

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **MONGOLIAN MINING CORPORATION**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 975)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE INVESTMENT AGREEMENT**

#### **THE INVESTMENT AGREEMENT AND THE STRATEGIC ALLIANCE AGREEMENT**

##### ***The Investment Agreement***

The Board is pleased to announce that on 10 January 2023 (Halifax, Canada time), the Company entered into the Investment Agreement, pursuant to which it has agreed to invest a total amount of US\$40 million for Subscribed Securities.

The Subscribed Securities consist of shares to be issued by the Investee to the Company upon the Closing after delivering (i) the First Instalment Note, (ii) the Second Instalment Note, and (iii) the Third Instalment Shares.

At the Third Closing, all the outstanding principal amount and accrued interest of the Notes shall be converted into shares of the Investee, which coupled with the Third Instalment Shares, shall altogether represent 50% of the issued and outstanding share capital of the Investee immediately after such conversion and calculated on a fully diluted basis.

Prior to the Third Closing Commencement, the Company may assign all of its rights and obligations in accordance with the terms under the Investment Agreement and the Strategic Alliance Agreement to the Assignee, being a wholly-owned subsidiary of the Company.

##### ***The Strategic Alliance Agreement***

On 10 January 2023 (Halifax, Canada time), the Company, ERD and the Investee entered into the Strategic Alliance Agreement which shall become effective at Third Closing Commencement.

### ***The NSR Agreement***

On 10 January 2023 (Halifax, Canada time), ERD and the Investee Group entered into the NSR Agreement which shall become effective at Third Closing.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios in respect of the Transaction Agreements are more than 5% but less than 25%, the transaction contemplated under the Transaction Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 10 January 2023 (Halifax, Canada time), the Company entered into the Investment Agreement with the Investee and ERD, pursuant to which the Company agreed to subscribe for Subscribed Securities in the Investee for the Consideration, being a total amount of US\$40 million. The Investee is principally engaged in minerals exploration with potential development in Mongolia. For further details of the core assets held by the Investee, please refer to the section titled "*Information of the Investee Group*" in this announcement.

Upon the Third Closing, the Company or the Assignee will hold a total of 50% equity interest in the Investee and the Investee will become a subsidiary of the Company and its financial results will be consolidated into that of the Group.

### **THE INVESTMENT AGREEMENT**

Set out below are the principal terms of the Investment Agreement:

**Date** 10 January 2023 (Halifax, Canada time)

**Parties**

- 1) the Company, as an Investor;
- 2) ERD, as the sole existing shareholder of the Investee as at the date of this announcement; and
- 3) the Investee.

As of the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of (i) ERD and (ii) the Investee and their respective ultimate beneficial owner(s) is a third party independent of the Company and connected persons of the Company.

## Subject matter

Pursuant to the Investment Agreement, the Company agreed to subscribe for Subscribed Securities in the Investee (consisting of (i) the First Instalment Note, (ii) the Second Instalment Note, and (iii) the Third Instalment Shares) for the Consideration (being a total amount of US\$40 million).

At the Third Closing, all of the outstanding principal amount and accrued interest of the First Instalment Note and the Second Instalment Note shall be converted into shares of the Investee, which coupled with the Third Instalment Shares, shall altogether represent 50% of the issued and outstanding share capital of the Investee immediately after such conversion and calculated on a fully diluted basis.

## Consideration and the basis thereof

The Consideration for Subscribed Securities was determined by the parties after arm's length negotiations and having taken into account of (i) the mining licenses and exploration license that the Investee Group holds, (ii) the estimated mineral reserve and resource of the Bayan Khundii deposits, and (iii) the value of total assets of the Investee Group which amounts to approximately MNT71,524.6 million (equivalent to approximately US\$22.8 million) as at 30 June 2022 (converted using Bank of Mongolia's prevailing exchange rate of US\$1.00 = MNT3,134.28 as at 30 June 2022). For details of the aforesaid licenses and assets held by the Investee Group, please refer to the section titled "*Information of the Investee Group*" in this announcement.

On the aforesaid basis, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company expects to satisfy the Consideration via internal resources of the Group.

