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MONGOLIAN MINING CORPORATION

(In Provisional Liquidation)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

PROPOSED ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE RELATING TO THE DEBT RESTRUCTURING

PROPOSED ISSUANCE OF NEW SHARES

The Company announces that on or about the Scheme Effective Date, subject to the satisfaction of certain other conditions, the Company will be bound to allot and issue 1,029,176,615 Shares on the Initial Distribution Date to the New Shares Recipients as part of the Debt Restructuring, representing approximately (i) 11.11% of the issued share capital of the Company as at the date of this announcement; and (ii) 10% of the issued share capital of the Company as enlarged by the issue of the New Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Initial Distribution Date (other than as a result of the allotment and issue of the New Shares on the Initial Distribution Date)).

The Debt Restructuring consists of: (i) the Senior Secured Facilities Restructuring, (ii) the Notes Restructuring, and (iii) the Promissory Notes Restructuring, each of which are interconditional and conditional upon, amongst others, the sanctioning of the Hong Kong Scheme by the Hong Kong Court, the sanctioning of the Cayman Scheme by the Cayman Court and the US Bankruptcy Court granting the Chapter 15 Recognition Order in respect of the Cayman Scheme. Therefore the issue of New Shares is conditional upon, amongst others, (i) the sanctioning of the Hong Kong Scheme by the Hong Kong Court, (ii) the sanctioning of the Cayman Scheme by the Cayman Court, (iii) the US Bankruptcy Court granting the Chapter 15 Recognition Order in respect of the Cayman Scheme, (iv) the execution of the Restructuring Documents and their having become effective subject only to their release on the Initial Distribution Date, and (v) the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued and allotted pursuant to the Debt Restructuring.

The New Shares will be allotted and issued under the General Mandate. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate.

The New Shares, when fully-paid, allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the Initial Distribution Date.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares.

Shareholders and potential investors of the Company should note that the completion of the proposed issuance of the New Shares is subject to the fulfilment of the conditions under the Debt Restructuring and the Listing Committee of the Stock Exchange granting approval for listing of and permission to deal in the New Shares. As the Debt Restructuring may or may not proceed, shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

PROPOSED ISSUE OF NEW SHARES

References are made to the announcements of the Company dated 8 July 2016, 11 July 2016, 13 July 2016, 21 July 2016, 26 August 2016, 31 August 2016, 2 September 2016, 11 October 2016, 28 October 2016, 3 November 2016, 20 November 2016, 21 December 2016, 22 December 2016, 19 January 2017, 23 January 2017, 20 February 2017, 8 March 2017, 14 March 2017, 21 March 2017, 31 March 2017, 11 April 2017 and 25 April 2017 in relation to the Debt Restructuring. Reference is also made to the announcement of the Company dated 21 March 2017 in relation to the Explanatory Statement and related documents containing detailed information of the Schemes.

The Company announces that on or about the Scheme Effective Date, subject to the satisfaction of certain other conditions, the Company will be bound to allot and issue 1,029,176,615 Shares on the Initial Distribution Date to the New Shares Recipients as part of the Schemes in the Cayman Islands and Hong Kong contemplated under the Debt Restructuring (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Initial Distribution Date (other than as a result of the allotment and issue of the New Shares on the Initial Distribution Date)).

The Debt Restructuring consists of: (i) the Senior Secured Facilities Restructuring, (ii) the Notes Restructuring, and (iii) the Promissory Notes Restructuring, each of which are interconditional and conditional upon, amongst others, the sanctioning of the Hong Kong Scheme by the Hong Kong Court, the sanctioning of the Cayman Scheme by the Cayman Court and the US Bankruptcy Court granting the Chapter 15 Recognition Order in respect of the Cayman Scheme.

Details of the proposed issue of the New Shares are set out below:

Issuer

The Company

The Allottees

The New Shares will be allotted to the New Shares Recipients, which shall not be less than six in number. The New Shares Recipients consist of the Participating Scheme Creditors (or their Designated Recipients), the Senior Lenders (or their Designated Recipients) and the Scheme Consideration Trustee. The Participating Scheme Creditors are persons with a beneficial interest as principal in the Old Notes held in global form or global restricted form and who have a right, upon satisfaction of certain conditions, to be issued definitive notes in accordance with the terms of the Old Notes and the indenture to the Old Notes and who have submitted a duly completed Account Holder Letter and Distribution Confirmation (and Designated Recipient Form, as applicable) such that they are received by the Information Agent on or before the Bar Date in accordance with the terms of the Cayman Scheme. The Senior Lenders are lenders under the Senior Secured Facilities Agreement.

