Invest
Mongolia 2017

POST CONFERENCE REPORT

Shangri-La Hotel
Ulaanbaatar, Mongolia
September 4-5, 2017
Message from CEO

I am extremely happy to inform you that Invest Mongolia 2017 has been a great success. We managed to attract distinguished speakers from both public and private sector and record high number of audience at a time when the city hosted Coal Mongolia and Discover Mongolia at the same week!

You can find several statistics in our summary section. We discussed following points and tried to come up with actionable proposals for government of Mongolia which will be announced by the end of October.

- We started the day one with the keynote speech by Prime Minister Erdenebat. The speech together with the speech by Minister of Mongolia Munkhbat and the Panel on IPC have confirmed the initiatives by the Government to support foreign investment so far.
- Then, at the economic panel, we have discussed the current economic condition/ its sustainability and the policy actions of the Government in the next three years.
- Hogan Lovells, a premier international law firm based in UB has given overview of the recent developments in Mongolian Law.
- In the afternoon, leading mining and mining consulting firms in Mongolia (Oyu Tolgoi, Erdenes Mongol, APIAG and Erdene Resource) have made upbeat presentations on the industry.
- Leaders from top four banks of Mongolia, along with Moody’s and the central bank, have expressed their honest views on the implications of Asset Quality Review, rising NPL and the challenges that banking sector faces.
- Asian Pacific Investment Partners, a sophisticated real estate developer has updated the market and explained about the investment opportunities in Mongolia.
- Chambers’ Panel discussed the major concerns of members of each chamber and proposed actions that should be taken by the Government urgently.
- Challenges and opportunities of Infrastructure/Green development have kicked off by the keynote speech by Minister of Energy Gankhuu and re-emphasized the importance of those developments to drive the rest of the economy.
- Ambassadors from major countries (USA, Korea, Japan, Australia, UK etc) have discussed measures that Mongolia should take to reach out to the world and the challenges.
- Baabar, an influential historian and a columnist, explained about the long term challenge of Mongolia to establish a well functioned society.
- The vision OT and TT has been updated based on the historic analysis.
- We wrapped up our two day conference with an exciting conversation joined by Parliament Members, Ministers, influential Politicians, major SOE’s and major private investors where they discussed the challenges and suggested measurable and actionable steps to government.

We were glad to see the involvement and interest from Government of Mongolia and even general public. Businesses and investors realized that with strong commitments from politicians, this country can realize its true potential. We hope that the constructive opinions, which were proposed during the panels and informal meetings at the conference, serve as yard stick for policy makers and result into positive impact on the state strategies, policies and regulations in a future.

In addition, we are submitting proposals based on the discussions and hope the voices will reach to the decision makers.

With the right changes, we still believe that Mongolia has a bright future.

We hope to see similar interests and support from everyone in our upcoming events.

In your service,

Masa Igata
Founder and CEO
Frontier Securities
Summary

Frontier’s Invest Mongolia conference is the longest running investor’s forum in Mongolia in which we bring together several stake holders at one stage to discuss opportunities and challenges for investing in Mongolia. By looking at the number of attendees, we observed some renewed interest in this country, below are some statistics.

- Out of 1111 registered people, 676 people, along with 85 speakers attended this year’s Invest Mongolia 2017 conference
- Attendees came from 20 different countries representing almost every continent, making the conference truly international
- This year’s conference gathered 402 Mongolian and foreign organizations and companies from various industries including mining, banking and finance, real estate, tourism, agriculture and technology
- The international attendees includes Hogan Lovells, APIP, Moody’s Investors Service, IFC, IMF, JICA, CRU, ADB, Tokyo Stock Exchange just to mention a few
- The event was sponsored by Moody’s Investors Service, Hogan Lovells, Asia Pacific Investment Partners, Erdenes Mongol, Oyu Tolgoi, APIAG and Erdene Resource Development.
- The conference also had 12 media partners.

