Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we have appointed Somerley as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board on pages 4 to 13 of the Circular, which sets out information in connection with the Fuel Supply Agreements and the Proposed Annual Caps. We also wish to draw your attention to the letter from Somerley to the Independent Board Committee and Independent Shareholders which contains its advice to us in respect of the Fuel Supply Agreements and the Proposed Annual Caps as set out on pages 16 to 25 of the Circular.

Having considered the information contained in the letter from the Board and taking into account the advice and recommendation of Somerley, we consider that the continuing connected transactions contemplated under the Fuel Supply Agreements respectively were entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of each of the continuing connected transactions contemplated under each of the Fuel Supply Agreements and the relevant Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve each of the Fuel Supply Agreements and the relevant Proposed Annual Caps.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Ochirbat Punsalmaa, *Independent non-executive Director*
Unenbat Jigjid, *Independent non-executive Director*
Chan Tze Ching, Ignatius, *Independent non-executive Director*

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY LIMITED
20th Floor
China Building
29 Queen's Road
Hong Kong

8 November 2013

To: the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the supply of fuel products under the Fuel Supply Agreement with NIC and the Fuel Supply Agreement with Shunkhlai. Details of the Fuel Supply Agreements and the transactions contemplated thereunder are contained in the circular to Shareholders dated 8 November 2013 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

NIC is an associate of Dr. Oyungerel Janchiv, a non-executive Director. Shunkhlai is an associate of Mr. Batsaikhan Purev, also a non-executive Director. As such, each of NIC and Shunkhlai is a connected person of the Company and the transactions contemplated under the Fuel Supply Agreements constitute continuing connected transactions for the Company. Lotus Asma, a company wholly-owned by Dr. Oyungerel Janchiv, is interested in approximately 3.05% of the issued share capital of the Company. Accordingly, Lotus Amsa, NIC and their respective associates shall abstain from voting on the resolution to be proposed at the EGM to approve the Fuel Supply Agreement with NIC (including the Proposed Annual Caps). Shunkhlai Mining, an indirect wholly-owned subsidiary of Shunkhlai Group, is interested in approximately 4.94% of the issued share capital of the Company. Accordingly, Shunkhlai Mining, Shunkhlai and their respective associates shall abstain from voting on the resolution to be proposed at the EGM to approve the Fuel Supply Agreement with Shunkhlai (including the Proposed Annual Caps). Each of Dr. Oyungerel Janchiv and Mr. Batsaikhan Purev being a Director, has abstained from voting on the relevant resolutions of the Board approving the Fuel Supply Agreements (including the Proposed Annual Caps).

One or more of the applicable percentage ratios in respect the continuing connected transactions under each of the Fuel Supply Agreements is expected to be more than 5%. Accordingly, each of the Fuel Supply Agreements (including the Proposed Annual Caps) is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Messrs. Ochirbat Punsalmaa, Unenbat Jigjid and Chan Tze Ching, Ignatius, has been established to advise the Independent Shareholders on whether the terms of each of the Fuel Supply Agreements (including the Proposed Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information, facts and opinions were true, accurate and complete in all material aspects and will remain so up to the date of the EGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth, accuracy or completeness of the information provided. We have not conducted any independent investigation into the business, affairs and financial position of the Group, NIC or Shunkhlai, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of each of the Fuel Supply Agreements (including the Proposed Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background to and reasons for the Fuel Supply Agreements

The Group is principally engaged in the mining, processing, transportation and sale of coking coal in Mongolia. It owns and operates two coking coal mines at the UHG mine site and the BN mine site, both located in South Gobi in Mongolia, and is the largest Mongolian producer and exporter of high-quality hard coking coal with an estimated share of approximately 26.9% of total coal exports from Mongolia in 2012.

Fuel Supply Agreement with NIC

The operation of coal mines requires the use of large scale mining equipment, which need a substantial amount of diesel fuel and other types of fuel to operate. Since July 2011, Energy Resources, an indirect wholly-owned subsidiary of the Company, has been purchasing fuel products from NIC pursuant to a former fuel supply agreement (the

"Former Fuel Supply Agreement") dated 22 July 2011. The Former Fuel Supply Agreement was approved by the then independent shareholders of the Company at a shareholders' meeting held on 31 August 2011, and is due to expire on 31 December 2013.