The New Shares are to be issued by the Company in a sufficient number to constitute approximately 10% of the Company's share capital as enlarged by the issue of the New Shares as at the Initial Distribution Date, which number is 1,029,176,615 Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Initial Distribution Date (other than as a result of the allotment and issue of the New Shares on the Initial Distribution Date)).

Issuance price

The New Shares are to be issued to the New Shares Recipients as part of the Debt Restructuring.

The implied issue price is approximately HK\$0.95 per New Share, which would meet the requirement set under rule 13.36(5) of the Listing Rules to be not at a discount of 20% or more of the benchmarked price of the securities as provided for under the same rule. The implied issue price is calculated as follows (based on the Notes Restructuring and Senior Secured Facilities Restructuring):

Aggregate claims expected to be restructured:	US\$793,848,157.23
Aggregate non-share consideration provided by Group (including the Cash Sweep Premium of US\$75,000,000)	US\$668,665,719.00
Deemed aggregate consideration to be received by the Company for the New Shares	US\$125,182,438.23
Number of New Shares to be issued	1,029,176,615
Implied issue price of the New Shares	US\$0.1216 (HK\$0.95 at a rate of HK\$7.78 to US\$1)

The implied issue price of HK\$0.95 per New Share represents:

- (a) a premium of approximately 297.5% to the closing price of HK\$0.239 per Share as quoted on the Stock Exchange on the Stock Exchange on 25 April 2017 (Hong Kong time) (being the day of the sanctioning of the Hong Kong Scheme by the Hong Kong Court, and the sanctioning of the Cayman Scheme by the Cayman Court); and
- (b) a premium of approximately 297.8% to the average closing price of HK\$0.2388 per Share for the five trading days immediately preceding the last five consecutive trading days up to and including 25 April 2017.

The consideration provided as part of the Debt Restructuring was determined after arm's length negotiations between the Company, the Scheme Creditors and the Senior Lenders, among others, with reference to the historical and prevailing trading prices of the Shares. The Board and the Joint Provisional Liquidators believe that, as part of the Debt Restructuring, the implied issue price per New Share is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of Proceeds

No cash proceeds will be received by the Company in consideration for the issue of the New Shares which are being issued as part of the Debt Restructuring to refinance certain of the Company's existing indebtedness.

The New Shares

The proposed issue of the New Shares represents approximately (i) 11.11% of the issued share capital of the Company as at the date of this announcement; and (ii) 10.00% of the issued share capital of the Company as enlarged by the issue of the New Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Initial Distribution Date (other than as a result of the allotment and issue of the New Shares on the Initial Distribution Date)). The New Shares will be allocated based on liabilities owed to Scheme Creditors and the Senior Lenders as at the Initial Distribution Date.

General Mandate to issue Shares

The New Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM of the Company held on 31 May 2016. Under the General Mandate, the Directors are allowed to allot, issue and deal with additional shares of the Company not exceeding 20% of the total number of issued shares of the Company as at the date of the passing of the resolution, that is, up to 1,852,518,250 Shares. As at the date of this announcement (not including the New Shares), the Company (i) has not exercised the power to allot and issue any new Shares pursuant to the General Mandate and (ii) still has the power to allot and issue up to 1,852,518,250 Shares under the General Mandate. Accordingly, the allotment and issue of the New Shares are not subject to the shareholders' approval.

Ranking of the New Shares

The New Shares will be ordinary shares of the Company. The New Shares, when fully-paid, allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the Initial Distribution Date.

Conditions of the issue of the New Shares

The proposed issue of New Shares is conditional upon the satisfaction of the following conditions, amongst others:

- (1) the sanctioning of the Hong Kong Scheme by the Hong Kong Court;
- (2) the sanctioning of the Cayman Scheme by the Cayman Court;
- (3) the US Bankruptcy Court granting the Chapter 15 Recognition Order in respect of the Cayman Scheme;
- (4) the execution of the Restructuring Documents and their having become effective subject only to their release on the Initial Distribution Date; and
- (5) the Stock Exchange granting the approval for the listing of, and permission to deal in, the New Shares.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares.