## Manner of payment of the consideration

The aforesaid Consideration shall be paid in three instalments:

- (a) at the first closing (the "**First Closing**"), at which the Investee shall issue and the Company shall subscribe for the First Instalment Note, free and clear of any liens, in the aggregate subscription amount of US\$5,000,000 in cash following the execution of the Transaction Agreements and the establishment of the Steering Committee;
- (b) at the second closing (the "**Second Closing**"), at which the Investee shall issue and the Company shall subscribe for the Second Instalment Note, free and clear of any liens, in the aggregate subscription amount of US\$5,000,000 in cash subject to the completion of Second Closing Milestone; and
- (c) at the third closing (the "**Third Closing**"), at which the Investee shall issue and the Company shall subscribe for the Third Instalment Shares, free and clear of any liens, for an aggregate consideration of US\$30,000,000 (the "**Third Subscription Price**") in cash subject to the completion of Third Closing Milestone.

**Condition precedents**

Closing and the Third Closing Commencement are subject to the satisfaction of the following key conditions:

- 1) No provision of any applicable law prohibiting the consummation of such Closing or the Third Closing Commencement.
- 2) All actions by or in respect of or filings with any governmental authority required to permit the consummation of such Closing or the Third Closing Commencement shall have been taken, made or obtained.
- 3) (i) Each of ERD and the Investee shall have performed in all material respects all of its obligations under the Investment Agreement required to be performed by it at or prior to such Closing or the Third Closing Commencement, and (ii) the fundamental warranties of the Investee remaining true at and as of the date of such Closing or the date of the Third Closing Commencement as if made at and as of such date.
- 4) Subject to the disclosure schedule delivered by the Investee to the Company on the date of the Investment Agreement, there shall not be any threatened, instituted or pending action or proceedings by any person before any governmental authority (i) seeking to restrain, prohibit or otherwise interfere with the ownership or operation by the Company or any of its affiliates of any of the Subscribed Securities or of all or any portion of the business or assets of the Investee or its subsidiaries or of the Company or any of its affiliates, or to compel the Company or any of its affiliates to dispose of any of the Subscribed Securities or of all or any portion of the business or assets of the Investee or its subsidiaries or of the Company or any of its affiliates, (ii) seeking to impose or confirm limitations on the ability of the Company or any of its affiliates effectively to exercise full rights of ownership of any of the Subscribed Securities, including the right to vote any of the Subscribed Securities on all matters properly presented to the Investee's shareholders or (iii) seeking to require divestiture by the Company or any of its affiliates of any of the Subscribed Securities or of any shares or any business or assets of the Company or any of its affiliates.
- 5) No event, occurrence, change, effect or condition of any character shall have occurred following the date of the Investment Agreement that individually, or in the aggregate, has had or would reasonably be expected to have a material adverse effect.
- 6) The Investee and ERD having taken all necessary corporate actions to establish and maintain the Steering Committee.

- 7) With respect to the Second Closing, (i) the Second Closing Milestone shall have been completed to the reasonable satisfaction of the Company, (ii) the audited financial statements of the Investee Group shall have been delivered to the Company, (iii) the parties shall have been agreed in writing to the form of net profits interest agreement, and (iv) the Investee has completed the conversion of its all then outstanding shareholder's loan and intercompany receivables provided by ERD or any of its affiliates to any of the Investee Group shall be converted into the shares and all intercompany receivables shall be discharged or otherwise satisfied in full.
- 8) With respect to the Third Closing Commencement, (i) the Third Closing Milestone shall have been completed to the reasonable satisfaction of the Company, (ii) the adoption of the amended and restated charter and the appointments of two (2) representatives to the board of directors of the Investee (each as nominated by the Company) and of the senior management as provided in the Strategic Alliance Agreement shall have been duly approved by all necessary corporate actions, (iii) the Steering Committee shall have unanimously approved the initial life of mine plan and annual business plan, and (iv) the Investee shall have obtained the consent of European Bank for Reconstruction and Development in accordance with the terms under the Investment Agreement.
- 9) (i) The Company shall have performed, in all material respects, all of its obligations under the Investment Agreement required to be performed by it at or prior to such Closing or the Third Closing Commencement and (ii) the Company's fundamental warranties remaining true at and as of such Closing or the date of the Third Closing Commencement as if made at and as of such date.