NIC is principally engaged in import, marketing and distribution of petroleum products in Mongolia. As disclosed in the Company's latest annual report, NIC is one of the five largest suppliers of the Group in 2012. In order to ensure a stable source of fuel supply for the increasing level of mining activities of the Group for the coming three years ending 31 December 2016, the Group conducted a national competitive bid process in August 2013 for the selection of fuel supplier.

According to the management of the Group, the bidding and selection process was organised according to the internal procurement procedures of the Group. All pre-qualified bidders who hold above 5% of fuel market share in Mongolia were invited to join the tendering process. Proposals submitted by the bidders were reviewed by the Group's tendering team, who then prepared bid evaluation reports in respect of past experience and commercial, legal, technical and financial aspects for the Group to consider the most competitive tender.

The tendering selection process was completed in September 2013. The Directors have confirmed to us that NIC's bid was evaluated to be the most favourable in terms of consideration and the overall coverage of the services among the bidding proposals received. The Directors also believe that NIC will be able to provide reliable supply and site services that meet the Company's operational and safety requirements at the lowest cost to the Company. Accordingly, the Group decided to enter into the Fuel Supply Agreement with NIC for the supply of fuel products for the Group's mining and site operations in the UHG mine site and the BN mine site for the three years ending 31 December 2016.

Fuel Supply Agreement with Shunkhlai

Since 2013, it has been the Company's policy to have more than one supplier of fuel, for the purpose of increasing supply sources for mining and transportation and logistics operation, improving the reliability of fuel supply, reducing risks and increasing service quality by having competition among suppliers. For the above reasons the Directors believe that it is beneficial to the Company to enter into a separate agreement with a second fuel supplier, apart from the Fuel Supply Agreement with NIC. Consequently, a similar national competitive bid process was held for such purpose. NIC was excluded from the evaluation process as it has been selected as the preferred supplier for the Group's mining sites. The bid from Shunklhai, which principally engages in import and supply of petroleum products in Mongolia, was evaluated to be the most favourable in terms of services covered and technical capacity. Accordingly, Shunkhlai was chosen as the second fuel supplier of the Group, responsible to supply fuel products for coal transportation and logistics operations, including the TKH site operations, where the Group's coal is stored and loaded for export, for the three years ending 31 December 2016.

2. Principal terms of the Fuel Supply Agreements

Fuel Supply Agreement with NIC

Pursuant to the Fuel Supply Agreement with NIC, NIC agrees to supply fuel products (diesel fuel and gasoline), lubricants and provide other related services, including fueling and storing services, at the Company's UHG mine site and the BN mine site.

In broad terms, the supply of fuel products and related services comprises the following:

– Supply diesel (summer and winter grade), A80 and A92 gasoline the UHG mine site and the BN mine site for both mining and non-mining use;

– Provide fueling service for mining and non-mining machinery and equipment at mine pit and coal stock piles using own fueling trucks;

– Provide fueling service for trucks and non-mining vehicles at fuel stations; and

– Store a normal and emergency reserve of fuel for the Group at its own storage facilities.

The maximum consideration payable during the term of the Fuel Supply Agreement with NIC inclusive of VAT, other applicable taxes and all other costs undertaken by NIC is US$784,369,936, being the sum of the relevant Proposed Annual Caps for the three years ending 31 December 2016. The payment for the fuel supply and related services is to be made on a monthly basis within 60 days upon receipt of valid invoices from NIC. The maximum consideration was determined by tendering proposal submitted by NIC based on market rate of fuel products.

The unit price of fuel is based on "cost plus margin" principle and is calculated by a formula where taxes, levies, supplier's costs and profit rate are added to the DAF price of fuel. The DAF price and exchange rate are updated monthly based on the actual figures supported by Mongolian Customs and Bank of Mongolia data.

