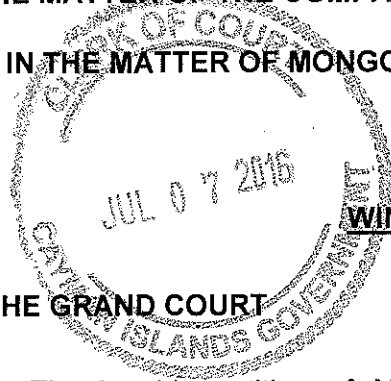


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

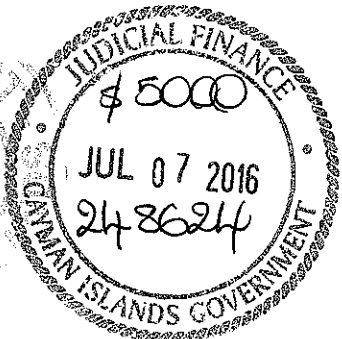
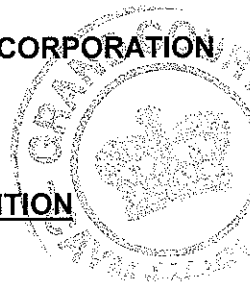
CAUSE NO: FSD 0099 OF 2016

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF MONGOLIAN MINING CORPORATION



WINDING UP PETITION



TO THE GRAND COURT

1. The humble petition of Mongolian Mining Corporation (the "**Company**"), a company incorporated under the laws of the Cayman Islands with its registered office located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681 GT, George Town, Grand Cayman, KY1-1111, Cayman Islands shows that:

Preamble

2. The Company seeks a winding up order pursuant to Section 92(d) of the Companies Law (2013 Revision) (the "**Companies Law**") on the ground that the Company is unable to pay its debts and is therefore insolvent.
3. Pursuant to section 94(2) of the Companies Law, the Company's board of directors is authorised to present the Petition on the Company's behalf without the sanction of a resolution passed at a general meeting of the Company on the basis that Article 162(1) of the Company's Articles of Association dated 17 September 2010 (the "**Articles**") which provides as follows:

"The [Company's] Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up".

The Company

4. The Company was incorporated on 18 May 2010 in accordance with the Companies Law as an exempted company limited by shares, with registration number 240791.
5. The Company acts as an investment holding company of various subsidiaries (together the "**Group**"). The Group is engaged, through its operating entities in Mongolia, *inter alia*, in producing and exporting high quality 'coking coal' (also known as 'metallurgic coal', an essential ingredient in steel production) from Mongolia. The Group owns and operates two open-pit coking coal mines located in the Southern Gobi province of Mongolia.
6. The Group consists of an intermediate holding entity in Hong Kong wholly owned by the Company, Mongolian Coal Corporation Limited (the "**HK Subsidiary**"), which in turn wholly owns a subsidiary in Luxembourg, Mongolian Coal Corporation S.a.r.l. (the "**Luxembourg Subsidiary**"). The Luxembourg Subsidiary, through its wholly owned Mongolian subsidiary, Energy resources Corporation LLC ("**ERC**") and ERC's wholly owned Mongolian subsidiary Energy Resources LLC ("**ER**") owns an open pit coking coal mine, Ukhua Khudag ("**UHG**"), the Group's major mining asset in Mongolia.
7. The Company was listed on the Main Board of the Hong Kong Stock Exchange ("**HKEX**") on 13 October 2010 (Stock Code: 975). The Company's market capitalisation as at 6 July 2016 was USD107 million.

Events Leading up to the Presentation of the Petition

8. The Company is presently unable to pay its debts and is therefore insolvent on a cash flow basis. In addition, the Group is currently in serious financial difficulty and is unable to meet its obligations to creditors.
9. The Group's financial difficulties have been caused by a combination of an adverse operating environment and an inability to service its outstanding debt obligations.

Operating Environment

10. The Group's financial position is largely dependent on world coal prices, which are highly cyclical and subject to significant fluctuations. The world coal markets are, in turn, sensitive to changes in coal mining capacity and output levels, patterns of demand and consumption of coal from the steel industry and other industries for which coal is the principal raw material, and macro factors impacting the world economy. The price of coking coal has decreased materially in recent years as a result of weakening demand for coking coal, in particular in the People's Republic of China (the "PRC"), coupled with a surplus of supply in the PRC and in key seaborne markets including Australia, United States, Canada and Russia. The slow adjustment in the coal mining industry in dealing with such excess capacity has further weakened prices of coal products, resulting in greatly reduced margins in the industry.