## **Completion**

Closing shall take place on the fifth (5<sup>th</sup>) business day after (in the case of the First Closing, the Second Closing and the Third Closing Commencement), or on the same day as (in the case of the Third Closing), satisfaction or waiver (to the extent permissible) of the conditions applicable to such Closing or the Third Closing Commencement, or at such other time or place as the Investee and the Company may agree in writing pursuant to the Investment Agreement.

## **THE STRATEGIC ALLIANCE AGREEMENT**

In order to jointly own and operate the Investee to further develop the mineral assets of the Investee Group, on the same day as the date of the Investment Agreement, the parties have entered into the Strategic Alliance Agreement to agree on certain shareholders rights and management rights over the Investee, which includes but is not limited to directors and senior managers nomination and election rights, non-competition and non-solicitation, pre-emptive rights, right of first offer and tag along rights.

The key terms of the Strategic Alliance Agreement are set forth as follows:

<b>Date</b>	10 January 2023 (Halifax, Canada time)
<b>Parties</b>	1) The Company; 2) ERD; and 3) the Investee.
<b>Subject matter</b>	The Company and ERD agreed to jointly exercise their shareholders' and management rights over the Investee.

**Key terms** *(1) Directors and Management of the Investee*

In the event that each shareholder holds no more than two-thirds of the issued shares of the Investee, the board of the Investee shall consist of four directors of which two directors shall be nominated by ERD and two directors shall be nominated by the Company. Accordingly, the same shall apply for the nomination and appointment of senior management of the Investee.

In the event that any shareholder holds more than two-thirds of the issued shares of the Investee, the board of the Investee shall consist of three directors of which two directors shall be nominated by the shareholder holding more than two-thirds of the issued shares, and one director shall be nominated by the other shareholder. Accordingly, the senior management of the Investee shall be appointed by the shareholder holding more than two-thirds of the issued shares of the Investee.

*(2) Life of mine plan and annual business plan*

The initial life of mine plan and the annual business plan of the Investee shall be unanimously approved by the Steering Committee, which shall be composed of four members with each of ERD and the Company appointing two members, to be established pursuant to the Investment Agreement.

Adoption of the new annual business plan and up to one amendment or modification to the effective life of mine plan and the annual business plan may be unilaterally approved by the directors appointed by the Company provided that the proposed changes are within 10% of the key parameters stated in the life of mine plan.

**(3) Right of first offer, right of first offer for NSR Entitlement and tag along rights**

Each shareholder shall have a right of first offer with respect to shares held in the Investee, if another shareholder proposes to transfer any shares in the Investee owned by it to any independent third party, the transferring shareholder shall first offer those shares to the other shareholder on the same terms and conditions to be offered by it to the independent third party.

The Company shall also have the right of first offer for any NSR Entitlement in the event that ERD proposes to transfer its NSR Entitlement to any independent third party.

Each shareholder shall have tag along rights if the other shareholder proposes to sell the shares in the Investee held by it to any independent third party.

**THE NSR AGREEMENT**

As part of the arrangement to jointly develop the mineral assets of the Investee Group and to fulfill the royalty arrangement, on the same day as the date of the Investment Agreement and the Strategic Alliance Agreement, ERD, the Investee and Leader Exploration entered into the NSR Agreement, the principal terms of which are set forth as follows:

<b>Date</b>	10 January 2023 (Halifax, Canada time)
<b>Parties</b>	1) ERD, as a payee 2) the Investee and Leader Exploration, each as a payor and together the payors
<b>Subject matter</b>	The payors agreed to pay to ERD the NSR Entitlement which amounts to 5.0% of the Net Smelter Returns for a sale or transfer of products exceeding the first 400,000 ounces of gold.
<b>Net Smelter Return Entitlement</b>	If there is a sale by a payor or an affiliate other than to a smelter, a refinery or the central bank of Mongolia, the Net Smelter Returns shall be deemed to be the greater of (i) the fair market value of recoverable metals or other materials contained in such products and (ii) the actual proceeds received by the relevant payor or an affiliate from the buyer of such products, in each case without deductions except for allowable deductions under the NSR Agreement or penalties or offsets in respect of ore dependent factors, if any.
<b>Means of payment</b>	The obligation to pay the NSR Entitlement will accrue when there has been a sale, provided that any NSR Entitlement due in respect of a loss will accrue when the insurance proceeds are paid.  The payments of the NSR Entitlement will be due and payable quarterly on the last day of the month following the end of the calendar quarter in which the same accrued.