CHANGES OF SHAREHOLDING STRUCTURE AS A RESULT OF THE PROPOSED ISSUE OF NEW SHARES

The shareholding structure of the Company (a) immediately before the issue of the New Shares; (b) immediately after the issue of the New Shares are as follows:

Shareholders	As at the date of this announcement		Upon completion of the issue of New Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
MCS Mining Group Limited	3,231,593,984	34.89	3,231,593,984	31.40
Other shareholders (including the New Shares Recipients)	<u>6,030,997,266</u>	<u>65.11</u>	<u>7,060,173,881</u>	<u>68.60</u>
Total number of Shares	<u><u>9,262,591,250</u></u>	<u><u>100.00</u></u>	<u><u>10,291,767,865</u></u>	<u><u>100.00</u></u>

REASONS FOR THE PROPOSED ISSUE OF NEW SHARES

The Group is principally engaged in the mining, processing, transportation and sale of coal products.

On 19 July 2016 the Joint Provisional Liquidators were appointed as provisional liquidators over the Company on a 'soft touch' basis to assist the Company and its existing Board with regard to proposing and developing a restructuring of the Company's financial indebtedness.

Pursuant to the JPL Order, the Joint Provisional Liquidators were authorized (amongst other things) to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern with a view to making an arrangement with the Company's creditors, including, without limitation, a compromise or arrangement by way of a scheme of arrangement.

Prior to the appointment of the Joint Provisional Liquidators, the Company had been negotiating the terms of a proposed restructuring of the Company's financial indebtedness with the Steering Committee, the Senior Lenders and the receivers and delegates. Since their appointment, the Joint Provisional Liquidators have assumed conduct of the negotiations regarding the Debt Restructuring on behalf of the Company and have entered into detailed discussions with multiple creditors in order to seek to negotiate the terms of the Debt Restructuring, and achieve a better return for creditors than would be likely from a winding up of the Company.

As part of the of the Debt Restructuring negotiated between, amongst others, the Company, acting by the Joint Provisional Liquidators, the Steering Committee, QGX and the Senior Lenders, the Company agreed to issue New Shares to the New Shares Recipients as part of the Notes Restructuring and the Senior Secured Facilities Restructuring.

The Board and the Joint Provisional Liquidators believe that the Debt Restructuring represents a structural solution to the current financial issues facing the Group, and is essential to the successful financial restructuring of the Company.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past twelve months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that the completion of the proposed issue of New Shares is subject to the fulfilment of the conditions under the Debt Restructuring and the Listing Committee of the Stock Exchange granting approval for listing of and permission to deal in the New Shares. As the Debt Restructuring may or may not proceed, shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

- “Account Holder Letter” means the form of account holder letter set out in Appendix 9 (Solicitation Packet) to the Explanatory Statement
- “AGM” the annual general meeting of the Company held on 31 May 2016

“Bar Date”	means a time to be specified on the date falling 12 months after the Initial Distribution Date (or if such date is not a Business Day, the next Business Day after that date, as notified by the Company pursuant to the provisions of the Schemes, being the last date for submission of a duly completed Account Holder Letter, Distribution Confirmation and Designated Recipient Form (if applicable))
“Board”	means the board of Directors of the Company
“Business Day”	means any day on which banks are open for business generally in all of Hong Kong, New York and the Cayman Islands
“Cash Sweep Premium”	means certain cash premium payable to the holders of the New Notes upon, and following, the full repayment of the New Senior Secured Facility, subject to a cap of US\$75,000,000
“Cayman Companies Law”	means the Cayman Islands Companies Law (2016 Revision)
“Cayman Court”	means the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Cayman Court Order”	means the sealed copy of the order of the Cayman Court sanctioning the Cayman Scheme
“Cayman Islands”	means the Cayman Islands
“Cayman Scheme”	means the scheme of arrangement between the Company and the Scheme Creditors under section 86 of the Cayman Companies Law in its present form or with or subject to any non-material modifications, additions or conditions that the Cayman Court may approve or impose
“Company”	Mongolian Mining Corporation (In Provisional Liquidation), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 975)
“Chapter 15 Recognition Order”	means an order or orders of the US Bankruptcy Court recognising the provisional liquidation of the Company in the Cayman Islands and/or the Cayman Scheme as a foreign main proceeding (or in the alternative, a foreign non-main proceeding) and giving effect to certain aspects of the Scheme, including the releases under Clause 18 of the Cayman Scheme
“Debt Restructuring”	the proposed offshore debt restructuring of the Company in respect of the Notes Restructuring, Senior Secured Facilities Restructuring and Promissory Notes Restructuring