We will be hosting our 5th annual “Invest Mongolia Tokyo” conference in Tokyo on 24th of November 2017 and our 12th annual “Invest Mongolia” conference in Ulaanbaatar on 4th and 5th of September 2018. We hope to get similar support from you in our upcoming event.
Exhibitors

<table>
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<tr>
<th>Booth No</th>
<th>Exhibitors</th>
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<tbody>
<tr>
<td>1</td>
<td>Moody's Investors Service</td>
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<td>2</td>
<td>Hogan Lovells</td>
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<td>3</td>
<td>Asia Pacific Investment Partners</td>
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<td>4</td>
<td>Oyu Tolgoi LLC</td>
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<td>5</td>
<td>Erdenes Mongol LLC</td>
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<td>6</td>
<td>Erdene Resource Development</td>
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<td>7</td>
<td>Khan Bank</td>
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<td>8</td>
<td>Government of Mongolia</td>
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Media partners & supporting organizations
**Program**

**Day: Monday, 4th September 2017 @ Ballroom One, 1F, Shangri La**

8:30-8:58  Registration Opens

**Session Focus: General Overview**

9:00-9:10  Opening Address - Masa Igata, CEO, Frontier Securities LLC

**Session Focus: General**

Session Chairman: Bill Bikales, CEO, Bikales Advisors

9:10-9:13  Chairman’s opening Address

9:15-9:33  Keynote Address: Erdenebat Jargaltulga, Prime Minister of Mongolia

9:35-9:48  Presentation: Munkhat Jamijani, Minister of Mongolia, Chief Cabinet Secretary and Chairman of IPC

**Investment climate and Introduction of Investment Protection Council**

- The measures taken by the Government of Mongolia for enhancing investment climate
- Legal environment for the investment
- The implementation of international trade and investment agreements and treaties between Mongolia and foreign countries
- Introduction of Systemic Investor Response Mechanism (SIRM)
- Grievance case successfully resolved by Investment Protection Council

Moderator: Tumentsogt Tsevegmid, CEO, Erdenes Mongol LLC

Panelists:
- Daajamba Bazarkhuu, Deputy Head of the Cabinet Secretariat of the Government
- Bayasgalan Gungaa, Secretary of State, Ministry of Justice and Internal Affairs
- Enkhbold V, Director General, Ministry of Foreign Affairs
- Unentugs Shagdar Sc.D., Secretary, Investment Protection Council
- Tuyen Nguyen, Resident Representative, International Finance Corporation
- Jigjid R, Chief Executive Officer, Everyday Farm LLC

9:50-10:28  Presentation: Nyamaa Buyantogtokh, Secretary of State, Ministry of Finance

10:30-10:35  Presentation: Erdembileg Ochirkhuu, First Deputy Governor, Bank of Mongolia

10:37-10:48  Presentation: Anushka Shah, Analyst, Sovereign Risk Group, Moody’s Investors Service

"Behind Mongolia’s Caa1 Rating"

1) Sovereign Rating Actions
2) Methodological Overview
3) Key Drivers Behind the Caa1 rating
4) Key Triggers for Further Rating Action

11:10-11:28  Presentation: Baabar, Chairman of Board, Nepko Publishing

"Establishing a Well Functioning Society: Its Infancy and Dilemmas"

11:30-11:58  The economic outlook – What does consensus forecast say?

- Current macroeconomic and financial sector in Mongolia: How sustainable is the improved external demand?
- What will be the upside and downside risks of the forecast and what government is doing in order to outperform the current forecast?
- Priorities and policy actions of the Government in the next 3 years: Are they achievable to comply with the IMF program?
- What else needs to be done by the government to satisfy its current and prospective debt and equity investors?
- Implementation of the IMF program and its impact on the economy: Key updates and concerns of the first review of EFF program
- Asset quality review: Expected potential change and development afterwards
- FDI outlook: How much potential FDI in which sectors in coming 3 years?
- How to access international financing in priority areas?
- The importance of PIP (Public Investment Plan) to prioritize projects