Company Indebtedness

11. The Company's current loan and bond indebtedness is as follows:
 - (a) **USD600 Million Note Issuance:** On 29 March 2012, the Company issued USD600,000,000 of notes bearing interest at 8.875% per annum, payable semi-annually in arrears on 29 March and 29 September of each year, and listed on the Singapore Exchange Securities Trading Limited (SGX-ST) (the "Notes"). The trustee of the Notes is Deutsche Bank Trust Company Americas ("Trustee"). The Company's default on payment of the interest payment due under the Notes on 29 March 2016 crystallised the right of the Trustee or holders of at least 25% in aggregate outstanding principal amount of the Notes to be able to declare the total outstanding principal and accrued interests on the Notes to be immediately due and payable. As at the date of this petition, the outstanding principal was USD 600.0 million with accrued interest of approximately USD 41.0 million and interest continues to accrue at the daily rate of 0.025%.
 - (b) USD150m Secured Long Term Loan Facility from BNP Paribas Singapore Branch ("BNP") and the Industrial and Commercial Bank of

China ("ICBC") (the "BNP/ICBC Loan"): this was previously held with Standard Bank Plc who transferred all of its rights and obligations under this facility to BNP and ICBC on 18 December 2013. On 5 March 2014, the Company entered into a coal pre-export secured loan facility of USD150m, bearing interest payable every three months at LIBOR + 6% per annum. As of 31 December 2015, the amount outstanding under the BNP/ICBC Loan was USD93 million. The Company has obtained several waivers and deferrals of principal, interest and other payments, the most recent of which expired on 22 March 2016. As a result of the expiry of this waiver, an event of default has taken place under the BNP/ICBC Loan. As at the date of this petition, the outstanding principal was approximately USD 93.0 million with accrued interest of approximately USD 4.1 million and interest continues to accrue at the daily rate of 0.022%, which includes 2% p.a default interest rate.

- (c) USD105m of Promissory Notes: On 27 November 2012, the Company issued two Promissory Notes to QGX Holdings Ltd ("QGX"), each in the amount of USD52,500,000, which bear interest at a rate of 3.0% per annum commencing on the issue date. The original maturity date of the Promissory Notes was 22 November 2013, which was subsequently extended to 15 April 2016, with a rate of 8.0% per annum to the maturity date. There was no further extension granted after 15 April 2016. The Promissory Notes remain outstanding. This facility is unsecured. As at the date of this petition, the outstanding principal was approximately USD72.2 million with accrued interest of approximately USD 1.5 million and interest continues to accrue at the daily rate of 0.0219%.

Security provided for Company Indebtedness

12. The Group (including the Company) has pledged a significant proportion of its assets as security for the various loans and the Notes referred to above.
13. In particular, the Company has pledged its shareholding in the HK Subsidiary and caused the HK Subsidiary to pledge its entire shareholding in the Luxembourg Subsidiary (collectively, the "**Pledged Shares**").

14. Pursuant to an Intercreditor Agreement dated 29 March 2012 (the "**Intercreditor Agreement**") entered into between the Company, Standard Bank Plc (which later transferred its rights to BNP and ICBC), the Trustee, and DB Trustees (Hong Kong) Limited as the shared security agent, the Pledged Shares are shared security between holders of the Notes and BNP/ICBC in relation to obligations of the Company under the Notes and the BNP/ICBC Loan respectively.
15. In addition to the Pledged Shares, security was granted in favour of BNP/ICBC to secure payment of the BNP/ICBC Loan over:
 - (a) certain cash accounts of the Company and its indirect Mongolian subsidiary, ER;
 - (b) certain coal collateral owned by ER; and
 - (c) rights under certain coal sales agreements owned by ER.

