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ENERGY RESOURCES

(Incorporated in Mongolia with Limited Liability)

ANNOUNCEMENT

ENERGY RESOURCES GROUP EXCESS CASH CALCULATIONS

This is an announcement (the “**Announcement**”) made by Energy Resources LLC (“**ER**”), an indirect wholly-owned subsidiary of Mongolian Mining Corporation (the “**Parent Company**”).

Pursuant to Section 6.04(a)(i) of the indenture, entered into, amongst others, by the Parent Company, ER, and the Bank of New York Mellon, relating to the US\$412,465,892 guaranteed senior notes due 2022 and dated 4 May 2017 (the “**Indenture**”), currently with an outstanding principal amount of US\$14,618,186, calculations of the ER Excess Cash for the relevant Semiannual Fiscal Period (the “**ER Excess Cash Calculations**”) are to be made publicly available periodically. Unless otherwise defined herein, capitalized terms in this Announcement will have the same meanings as those defined in the Indenture.

ER hereby provides the latest ER Excess Cash Calculations based on the respective semiannual financial statements of the ER Group which consists of ER and Energy Resources Corporation LLC and their respective subsidiaries. The latest ER Excess Cash Calculations disclosed in this Announcement covers the period from 1 January 2020 to 30 June 2020.

Further, pursuant to the Sections 6.03 and 6.04 of the Indenture, no cash shall be deposited to the debt service reserve account and no cash sweep premium is payable.

ER Group's Excess Cash Calculations
for the period from 1 January 2020 to 30 June 2020

USD' 000
(to the nearest ' 000)

Cash flows from operating activities

Cash generated from operating activities	139,660
Cash used in operating activities	(93,756)
Net cash generated from operations	45,904

Cash flows from investing activities

Payments for acquisition of property, plant and equipment and construction in progress/Capex Costs/	(2,509)
Payments for capitalized pre-stripping costs	(30,297)
Net cash used in investing activities	(32,806)

Cash flows from financing activities

Interest paid	(20,370)
Group Costs	(101)
Capital element of lease rentals paid	(71)
Interest element of lease rentals paid	(3)
Net cash used in financing activities	(20,545)

Net decrease in cash and cash equivalents	(7,447)
ER Group's consolidated cash balance as at 31 December 2019	24,348
ER Group's consolidated cash balance as at 30 June 2020	16,901

USD' 000
(to the nearest ' 000)

ER Group's Cash Threshold Calculation

Cash required to be deposited into DSRA	—
Cash used in excess of permitted cash limit	—
Cash Threshold	25,000



Certified by Ulemj Baskhuu, Chief Financial Officer on 5 August 2020

For and on behalf of
Energy Resources LLC
Battsengel Gotov
Chief Executive Officer

Ulaanbaatar, 5 August 2020