The payors shall pay interest on any delinquent NSR Entitlement payment at a rate per annum equal to the secured overnight financing rate established by the Federal Reserve Bank of New York as at the date such delinquent payment became due and payable plus 8%.

## INFORMATION OF THE INVESTEE GROUP

The Investee is a limited liability company established and existing under the laws of Mongolia and is principally engaged in the exploration of gold and other precious metals.

The Investee holds two minerals exploitation special permits MV-021444 of 2,308.62 hectares area and MV-021547 of 4,668.64 hectares area, both issued by MRPAM on 5 August 2019 and 4 March 2020, respectively. According to the Minerals Law in Mongolia, minerals exploitation special permit is issued for 30 years and extendable twice, by 20-year periods.

Leader Exploration is a limited liability company established and existing under the laws of Mongolia and is principally engaged in the minerals exploration of gold and other precious metals. In addition, Leader Exploration holds minerals exploration special permit XV-016057 of 1,780.20 hectares area as issued by MRPAM on 16 February 2015 and valid until 16 February 2024.

All mining assets held by the Investee Group are located in Bayankhongor aimag (Bayankhongor province), Mongolia.

According to public information in bankable feasibility study prepared in line with NI 43-101 reporting standards, the Investee controlled mining assets have the following resources and reserves.

### Bayan Khundii Gold Deposit – Mineral Resource Estimate

(Note: Cut-off grade of 0.4 g/t Au)

Mineral Resource Classification	Quantity (Mt)	Grade (g/t Au)	Contained Au (Koz)
Measured	3.00	2.39	233
Indicated	5.3	2.08	352
Measured & Indicated	8.3	2.19	585
Inferred	0.5	2.18	36

### Bayan Khundii Gold Deposit – Mineral Reserve Statement

Mineral Reserve Classification	Quantity (Mt)	Grade (g/t Au)	Contained Au (Koz)
Proven	1.2	4.2	166
Probable	2.2	3.5	244
Total Reserve	3.4	3.7	409

As at 30 June 2022, the value of the Investee Group's asset amounted to approximately US\$22.8 million (converted using Bank of Mongolia's prevailing exchange rate of US\$1.00 = MNT3,134.28 as at 30 June 2022). Furthermore, the net loss (both before and after tax) attributable to the Investee Group for the two financial years ended 31 December 2021 and 2020 was as follows:

	<b>For the year ended (MNT'000)</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	–	–
<b>Net loss before tax</b>	4,094,342	1,652,063
	(then equivalent to approximately US\$1,436,969)	(then equivalent to approximately US\$587,311)
<b>Net loss after tax</b>	4,094,342	1,866,102
	(then equivalent to approximately US\$1,436,969)	(then equivalent to approximately US\$663,402)

The net loss (both before and after tax) for the years ended 31 December 2021 and 2020 was converted into US\$ using Bank of Mongolia's yearly average exchange rate of US\$1.00 = MNT2,812.93 and US\$1.00 = MNT2,849.29, respectively. As of the date of this announcement, the Investee is directly wholly-owned by ERD. Upon the Third Closing, under the Investment Agreement, the Company will hold 50% of equity interest of the Investee, whereupon the Investee shall become a subsidiary of the Company.

## **INFORMATION OF THE PARTIES**

### ***Information of ERD***

Erdene Resource Development Corporation was established under the federal laws of Canada and its common shares are publicly traded on the Toronto Stock Exchange and Mongolian Stock Exchange (Toronto Stock Exchange Symbol: ERD and Mongolian Stock Exchange Symbol: ERDN).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, based on public information in relation to ERD, its largest shareholder was Mr. Eric Sprott who owns and controls 61,225,488 shares and 9,598,827 warrants, which represent approximately 17.8% of the issued and outstanding shares of ERD on a non-diluted basis and approximately 20.0% of the issued and outstanding shares of ERD on a partially diluted basis assuming full exercise of such warrants. Mr. Eric Sprott is a Canadian investor, known for his successful investments in the gold and precious metals sector.