According to the formula, over 75% of the unit price of fuel is DAF price, 16-18% are taxes, levies, third party costs which are the same for all fuel importers and approximately 8% is supplier's operation cost and profit. In order to ensure the DAF price is competitive, it is agreed to be not more than the average DAF price of the top five fuel importers, who together constitute over 90% of the Mongolian fuel market share.

The Group negotiated down the suppliers' costs and profit rate and these are the lowest in the market and fixed for the three years of contract duration.

Fuel Supply Agreement with Shunkhlai

Pursuant to the Fuel Supply Agreement with Shunkhlai, Shunkhlai agrees to supply fuel products (diesel fuel and gasoline) and provide other related services, including fueling and storing services, for the Group's coal transportation and logistics operations at the UHG mine site and TKH site. Except for the locations of services, terms of the Fuel Supply Agreement with NIC are substantially the same as the Fuel Supply Agreement with Shunklai.

The maximum consideration payable during the term of the Fuel Supply Agreement with Shunkhlai inclusive of VAT, other applicable taxes and all other costs undertaken by Shunkhlai is US$169,373,021, being the sum of the relevant Proposed Annual Caps for the three years ending 31 December 2016. The payment for the fuel supply and related services is to be made on a monthly basis within 60 days upon receipt of valid invoices from Shunkhlai. The maximum consideration was determined by the tendering proposal submitted by Shunkhlai based on market rate of fuel products.

The unit price of fuel is based on "cost plus margin" principle and is calculated by a formula where taxes, levies, supplier's costs and profit rate are added to the DAF price of fuel. The DAF price and exchange rate are updated monthly based on the actual figures supported by Mongolian Customs and Bank of Mongolia data.

According to the formula, over 75% of the unit price of fuel is DAF price, 16-18% are taxes, levies, third party costs which are the same for all fuel importers and approximately 8% is supplier's operation cost and profit. In order to ensure the DAF price is competitive, it is agreed to be not more than the average DAF price of the top five fuel importers, who together constitute over 90% of the Mongolian fuel market share.

Suppliers' proposed costs were competitive and the Group negotiated down some price components, and fixed them for the duration of contract period.

Comparison on terms of the Fuel Supply Agreements with independent third parties

We have discussed with the management of the Group and reviewed the bid evaluation reports prepared by the Group's tendering team. We have also compared the five evaluation criteria (each with different weightings in arriving the overall scores), including past experience and commercial, legal, technical and financial aspects as mentioned in the bid evaluation reports, and we note that the overall scores of NIC and Shunkhlai are the highest amongst the other bidders, particularly in terms of past experience and commercial and technical aspects. In addition, as seen from the bid evaluation reports, the unit price of fuel proposed by NIC and Shunkhlai are the lowest amongst the other bidders. Accordingly, we consider that the overall terms offered by NIC and Shunkhlai are the most favourable among the bid quotations received by the Group (after balancing the five different evaluation criteria and the pricing quoted by different bidders).

Pricing basis of fuel products under the Fuel Supply Agreements

In relation to the pricing basis of the fuel products to be supplied under the Fuel Supply Agreements, in view of the fact that (i) it is cost-based (including taxes, levies and suppliers' costs components) which are the same for all fuel importers and (ii) the DAF price and exchange rate are supported by data from governmental regulatory bodies in Mongolia, and the DAF price is agreed to be not more than the average DAF price of the top five fuel importers, who together constitute over 90% of the Mongolian fuel market share, we consider that the pricing basis of the fuel products to be supplied under the Fuel Supply Agreements to be fair and reasonable.

3. Proposed Annual Caps

The transactions contemplated under the Fuel Supply Agreements are subject to the Proposed Annual Caps and also to the Listing Rules' requirements and conditions as more particularly discussed under the section headed "Reporting requirements and conditions of the continuing connected transactions" below.