“Designated Recipient(s)”	means any entity that is designated as such by a Participating Scheme Creditor or a Senior Lender in accordance with the Notes Restructuring Documents or Senior Secured Facilities Restructuring Documents, respectively
“Designated Recipient Form”	means the form attached to the Account Holder Letter and available on the Scheme Website by which a Participating Scheme Creditor may appoint a Designated Recipient to be the recipient of all of the Scheme Consideration that would otherwise be issued to that Participating Scheme Creditor
“Directors”	director(s) of the Company
“Disqualified Person”	means a person who is disqualified from holding, receiving or handling any Scheme Consideration pursuant to any applicable laws or regulations
“Distribution Confirmation”	means the form attached to the Account Holder Letter and available on the Scheme Website confirming amongst other things that the Scheme Creditor or its Designated Recipient may lawfully be issued the Scheme Consideration
“Explanatory Statement”	means the explanatory statement of the Company relating to (i) the Cayman Scheme; and (ii) the Hong Kong Scheme, issued in accordance with Order 102, Rule 20 of the Cayman Islands Grand Court Rules 1995 (Revised Edition) and section 671 of the Hong Kong Companies Ordinance respectively
“General Mandate”	the general mandate granted at the AGM by the shareholders to the Board to allot, issue and deal with additional shares of the Company not exceeding 20% of the total number of issued shares of the Company as at the date of the AGM
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Companies Ordinance”	means the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong
“Hong Kong Court”	means the High Court of Hong Kong and any court capable of hearing appeals therefrom
“Hong Kong Court Order”	means the office copy of the order of the Hong Kong Court sanctioning the Hong Kong Scheme

“Hong Kong Scheme”	means the scheme of arrangement between the Company and the Scheme Creditors pursuant to sections 673 and 674 of the Hong Kong Companies Ordinance in its present form or with or subject to any non-material modifications, additions or conditions that the Hong Kong Court may approve or impose
“Information Agent”	means Lynchpin Bondholder Management, a company incorporated in Hong Kong as Exeter Group Limited, doing business as, Lynchpin Bondholder Management whose registered office is at Wellington Plaza, 4th Floor, Suite 402, 56-58, Wellington Street, Central, Hong Kong in its capacity as the information agent in respect of the Schemes
“Initial Distribution Date”	means the initial date upon which the New Shares will be distributed to the New Shares Recipients, as notified by the Company to the Scheme Creditors, Senior Lenders, QGX and certain agents under the Debt Restructuring; currently expected to be 4 May 2017
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“JPL Order”	means the order of the Cayman Court dated 19 July 2016 appointing the Joint Provisional Liquidators as joint provisional liquidators of the Company
“Joint Provisional Liquidators”	Simon Conway of PwC Corporate Finance & Recovery (Cayman) Limited, P.O. Box 258, 18 Forum Lane, Camana Bay, Grand Cayman KY1-1104, Cayman Islands, and Christopher So Man Chun of PricewaterhouseCoopers Ltd., 22/F Prince’s Building, Central, Hong Kong, in their capacity as joint provisional liquidators of the Company, who act without personal liability, together with any additional or successor person or persons who take or hold office as joint provisional liquidators of the Company
“New Shares”	1,029,176,615 new Shares to be allotted and issued on the Initial Distribution Date under the Debt Restructuring (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Initial Distribution Date (other than as a result of the allotment and issue of the New Shares on the Initial Distribution Date))
“New Shares Recipients”	means the Participating Scheme Creditors (or their Designated Recipients), the Senior Lenders (or their Designated Recipients) and the Scheme Consideration Trustee