### ***Information of the Company***

The Company together with its subsidiaries is the largest producer and exporter of high-quality washed hard coking coal in Mongolia. The Group owns and operates the Ukhaa Khudag and the Baruun Naran open-pit coking coal mines, both located in the Umnugobi aimag (South Gobi province), Mongolia.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios in respect of the Transaction Agreements are more than 5% but less than 25%, the transaction contemplated under the Transaction Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Company's key strategy includes exploring opportunities for expanding and diversifying its business operations through potential strategic cooperation and joint venture arrangements and identifying possible investment targets in Mongolia.

As mentioned in this announcement, the Investee holds certain mineral assets with the potential of production in the near term. In addition, the Investee has high potential for further discoveries in the areas covered by the minerals' exploitation and exploration rights under its possession.

As such, the Board believes that the investment in the Investee can enable the Group to diversify its revenue sources by reducing full dependency on coal as a matter of strategic long-term development objectives and allowing the Group to further expand its business operations.

The Directors consider that the terms of the Transaction Agreements, namely the Investment Agreement, the Strategic Alliance Agreement and the NSR Agreement, are determined after arm's length negotiation, on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

No Director has any material interest in the Transaction Agreements and accordingly, none of the Directors is required to abstain from voting on the Board resolutions approving the same.

## **DEFINITIONS**

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“Assignee”	a wholly-owned subsidiary of the Company
“Au”	chemical element symbol for gold
“Bank of Mongolia”	central bank of Mongolia
“Board”	the board of Directors
“Closing”	the First Closing and the Second Closing and the Third Closing
“Company”	Mongolian Mining Corporation, a company incorporated in the Cayman Islands with limited liability on 18 October 2010, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 975)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of US\$40 million for the subscription of the Subscribed Securities in the Investee pursuant to the Investment Agreement
“Director(s)”	the director(s) of the Company
“ERD”	Erdene Resource Development Corporation, a company incorporated under the federal laws of Canada, whose common shares are traded on the Toronto Stock Exchange and Mongolian Stock Exchange (Toronto Stock Exchange Symbol: ERD and Mongolian Stock Exchange Symbol: ERDN)
“First Closing”	has the meaning ascribed to it in the section titled “ <i>Manner of payment of the consideration</i> ” in this announcement
“First Instalment Conversion Shares”	the shares of the Investee to be issued upon conversion of the First Instalment Note pursuant to its terms, which shall represent 6.25% of the issued and outstanding share capital of the Investee immediately after such conversion (and after giving effect to the issuance of the Third Instalment Shares, the Second Instalment Conversion Shares and the conversion pursuant to the Investment Agreement), calculated on a fully diluted basis
“First Instalment Note”	a convertible promissory note to be issued by the Investee in the aggregate principal amount of US\$5,000,000
“Gross Proceeds”	the proceeds received (or deemed to be received pursuant to the NSR Agreement) by a payor or its affiliates, from a sale or transfer of title of products, and in the case of a loss, the Gross Proceeds will be equal to the sum of the insurance proceeds in respect of such loss
“g/t”	gramme(s) per tonne
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Investee”	Erdene Mongol LLC, a direct wholly owned subsidiary of ERD
“Investee Group”	the Investee together with its subsidiary
“Leader Exploration”	Leader Exploration LLC, a directly wholly owned subsidiary of the Investee