(i) Review of historical figures

The table below sets out the transaction amounts of the purchase of fuel products from NIC for each of the two years ended 31 December 2011 and 2012 and for the six months ended 30 June 2013 (the "Review Period"):

	Year ended 31 December		**Six months ended 30 June**
	2011	**2012**	**2013**
	(US$)	*(US$)*	*(US$)*
Approved annual caps for each of the financial year	88,612,821	218,595,000	392,493,750
Actual purchase from NIC	31,049,725*	108,451,913	60,955,984
– from UHG mine site	*26,829,830*	*87,642,601*	*46,856,420*
– from TKH site	*4,219,895*	*20,809,312*	*14,099,564*

* Actual purchase from NIC covered purchase from September to December 2011 only, since the fuel supply from NIC only commenced in September 2011

We note that the annual caps in relation to the fuel supply for the previous three financial years have not been fully utilised. According to the Directors, this was principally due to the mining activities, transportation volume and the increase in unit fuel price was lower than expected during the Review Period. Following the acquisition of the BN mine site and the commencement of operation of the CHPP and the on-site power plant in the second half of 2011, total purchase of fuel product by NIC amounted to approximately US$108,451,913 in 2012. The total actual fuel consumption for the six months ended 30 June 2013 from NIC amounted to approximately US$60,955,984, representing approximately 56.2% of the actual service fees in 2012.

As seen from the above table, we also note that the proportion of actual purchase of fuel products from NIC in relation to mining operation amounted to approximately 80% over the total amount of fuel consumption from NIC during the Review Period.

(ii) Assessment of the Proposed Annual Caps

	Financial years ending 31 December		
	2014	**2015**	**2016**
	(US$)	*(US$)*	*(US$)*
Proposed annual caps under the Fuel Supply Agreement with NIC	202,808,966	254,580,068	326,980,902
Proposed annual caps under the Fuel Supply Agreement with Shunkhlai	51,846,268	56,144,383	61,382,370

In assessing the reasonableness of the Proposed Annual Caps under the Fuel Supply Agreements, we have discussed with the management of the Group the basis and assumptions underlying the projections of the Proposed Annual Caps.

Fuel Supply Agreement with NIC

The Proposed Annual Caps under the Fuel Supply Agreement with NIC for the three years ending 31 December 2016 are determined based on the projected increase in volume of fuel consumption to cope with the escalating mining activities under the business development plan of the Group multiplied by the projected fuel price.

We are advised by the management of the Group that mining production capacity at both the UHG mine site and the BN mine site is set to expand, in order to support the Company's plan to increase the annual production capacity of CHPP to 15 million tonnes of coal per annum in 2014, which represents an increase of 50% from current production level of 10 million tonnes per annum. Consequently, the increase in mining production volume contribute to a significant increase in the fuel consumption for mining machinery. The Directors therefore project a significant increase in fuel consumption in the proposed annual caps in 2014. In addition, we are advised by the management of the Group of its intention to integrate the BN mine sites with the UHG mine sites, so as to optimise the coal production volume of the Group. Consequently, an assumption of year-on-year projected growth of fuel consumption of approximately 19% and 21% from 2014 to 2016 was adopted.

Furthermore, the Directors estimate that there will be a year-on-year growth of 5% of unit fuel price from 2014 to 2016 after taking into account the historical fuel price.

Fuel Supply Agreement with Shunkhlai

The Proposed Annual Caps under the Fuel Supply Agreement with Shunkhlai for the three years ending 31 December 2016 are determined based on the projected increasing volume of fuel consumption to cope with the escalating mining activities and projected transportation activities under the business development plan of the Group multiplied by the projected average fuel price.

We are advised by the management of the Group that they intend to fully utilise the transportation volume of each self-owned truck for coal transportation in 2014, in order to support the planned increase in mining production volume from 2014. The Directors therefore project a significant increase in fuel consumption for coal transportation in the proposed annual caps in 2014. We are also advised by the management of the Group that there will be no increase in the transportation volume by the Group itself in projecting the Proposed Annual Caps for the coming three years ending 31 December 2016, since the transportation volume per truck is expected to be fully utilised since 2014 while the Company has no plan in increasing the total number of trunks for coal transportation for the coming three years. However, in view of the increasing material handling equipment to be used for unloading and loading the coal in TKH stockpile sites to cater for the increase in mining activities in the future, the Directors estimate a growth in fuel consumption from 2014 to 2016 in arriving the proposed annual caps under the Fuel Supply Agreement with Shunkhlai. Similar to the case of the Proposed Annual Caps under the Fuel Supply Agreement with NIC, the Directors also estimate a year-on-year growth of 5% of unit fuel price from 2014 to 2016.