“Notes Restructuring”	means the restructuring of the debt and other financial obligations of the Company and the subsidiary guarantors of the Old Notes as contemplated by the Notes Restructuring Documents and the Schemes
“Notes Restructuring Documents”	means the documents to be entered into by certain parties to implement the terms of the Notes Restructuring
“Old Notes”	means the US\$600,000,000 8.875% guaranteed senior secured notes due 29 March 2017 (CUSIPs G6264VAA0, 60937CAA3, ISINs USG6264VAA01, US60937CAA36)
“Participating Scheme Creditor(s)”	means a Scheme Creditor that has submitted a duly completed Account Holder Letter and Distribution Confirmation (and Designated Recipient Form, as applicable) such that they are received by the Information Agent on or before the Bar Date in accordance with the Schemes
“Prohibited Transferee”	means a person who is prohibited from being allotted, issued with, holding, receiving or handling any Scheme Consideration pursuant to any applicable laws or regulations or so prohibited except after compliance with conditions or requirements that the Company considers to be disproportionate to the value of the relevant Scheme Consideration
“Promissory Notes”	means the promissory notes in the aggregate original principal amount of US\$105,000,000 issued by the Company to QGX
“Promissory Notes Restructuring”	means the restructuring of the debt and other financial obligations of the Company under the Promissory Notes as contemplated by the Promissory Notes Restructuring Documents
“Promissory Notes Restructuring Documents”	means the documents, agreements, instruments, board resolutions, shareholder approvals releases, notices and legal opinions necessary to implement or consummate the Promissory Notes Restructuring
“QGX”	means QGX Holdings Limited, a company incorporated in the British Virgin Islands with registration number 1589776
“Restructuring Documents”	means the Notes Restructuring Documents, the Senior Secured Facilities Restructuring Documents and the Promissory Notes Restructuring Documents
“Schemes”	means the Cayman Scheme and the Hong Kong Scheme

“Scheme Consideration Trustee”	means Lynchpin Bondholder Management, a company incorporated in Hong Kong as Exeter Group Limited, doing business as, Lynchpin Bondholder Management whose registered office is at Wellington Plaza, 4th Floor, Suite 402, 56-58, Wellington Street, Central, Hong Kong in its capacity as the scheme consideration trustee under the Schemes
“Scheme Creditor(s)”	means a person with a beneficial interest as principal in the Old Notes held in global form or global restricted form and which has a right, upon satisfaction of certain conditions, to be issued definitive notes in accordance with the terms of the Old Notes and the indenture to the Old Notes
“Scheme Effective Date”	means the later of the date on which (i) the Cayman Court Order is filed with the Registrar of Companies in the Cayman Islands, or (ii) the date on which the Hong Kong Court Order is filed with the Registrar of Companies in Hong Kong
“Senior Lenders”	means the lenders under the Senior Secured Facilities Agreement
“Senior Secured Facilities Agreement”	means the facilities agreement in the original aggregate principal amount of US\$150,000,000 dated 5 March 2014 made between, amongst others, the Company, BNP Paribas Singapore Branch and Industrial and Commercial Bank of China Limited (as mandated lead arrangers) as amended or varied from time to time, including by way of an amendment agreement dated 11 December 2015
“Senior Secured Facilities Restructuring”	means the restructuring of the debt and other obligations of the Company and certain subsidiary guarantors under the Senior Secured Facilities Agreement as contemplated by the terms of the Senior Secured Facilities Restructuring Documents
“Senior Secured Facilities Restructuring Documents”	means the documents, agreements, instruments, board resolutions, shareholder approvals, releases, notices and legal opinions necessary to implement or consummate the Senior Secured Facilities Restructuring
“Shares”	means the ordinary shares of the Company
“Steering Committee”	means the steering committee comprised of certain holders of the Old Notes as constituted from time to time, which is advised in connection with the Notes Restructuring
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“US Bankruptcy Court”	means the United States Bankruptcy Court for the Southern District of New York

“US\$” means United States dollars, the lawful currency of the United States of America

“%” means per cent.

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

Hong Kong, 26 April 2017

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, 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.