



(Incorporated in the Cayman Islands with limited liability)

MMC Enters Into Strategic Alliance With Erdene Resource to Develop Khundii Minerals District

(11 January 2023, Ulaanbaatar) – **Mongolian Mining Corporation** (“MMC”, or together with its subsidiaries, the “Group”; stock code: 975), is pleased to announce that the Group has entered into a Strategic Alliance Agreement and an Investment Agreement with **Erdene Resource Development Corporation** (“Erdene Resource”; TSX: ERD; MSE: ERDN) for the development of the Khundii Minerals District (“KMD”).

Under the Strategic Alliance and Investment Agreement, MMC is investing US\$40 million in Erdene Resource’s wholly-owned subsidiary, **Erdene Mongol LLC** (“EM”) in a three-stage transaction to acquire a co-controlling equity interest in the company. Erdene Resource will retain a 50% equity interest in EM, as well as a 5.0% NSR royalty over all licenses held by EM, and those acquired within 5 kilometres of the existing licenses, following the first 400,000 ounces of gold production. The key terms of the Strategic Alliance are as follows:

- **The first stage of the transaction**, to be completed with the execution of the Strategic Alliance and Investment Agreements, sees MMC invest US\$5 million in EM to finance exploration, an updated Feasibility Study (“FS”) and Life of Mine (“LOM”) Plan for the Bayan Khundii Gold Project.
- **The second stage of the transaction** will see MMC invest an additional US\$5 million upon delivery of the updated FS to complete pre-development and exploration work in advance of a Bayan Khundii construction decision.
- **The third stage of the transaction** will see MMC invest a further US\$30 million once EM has reached a construction decision, providing equity capital for the Bayan Khundii Gold Project, targeting close in the third quarter of 2023.

Dr. Battengel Gotov, Chief Executive Officer of MMC, said, “We are excited to partner with Erdene Resource on exploration activities and fund further development of their projects in Mongolia. Our partnership will be important in unlocking new opportunities for the Mongolian minerals sector which will further increase the industry’s contribution to the economy.”

Mr. Peter Akerley, President and Chief Executive Officer of Erdene Resource, said, “We are extremely pleased to announce our Strategic Alliance with MMC, Mongolia’s leading private-sector mining company. The combination of our exploration expertise and MMC’s mining experience and execution capability will ensure the success of the Bayan Khundii Gold Project and the expansion of the KMD for the benefit of all stakeholders. This alliance transforms us, establishing a clear path to unlock the riches of the KMD.”

Erdene Resource holds three mining licenses and an exploration licence in the KMD in southwestern Mongolia that host high-grade, open pittable gold deposits, and silver, copper, lead, zinc and molybdenum resources. This Strategic Alliance brings together Mongolia’s pre-eminent precious metals explorer with an exceptional national miner in a partnership to unlock the riches of the KMD.

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Photo Caption: (from left to right) Mr. T. Layton Croft, Chairman of Erdene Resource, Dr. Battengel Gotov, Executive Director and CEO of MMC, Peter C. Akerley, President and CEO of Erdene Resource at signing of the Strategic Alliance and Investment Agreement.

About Mongolian Mining Corporation (Stock code: 975)

Mongolian Mining Corporation (“MMC” or “the Group”, SEHK: 975) is the largest producer of washed hard coking coal (“HCC”) in Mongolia. It owns and operates two open-pit coking coal mines, the Ukhaa Khudag deposit located within the Tavan Tolgoi coal formation, as well as the Baruun Naran coking coal deposit, both located in South Gobi, Mongolia.

MMC was listed on The Stock Exchange of Hong Kong Limited in October 2010. To learn more about the Group, please visit MMC’s website at: www.mmc.mn.

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