In deriving the Proposed Annual Caps under the Fuel Supply Agreements, the Directors built in a buffer of 20% to accommodate possible inflation, possible increase in production volume, fuel consumption, fuel price and storage costs in the future. We have discussed with the management of the Group the abovementioned factors which give rise to the buffer. In particular, we noted the average historical inflation rate in Mongolia during 2010 to 2012 (according to the Central Bank of Mongolia) was approximately 12.4%. Based on the above, we consider that a buffer of 20% to be acceptable.

4. Reporting requirements and conditions of the continuing connected transactions

Pursuant to Listing Rules 14A.37 to 14A.40, the continuing connected transactions contemplated under the Fuel Supply Agreements are subject to the following annual review requirements:

(a) each year the independent non-executive Directors must review the continuing connected transactions and confirm in the annual report and accounts that the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the continuing connected transactions:

(i) have received the approval of the Board;

(ii) are in accordance with the pricing policies of the Group (if applicable);

(iii) have been entered into in accordance with the relevant agreements governing the transactions; and

(iv) have not exceeded the Proposed Annual Caps;

(c) the Company shall allow, and shall procure the relevant counterparties to the continuing connected transactions shall allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the continuing connected transactions as set out in paragraph (b);

(d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements attached to the continuing connected transactions, in particular, (i) the restriction of the value of the continuing connected transactions by way of the Proposed Annual Caps; and (ii) the requirement under the Listing Rules for ongoing review by the independent non-executive Directors and auditors of the Company on the terms of the continuing connected transactions and the Proposed Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transactions and assist in safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Fuel Supply Agreements are on normal commercial terms and entered into in the ordinary and usual course of business of the Group. We further consider that the Fuel Supply Agreements (including the Proposed Annual Caps) and the transactions contemplated thereunder are fair and reasonable to the Independent Shareholders and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Fuel Supply Agreements (including the Proposed Annual Caps).

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

1. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

As at the Latest Practicable Date, the following Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange:

Long positions in the Shares and underlying Shares

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Odjargal Jambaljamts *(Note 1)*	Interest of controlled corporation	1,425,809,605	38.48%
Mr. Od Jambaljamts *(Note 2)*	Interest of controlled corporation	1,347,455,493	36.37%
Dr. Oyungerel Janchiv *(Note 3)*	Interest in controlled corporation	112,833,333	3.05%
Mr. Batsaikhan Purev *(Note 4)*	Interest in controlled corporation	183,000,000	4.94%
Dr. Battsengel Gotov *(Note 5)*	Beneficial owner	8,000,000 *(Note 6)*	0.22%

Short positions in the Shares and underlying Shares

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Odjargal Jambaljamts *(Note 1)*	Interest of controlled corporation	1,143,017,636	30.85%
Mr. Od Jambaljamts *(Note 2)*	Interest of controlled corporation	1,129,017,636	30.47%

Notes:

(1) Mr. Odjargal Jambaljamts, through Novel Holdings Group Limited which is 100% owned by him, is interested in 49.84% of MCS (Mongolia) Limited. MCS (Mongolia) Limited holds the entire interest of MCS Mining Group Limited which in turn holds 1,241,150,586 shares and has a short position in 1,103,017,636 shares in MMC. Novel Holdings Group Limited also directly holds 184,659,019 shares and has a short position in 40,000,000 shares in MMC under its name.

(2) Mr. Od Jambaljamts, through Trimunkh Limited which is 100% owned by him, is interested in 28.69% of MCS (Mongolia) Limited. MCS (Mongolia) Limited holds the entire interest of MCS Mining Group Limited which in turn holds 1,241,150,586 shares and has a short position in 1,103,017,636 shares in MMC. Trimunkh Limited also directly holds 106,304,907 shares and has a short position in 26,000,000 shares in MMC under its name.