Group Indebtedness & Financial Position

16. In addition to the Company's current financial situation as set out above, the Group has substantial indebtedness at subsidiary levels, in respect of which the relevant Group entities have granted security over the majority of the Group's assets. Specifically, on 27 February 2014, ERC, the wholly owned Mongolian subsidiary of the Luxembourg Subsidiary, entered into a USD40m revolving credit facility with the Trade and Development Bank of Mongolia ("**TDBM**"). This facility is secured by certain bank deposits. The original maturity date of this facility is 20 March 2014, current outstanding principal balance of the loan due to TDBM is USD 1.2 million, which is due by 29 July 2016.
17. Based on the Company's annual results for the year ended 31 December 2015, the total amount of the Group's bank and other borrowings (excluding the facilities described at paragraph 11 above) amounted to approximately USD106.8 million. Currently, the total amount of the Group's bank and other borrowing is USD 51.8M, being the outstanding principal amount under the USD180 million term loan facilities, as amended (the "**Agency Bank Loans**") entered into by ER, one of the wholly-owned Mongolian subsidiaries of the Company, as borrower with European Bank for Reconstruction and Development

on 12 May 2010, and with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. and Deutsche Investitionsund Entwicklungsgesellschaft mbH on 11 August 2010. On 11 March 2016, the Group entered into Deed of Termination and Release ("DTR") with the lenders regarding the repayment of the loan by endorsing certain promissory notes issued by Ministry of Finance of Mongolia. Obligations under this loan will be fully discharged after 121 calendar days plus two business days from the execution of the DTR.

18. As at 31 December 2015, the value of the Company's current assets totalled approximately USD190.4 million, with current liabilities of totalling USD411.2 million. Accordingly, the Company had net current liabilities of approximately USD220.8 million. In addition, the Group's revenue for the 2015 financial year amounted to USD99.5 million as compared against USD328.3 million for the 2014 financial year.
19. As at the date of this Petition, the Group has approximately USD95,000 in available cash to enable it to meet its short term liabilities.
20. The remainder of the Group's current assets, which cannot be collected or converted into cash immediately, are as follows:
 - (a) Assets held for sale amounting to approximately USD55,000;
 - (b) Inventory of approximately USD46 million; and
 - (c) Trade and other receivables amounting to approximately USD94 million.

Default

21. On 14 March 2016, the Company issued an announcement on the HKEX stating, *inter alia*, that:
 - (a) a "Steering Committee" had been formed, with Moelis & Company Asia Limited being appointed as its independent financial adviser and Ropes & Gray as its legal adviser;

- (b) the next interest payment date under the Notes was 29 March 2016, on which date it would be obliged to make the Coupon Payment and that it was highly likely that the Company would not be able to make the Coupon Payment;
 - (c) if the Coupon Payment was not made, and the Company had not been able to secure any waiver or forbearance from the Noteholders, an event of default under the Notes would take place;
 - (d) the Company had received the Waiver Letter from BNP/ICBC in relation to the BNP/ICBC Loan pursuant to which BNP/ICBC agreed to postpone the due date of the Company's obligations to make principal and interest payments to 22 March 2016;
 - (e) the Company expected that it was highly likely that the Company would not be able to make payment of the BNP/ICBC Loan due on 22 March 2016 (the "**22 March Payment**"); and
 - (f) if the Company had not been able to secure any waiver or forbearance from the lenders, and was unable to make the 22 March Payment, an event of default under the BNP/ICBC Loan would take place.
22. On 23 March 2016, the Company issued another announcement on the HKEX stating, *inter alia*, that the Company had not paid the 22 March Payment, and had not obtained any waiver from BNP/ICBC in relation to the same. Consequently, an event of default had occurred under the BNP/ICBC Loan, which also triggered a cross default under the terms of the Notes.
23. On 30 March 2016, the Company issued another announcement on the HKEX stating, *inter alia*, that the Company had failed to make an interest payment of USD26,625,000 under the Notes and had not obtained any waiver or forbearance from the Noteholders and that such non-payment would constitute an event of default under the Notes if it continues for a period of 30 consecutive calendar days.
24. On the morning of 27 April 2016, the Company issued an announcement on the HKEX stating, *inter alia*, that the BNP/ICBC Loan had been accelerated by the

agent under that facility and that the Receivers had been appointed over the Pledged Shares.

25. On the afternoon of 27 April 2016, the Company issued an announcement on the HKEX and at the request of HKEX, stating *inter alia*, that HKEx was making enquiries to assess the Company's suitability for continued listing as a result of the April 27 morning announcement.
26. On 29 April 2016, the Company issued an announcement on the HKEX stating, *inter alia*, that the 30-day grace period for the interest payment failure under the Notes (as announced on 30 March 2016), resulted in an event of default under the Notes and that as at the date of that announcement, the Company has not received any notice from any of the Noteholders demanding immediate repayment of any outstanding amount under the Notes.

Conclusion

27. The Company is unable to pay its debts and is therefore liable to be wound up.
28. Pursuant to article 162 of the Company's Articles, the board of the Company has the power to present the Petition on behalf of the Company and, in the circumstances, it is appropriate for the Company to be wound up.

