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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 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 the Securities on The Stock Exchange of Hong Kong Limited 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 that the Grand Court of the Cayman Islands (the “**Grand Court**”) has granted an order (the “**Order**”) to appoint 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 with the implementation of the proposed debt restructuring (the “**Debt Restructuring**”).

The JPLs are required under the Order to provide the Grand Court with a report on the conduct of the provisional liquidation of the Company (the “**Report**”) by no later than 25 August 2016 and at other intervals as the Grant Court may from time to time direct. The JPLs submitted the Report to the Grant Court on 25 August 2016 (Cayman time).

The conclusions reached in the Report, based on the JPLs’ work with the Company’s management and their investigations into the Company and its financial position, include:

- (a) In the event that an appropriately termed Debt Restructuring is not effected, and the Company and the Group go into insolvent liquidation, the recovery to creditors is estimated to be significantly limited;
- (b) By contrast, the returns to creditors in the event of the Debt Restructuring proposed by the Company are estimated to be significantly higher than those predicted in a liquidation scenario;
- (c) While the JPLs recognise there are uncertainties and execution risks, there is a real opportunity for the Company and the Group to return to profitable going concern trading as they are pursuing business opportunities for increased scale operational synergy, notwithstanding the issues facing the coal sector as a whole; and

- (d) The JPLs are cognisant of the different views of the respective creditor groups. Whilst differences remain as between these parties, the JPLs have made progress in narrowing the issues that remain, and (whilst the JPLs recognise that time is of the essence in terms of presenting and implementing a Debt Restructuring plan going forward) each of the creditors has shown a willingness to move forward with a consensual Debt Restructuring.

A hearing at the Grand Court has been scheduled on 1 September 2016, at which the Report will be considered, in conjunction with all other available information, to determine the next steps with respect to the Debt Restructuring.

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

THERE CAN BE NO ASSURANCE THAT ANY DISCUSSIONS WITH ANY CREDITOR WILL LEAD TO A PROPOSAL ACCEPTABLE TO THE CREDITORS MORE GENERALLY OR THAT DISCUSSIONS WITH ANY CREDITOR CAN BE PROGRESSED TO ANY POSITIVE CONCLUSION. ACCORDINGLY, THE COMPANY OFFERS NO ASSURANCE THAT THE PROPOSED DEBT RESTRUCTURING WILL BE SUCCESSFULLY CONCLUDED. SHAREHOLDERS OF THE COMPANY, HOLDERS OF OTHER SECURITIES OF THE COMPANY AND POTENTIAL INVESTORS IN THE SECURITIES OF THE COMPANY ARE ADVISED TO EXERCISE EXTREME CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

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

Hong Kong, 26 August 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.