(3) Dr. Oyungerel Janchiv, through Lotus Amsa Limited which is 100% owned by her, holds 112,833,333 shares in MMC.

(4) The shares were registered in the name of Shunkhlai Mining. Mr. Batsaikhan Purev is interested in 50% of Shunkhlai Group LLC which holds the entire interest of Shunkhlai Mining LLC which in turn holds the entire interest of Shunkhlai Mining.

(5) The Company granted to Dr. Battsengel Gotov a total of 8,000,000 share options under the share option scheme which was adopted by the Company on 17 September 2010 (the "**Share Option Scheme**").

(6) The total number of underlying Shares held pursuant to share options under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares and underlying Shares

Name of Shareholder	**Capacity**	**Number of issued Shares held**	**Approximate percentage of the issued share capital of the Company**
MCS Mining Group Limited *(Note 1)*	Beneficial owner	1,241,150,586	33.50%
MCS (Mongolia) Limited *(Note 1)*	Interest of controlled corporation	1,241,150,586	33.50%
Novel Holdings Group Limited *(Note 1)*	Interest of controlled corporation/ Beneficial owner	1,425,809,605	38.48%
Trimunkh Limited *(Note 1)*	Interest of controlled corporation/ Beneficial owner	1,347,455,493	36.37%
Ms. Batmunkh Dashdeleg *(Note 1)*	Interest of spouse	1,425,809,605	38.48%
Ms. Munkhsuren Surenkhuu *(Note 1)*	Interest of spouse	1,347,455,493	36.37%
Kerry Mining (UHG) Limited ("**KMUHG**") *(Note 2)*	Beneficial owner	300,000,000	8.10%
Kerry Mining (Mongolia) Limited ("**KMM**") *(Note 2)*	Interest of controlled corporation	300,000,000	8.10%
Fexos Limited ("**Fexos**") *(Note 2)*	Interest of controlled corporations	302,363,529	8.16%
Kerry Holdings Limited ("**KHL**") *(Note 2)*	Interest of controlled corporations	302,363,529	8.16%
Kerry Group Limited ("**KGL**") *(Note 2)*	Interest of controlled corporations	412,172,352 *(Note 3)*	11.12%
Genesis Asset Managers, LLP	Investment manager	222,167,638	6.00%

Short positions in the Shares and underlying Shares

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
MCS Mining Group Limited *(Note 1)*	Beneficial owner	1,103,017,636	29.77%
MCS (Mongolia) Limited *(Note 1)*	Interest of controlled corporation	1,103,017,636	29.77%
Novel Holdings Group Limited *(Note 1)*	Interest of controlled corporation/ Beneficial owner	1,143,017,636	30.85%
Trimunkh Limited *(Note 1)*	Interest of controlled corporation/ Beneficial owner	1,129,017,636	30.47%
Ms. Batmunkh Dashdeleg *(Note 1)*	Interest of spouse	1,143,017,636	30.85%
Ms. Munkhsuren Surenkhuu *(Note 1)*	Interest of spouse	1,129,017,636	30.47%

Notes:

(1) The entire issued share capital of MCS Mining Group Limited is wholly-owned by MCS (Mongolia) Limited. MCS (Mongolia) Limited is owned as to approximately 49.84% by Novel Holdings Group Limited which in turn is wholly-owned by Mr. Odjargal Jambaljamts and 28.69% by Trimunkh Limited which in turn is wholly-owned by Mr. Od Jambaljamts. MCS Mining Group Limited holds 1,241,150,586 shares and has a short position in 1,103,017,636 shares in MMC. Novel Holdings Group Limited and Trimunkh Limited each also directly holds 184,659,019 shares and 106,304,907 shares in MMC respectively and has a short position in 40,000,000 shares and 26,000,000 shares in MMC respectively. Ms. Batmunkh Dashdeleg is the spouse of Mr. Odjargal Jambaljamts and Ms. Munkhsuren Surenkhuu is the spouse of Mr. Od Jambaljamts.