YOUR PETITIONER THEREFORE HUMBLY PRAYS:

1. That the Company be wound up in accordance with section 92(d) of the Companies Law.
2. That Simon Conway of PwC Corporate Finance & Recovery (Cayman) Limited, PO Box 258, Strathvale House, George Town, Grand Cayman KY1-1104, Cayman Islands and Christopher So of PwC Hong Kong, 22/F, Prince's Building, Central, Hong Kong be appointed as Joint Official Liquidators of the Company ("JOLs").
3. That the JOLs shall not be required to give security for their appointment.
4. That the JOLs shall have the power to act jointly and severally in their capacity as liquidators of the Company.

5. That the JOLs be authorised to take any such action as may be necessary or desirable to obtain recognition of the JOLs and/or their appointment in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.
6. That the JOLs be authorised to exercise all of the powers set out in paragraphs 2, 8, 10 and 11 of Part 1 of the Third Schedule to the Companies Law and section 110(2) thereof, without further sanction of this Honourable Court.
7. That the JOLs be authorised to do any acts or things considered by them to be necessary or desirable in connection with the liquidation of the Company and the winding up of its affairs in the Cayman Islands and/or elsewhere.
8. Without prejudice to the generality of the foregoing, the JOLs be authorised and be granted leave to take all such actions as may be necessary to:
 - (a) take control of such of the direct and/or indirect subsidiaries ("**Subsidiaries**") of the Company, and/or joint ventures, investment, associated companies, business or other entities (together the "**Associated Companies**") in which the Company holds an interest (or such shares of such subsidiaries and/or associated companies as are owned directly or indirectly by the Company), in each case wherever located, as the JOLs shall think fit; and/or to call or cause to be called such meetings of such Subsidiaries and/or Associated Companies and/or to sign such resolutions (in accordance with the provisions of any relevant constitutional or related documentation of such companies) and take such other steps, including applications to appropriate courts and/or regulators, as the JOLs shall consider necessary to appoint or remove directors, legal representatives, officers, and/or managers to or from such Subsidiaries and/or Associated Companies, and in each case take such steps as are necessary to cause the registered agents (or other equivalent corporate administrators) of such Subsidiaries or Associated Companies to give effect to the changes to the boards of directors, legal representatives, officers, and/or managers of such companies or entities, including (without limitation) effecting changes to the company registers

of such Subsidiaries or Associated Companies as may be deemed appropriate by the JOLs; and/or to take such other action in relation to all such Subsidiaries or Associated Companies as the JOLs shall think fit for the purpose of protecting the assets of the Company and managing the affairs of the Company (which, for the avoidance of doubt, shall include the assets and affairs of the Subsidiaries and Associated Companies);

- (b) liaise with management of the Group to stabilise and preserve value of the Company and the Group; and
- (c) communicate on the Company's behalf with the relevant regulators, as appropriate.

9. That the JOLs be at liberty to appoint such counsel, attorneys, professional advisors, whether in the Cayman Islands or elsewhere, as they may consider necessary to advise and assist them in the performance of their duties in accordance with Order 25 of the Companies Winding Up Rules 2008 (as amended).
10. That no disposition of the property of the Company by or with the authority of the JOLs in carrying out their duties and functions and the exercise of their power under any Order granted pursuant to this Petition shall be voided by virtue of section 99 of the Companies Law.
11. Subject to section 109(2) of the Companies Law and the Insolvency Practitioner's Regulations 2008 (as amended), the JOLs be authorised to render and pay invoices out of the assets of the Company for their own remuneration.
12. The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties and, for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as an expense of the liquidation.
13. The JOLs be at liberty to apply generally.
14. The costs of and incidental to the Petition be paid forthwith out of the assets of the Company.

15. Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

DATED the 7th day of July 2016.



WALKERS

Attorneys at Law for the Company

NOTE: This Petition is intended to be served on all known creditors of the Company.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts,
George Town, Grand Cayman on 21 July 2016 at 10.00 am.

Any correspondence or communication with the Court relating to the hearing of this
Petition should be addressed to the Registrar of the Financial Services Division of the
Grand Court at PO Box 495, Grand Cayman, KY1-1106, Telephone 345 949 4296

This **PETITION** is presented by Walkers, Attorneys at Law, 190 Elgin Avenue, George Town,
Grand Cayman KY1-9001, for the Company whose address for service is care of its said
Attorneys at Law.