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

VOLUNTARY ANNOUNCEMENT

**FORMATION OF JOINT VENTURE FOR DEVELOPMENT OF
CROSS BORDER RAILWAY**

The Board of Directors (the “**Board**”) of Mongolian Mining Corporation (the “**Company**”) is pleased to announce that on 7 April 2014, through Energy Resources LLC (“**ER**”), an indirect wholly-owned subsidiary of the Company, it entered into a Shareholders Agreement (the “**Agreement**”) with Lodestar Investment Pte Ltd (“**Shenhua**”), a wholly-owned subsidiary of China Shenhua Overseas Development and Investment Co., Ltd, Erdenes Tavan Tolgoi JSC (“**ETT**”), a Mongolian state-owned joint stock company and Tavan Tolgoi JSC (“**TT**”), a joint stock company of Mongolia (collectively, the “**Parties**”).

During the Mongolian Prime Minister’s official visit to China in 2013, representatives of the Mongolian and Chinese enterprises signed a Memorandum of Understanding on 25 October 2013 in relation to the formation of a consortium for the purpose of building a cross border standard gauge railway to transport coal exported from Mongolia to China via Gashuunsukhait (“**GS**”) – Ganqimaodu (“**GM**”) border crossing points.

After successful negotiation of cooperation terms and conditions by all Parties, the Agreement was signed on 7 April 2014. Pursuant to the Agreement, the Parties agree to establish a joint venture company to be named as Gashuunsukhait Railway LLC (“**JV Company**”) in Mongolia for the development of cross border freight railway, which would connect GS port station of Mongolia to GM port station of China (the “**Cross Border Railway**”).

The Company together with ETT and TT will hold 51% of the equity interest of the JV Company whereas Shenhua will hold the remaining 49% of the equity interest, with detailed breakdown as follows:

Shareholders name	Percentage of equity interest held in the JV Company
Shenhua	49%
Energy Resources LLC	17%
Erdenes Tavan Tolgoi JSC	17%
Tavan Tolgoi JSC	17%

Staged funding is expected to be made strictly in line with the progress of technical studies and development of capital expenditures of the railway project to be conducted. The initial authorized capital of the JV Company is US\$500,000, which is mainly to be spent for purposes of registering the JV Company and covering some early stage survey and studies and to be contributed by the Parties in proportion to their respective equity interests in the JV Company within 10 business days after the execution of the Agreement. Upon establishment, the JV Company plans to conduct technical studies and engineering works in the first half of 2014 and a comprehensive budget for capital expenditure requirement of the Cross Border Railway project is expected to be developed. A further funding of up to US\$10,000,000, which is to cover detailed technical studies, engineering design and clearing out necessary preparations for constructions, will be contributed in proportion to the Parties' respective equity interests in the JV Company. Further funding will be required after approval of capital expenditure plan by the JV Company and Mongolian Railway ("MTZ"), a Mongolian state-owned railway company, which is to be spent to further commence full-scale construction and completion, and be injected in phases in accordance with the actual progress of the construction work.

The core business of the JV Company will be engineering, construction, financing and operation of the Cross Border Railway project subject to the terms to be agreed with MTZ.

Development of the Cross Border Railway project is a part of the coal export support measures by the Government of Mongolia announced on 16 August 2013, which outlines the importance of immediate improvement of the cross border transportation and logistics operations for coal export from Mongolia to China.

Upon successful completion, the Cross Border Railway will be integrated with the Ukhaa Khudag – GS railway line currently being constructed by MTZ, and also connected to the Chinese railway network via the route between the GM port and Baotou controlled and operated by China Shenhua Group. As such, the Cross Border Railway project is expected to bring significant benefits to the Company, principally improve the efficiency and reduce the cost of short-haul cross border coal transportation between GS and GM. This, in conjunction with immediate loading into rail wagons, will increase the cost competitiveness of Mongolian coal sourced from Taval Tolgoi area in the Chinese market and increase the capability for geographical market penetration of the Company's products in China.

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

Hong Kong, 8 April 2014

As at the date of this announcement, the board of directors of the Company consists of Mr. Odjargal Jambaljamts and Dr. Battsengel Gotov, being the executive directors of the Company, Mr. Batsaikhan Purev, Dr. Oyungerel Janchiv, Mr. Od Jambaljamts and Ms. Enkhtuvshin Gombo, being the non-executive directors of the Company, and Mr. Ochirbat Punsalmaa, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, being the independent non-executive directors of the Company.