(2) KMUHG is a direct wholly-owned subsidiary of KMM. Fexos controls more than one-third of the voting power of KMM. Fexos is a direct wholly-owned subsidiary of KHL which in turn is a direct wholly-owned subsidiary of KGL. Accordingly, KMM, Fexos, KHL and KGL are deemed to be interested in the 300,000,000 shares that KMUHG is interested. Fexos controls more than one-third of the voting power of Kerry Asset Management Limited ("**KAM**"). Fexos, KHL and KGL are deemed to be interested in the 2,363,529 shares that KAM is interested.

(3) Out of KGL's corporate interest in 412,172,352 shares of the Company, KGL's wholly-owned subsidiaries (other than KHL) are interested in 109,808,823 shares of the Company, KHL (through companies that it controls more than one-third of the voting power) is interested in 302,363,529 shares of the Company.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

4. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or is proposing to enter into any service contract with the Company or any member of the Group refer to Rule 13.18 of the Listing Rules which may not be terminated by the Company or the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was considered by the Company to have interests in business which compete, or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules, other than those business in which such directors have been appointed to represent the interests of the Company and/or other members of the Group.

6. EXPERT'S QUALIFICATION AND CONSENT

(a) Somerley is a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

(b) As at the Latest Practicable Date, Somerley did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

(d) The letter and recommendation given by Somerley are given as of the date of this circular for incorporation herein.

(e) Somerley had no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up. No contract or arrangement subsisted as at the Latest Practicable Date in which a Director was materially interested and which was significant in relation to the business of the Group.

8. GENERAL

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in case of any discrepancy.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Company's principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong during normal business hours on any weekday (except for public holidays) from the date of this circular up to and including the date of the EGM:

(a) the Fuel Supply Agreements;

(b) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;

(c) the letter from Somerley to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 25 of this circular;

(d) the written consent of Somerley referred to in paragraph 6(c) above; and

(e) the memorandum and articles of association of the Company.

MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of Mongolian Mining Corporation (the "Company") will be held at Hennessy Room, Level 7, Conrad Hong Kong Hotel, Pacific Place, 88 Queensway, Admiralty, Hong Kong on 27 November 2013 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the entering into of the Fuel Supply Agreement with NIC (as defined in the circular of the Company dated 8 November 2013 (the "Circular")) of which this notice forms part) entered into between Energy Resources LLC and NIC LLC (a copy of the Fuel Supply Agreement with NIC was tabled at the meeting marked "A" and signed by the Chairman for the purpose of identification) pursuant to which NIC LLC supplies fuel products and provide other related services for the mining activities and site operations at the UHG mine site and BN mine site to the Company and its subsidiaries (the "Group") and the transactions contemplated thereunder and the annual caps for the three financial years ending 31 December 2016 be and is hereby approved, ratified and confirmed; and

   (b) any one director of the Company be and is hereby authorised to execute all documents, do all acts and things and take all steps which in his/her opinion he/she may consider necessary, desirable and expedient for the implementation of and giving effect to the Fuel Supply Agreement with NIC and the transactions contemplated thereunder."

2. "**THAT**

   (a) the entering into of the Fuel Supply Agreement with Shunkhlai (as defined in the Circular of which this notice forms part) entered into between Transgobi LLC and Shunkhlai LLC (a copy of the Fuel Supply Agreement with Shunkhlai was tabled at the meeting marked "B" and signed by the Chairman for the purpose of identification) pursuant to which Shunkhlai LLC supplies fuel products and provide other related services at the UHG mine site and TKH site for the Group's coal transportation and logistics operations to the Group and the transactions contemplated thereunder and the annual caps for the three financial years ending 31 December 2016 be and is hereby approved, ratified and confirmed; and

(b) any one director of the Company be and is hereby authorised to execute all documents, do all acts and things and take all steps which in his/her opinion he/she may consider necessary, desirable and expedient for the implementation of and giving effect to the Fuel Supply Agreement with Shunkhlai and the transactions contemplated thereunder."

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

Hong Kong, 8 November 2013

Notes:

(a) A member of the Company entitled to attend and vote at the EGM may appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or adjournment thereof.

(c) Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof should they so wish, and in such event, the form of proxy will be deemed to be revoked.

(d) Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share of the Company as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.