



ANNOUNCEMENT ON THE GOVERNMENT OF MONGOLIA'S DECISION ON UNIFIED RAILWAY NETWORK DEVELOPMENT

HONG KONG, 4 November 2012 – **Mongolian Mining Corporation** (“MMC” or the “Company”, HKEx: 975) today announced that according to media reports and as announced by the Government of Mongolia (the “Government”) spokesperson, the Government, at its cabinet meeting held on 3 November 2012, resolved to consolidate the first and second stage railway base infrastructure construction projects into a unified railway project (the “Project”) to be managed and implemented under government authority and financing with the participation of domestic and foreign investors.

The measures to accelerate the implementation of railway network development in Mongolia, as defined by the State Policy on Railway Transportation approved by Resolution 32 of the Parliament in June 2010, were among the matters discussed at the cabinet meeting held on 3 November 2012. The Government, recognizing the socio-economic importance of the first and second stages of the railway base infrastructure construction projects, resolved to consolidate them into a unified railway project.

Mr. Odjargal Jambaljamts, Chairman of MMC, said, “The decision made by the Government reconfirms Mongolia’s commitment to develop its railway infrastructure, which would thus enhance the global competitiveness of its national mining industry by creating multiple access points through which the country can target multiple markets. This policy support is essential, particularly for Mongolian coal exporters.”

Moreover, in order to ensure that current construction works are not interrupted, the Government has decided that the previous concessionaires (the Company understands they would include Energy Resources LLC (“ER”), an indirect wholly-owned subsidiary of the Company, and Energy Resources Rail LLC (“ERR”), a

wholly-owned subsidiary of ER), will participate further in the implementation of the Project, and that all costs incurred to date will be counted towards their investment in the Project.

Dr. Battsengel Gotov, CEO of MMC, said, “It is understood that the UHG–GS Railway project will be an integral part of the unified railway network development project to be funded by government sources. The Company has the option to further participate in the Project, and to have an access to use the UHG–GS railway base infrastructure in place for sufficient capacity to transport its products. The consolidation of the railway projects will substantially reduce our funding requirements for railway development, which enables us to implement prudent financial policies. In line with our strategic objectives, we will continue to develop our mining assets fully supported by our current transportation infrastructure capacity, thus creating the utmost value for our shareholders.”

MMC confirms that as at the date of this announcement, the resolution of the Government has not yet been made available to the public, and that no official letter or notification has been received by the Company in respect of the resolution. MMC will issue an announcement to inform the public and its shareholders if and when the Company receives any official letter or notification regarding the resolution from the Government.

About Mongolian Mining Corporation (MMC)

Mongolian Mining Corporation (MMC, HKEx: 975) is the largest producer and exporter of high-quality hard coking coal in Mongolia. It owns and operates an open-pit coking coal mine at the Ukhaa Khudag (“UHG”) deposit located within the Tavan Tolgoi (“TT”) coal formation, as well as the Baruun Naran (“BN”) coking coal deposit, both located in South Gobi, Mongolia.

MMC was listed on the HKEx in October 2010, and was selected as a constituent stock of the FTSE Hong Kong Index in March 2012. To learn more about the Company, please visit MMC’s website at: www.mmc.mn

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