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MNT”	Togrog or tugrik, the lawful currency of Mongolia
“MRPAM”	Mineral Resources and Petroleum Authority of Mongolia
“mt”	megatonne, a metric unit equivalent to 1 million tonnes
“Net Smelter Return(s)”	the Gross Proceeds from a sale less applicable allowable deductions under the NSR Agreement
“Notes”	the First Instalment Note and the Second Instalment Note
“NSR Agreement”	the net smelter returns agreement entered into by ERD and the Investee Group, which shall become effective at Third Closing
“NSR Entitlement”	5.0% of Net Smelter Returns
“Project”	the “Bayan Khundii” gold project of the Investee
“Second Closing”	has the meaning ascribed to it in the section titled “ <i>Manner of payment of the consideration</i> ” in this announcement
“Second Closing Milestone”	(i) the preparation and approval of the annual budget and five-year business plan of the Investee, and (ii) the delivery and approval of the feasibility study with respect to the Project, within 120 days following the First Closing
“Second Instalment Conversion Shares”	the shares of the Investee to be issued upon conversion of the Second Instalment Note pursuant to its terms, which shall represent 6.25% of the issued and outstanding share capital of the Investee immediately after such conversion (and after giving effect to the issuance of the Third Instalment Share, the First Instalment Conversion Shares and the conversion pursuant to the Investment Agreement), calculated on a fully diluted basis
“Second Instalment Note”	a convertible promissory note to be issued by the Investee in the aggregate principal amount of US\$5,000,000
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Alliance Agreement”	the strategic alliance agreement entered into by the Investee, the Company and ERD which shall become effective at Third Closing Commencement
“Steering Committee”	a steering committee established and maintained by the Investee and ERD from the First Closing until the Third Closing or until the appointment of the directors of the Investee (nominated by the Company) in accordance with the Strategic Alliance Agreement (the “ <b>Steering Committee Period</b> ”); and effective upon the First Closing until the Steering Committee Period, (i) all parties procure to comply with the decisions made by the Steering Committee during the Steering Committee Period and (ii) it shall consist of four (4) members, of whom two (2) representatives shall have been nominated by ERD and two (2) representatives shall have been nominated by the Company
“Subscribed Securities”	the Notes and the Third Instalment Shares
“Third Closing”	has the meaning ascribed to it in the section titled “ <i>Manner of payment of the consideration</i> ” in this announcement
“Third Closing Commencement”	the actions to be consummated in advance of the Third Closing, including without limitation, (i) the payment of the Third Subscription Price by the Company via wire transfer to a bank account designated by the Investee; (ii) the delivery by the Investee to the Company (A) a copy of the resolutions of the board of directors and shareholder(s) of the Investee authorizing and approving the issuance of the Third Instalment Shares, the First Instalment Conversion Shares and the Second Instalment Conversion Shares to the Company and the adoption of the amended and restated charter of the Investee, and (B) a copy of the updated register of shareholders of the Investee reflecting the issuance of the Third Instalment Shares, the First Instalment Conversion Shares and the Second Instalment Conversion Shares to the Company which is effective upon the Third Closing; (iii) the execution by the Company, the Investee and ERD of a share rights assignment deed pursuant to which the Company shall assign all of its rights and obligations in accordance with the terms under the Investment Agreement and the Strategic Alliance Agreement to the Assignee; and (iv) execution by the Company and ERD the joint resolutions approving the amended and restated charter of the Investee and the appointment of the directors and the applicable senior management of the Investee
“Third Closing Milestone”	the approval of the construction decision for the Project by the Steering Committee, within 120 days following the Second Closing

“Third Instalment Shares”	the shares of the Investee to be issued at the Third Closing, which when added to the First Instalment Conversion Shares and the Second Instalment Conversion Shares shall represent 50% of the issued and outstanding share capital of the Investee immediately after the Third Closing (and after giving effect to the issuance of the First Instalment Conversion Shares, the Second Instalment Conversion Shares and the conversion pursuant to the Investment Agreement), calculated on a fully diluted basis
“Third Subscription Price”	has the meaning ascribed to it in the section titled “ <i>Manner of payment of the consideration</i> ” in this announcement
“Transaction Agreements”	the Investment Agreement, the NSR Agreement and the Strategic Alliance Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Historical financial figures would be converted into US\$ using the prevailing exchange rates applicable to each financial period.

For and on behalf of the Board  
**Mongolian Mining Corporation**  
**Odjargal Jambaljamts**  
*Chairman*

Hong Kong, 11 January 2023

*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, Mr. Od Jambaljamts, Ms. Enkhtuvshin Gombo and Mr. Myagmarjav Ganbyamba, 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.*