Moderator: Graeme Knowd, Managing Director, Moody’s Investors Service

Panelists:
- Neil Saker, Resident Representative, IMF
- Enkhbayar Namjildorj, Senior advisor to the Prime Minister
- Anushka Shah, Analyst, Sovereign Risk Group, Moody’s Investors Service
- Erdembileg Ochirkhuu, First Deputy Governor, Bank of Mongolia
- Nyamaa Buyantogtokh, Secretary of State, Ministry of Finance
- Cameron McRae, Executive Chairman, Terra Com Limited
- Bill Bikales, CEO, Bikales Advisors
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<tr>
<th>Time</th>
<th>Session Focus</th>
<th>Event</th>
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<tr>
<td>12:00-12:03</td>
<td>Investment environment and Brief Introductions</td>
<td>Chairman’s Opening Address</td>
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| 12:05-12:58 | Mining | Presentation: Hogan Lovells  
**Overview of Recent Developments in Mongolian Law**  
Christopher Melville, Managing Partner, Hogan Lovells  
Anthony Woolley, Counsel, Hogan Lovells  
Solongoo Bayarsaikhan, Senior Associate, Hogan Lovells  
Nominchimeg Odsuren, Senior Associate, Hogan Lovells |
| 13:00-13:38 | Mining | Lunchtime Brief Introductions and Free Discussions:  
Neil Saker, Resident Representative, IMF  
E.Ankhtsetseg, Program Officer, JICA |
| 13:40-13:43 | Mining | Chairman’s opening Address |
| 13:45-13:58 | Mining | Keynote Speech: Armando Torres, Member of the Board of Directors and CEO, Oyu Tolgoi  
**Oyu Tolgoi – Natural wealth to enduring value, knowledge and skill** |
| 14:05-14:18 | Banking, Finance and Real Estate | Presentation: Ganbold Gombo, Vice President/CFO, Erdenes Mongol LLC  
**The Overview of Erdenes Mongol and their value creation** |
| 14:20-14:33 | Mining | Presentation: David Rohanna, Executive Director and C.E.O.APIAG Pte Ltd, APIAG Mongolia LLC  
**Value Creation of the Mining Industry** |
| 14:35-14:48 | Mining | Presentation: Peter Akerley, President & CEO, Erdene Resource Development  
**Developing new Gold district in southwest Mongolia** |
| 15:00-15:03 | Banking, Finance and Real Estate | Chairman’s opening Address |
| 15:05-15:18 | Banking, Finance and Real Estate | Presentation: Graeme Knowd, Managing Director, Moody’s Investors Service  
**Mongolian Banking System**  
(1) Operating environment (2) Key credit metrics (3) Key takeaways |
| 15:20-16:08 | Banking, Finance and Real Estate | Panel: The changing landscape of the Mongolian Banking Sector  
- The implications of the Asset Quality Review  
- Positive developments of Mongolian banks (lower funding cost, higher loan growth, the introduction of movable property registration etc)  
- The restructuring/consolidation of the industry  
- The pros and cons of giving banking licenses to foreigners  
- IT and other Strategies to survive and be winners in this harsh environment  
Moderator: Nick Edwards, Representative Director, Nicholas Edwards Investment  
Panelists:  
Batsuikhan Namkhai, Director General, Supervision department, The Bank of Mongolia  
Graeme Knowd, Managing Director, Moody’s Investors Service  
John Bell, CEO, Khan Bank  
Battabayar Balgan, CEO, Development Bank of Mongolia  
Tomas Bravenec, Deputy CEO of Golomt Bank  
Torsten Kleine Buening, Chief Risk Officer, Xac Bank |
| 16:30-16:28 | Banking, Finance and Real Estate | Keynote speech: P.Bayarkhuu, Deputy Mayor of Ulaanbaatar City |
| 16:30-17:28 | Banking, Finance and Real Estate | Presentations:  
1) Real Estate Market Update and Investment Opportunities  
Gema Gerelsaikhan, General Manager Business Development, Asia Pacific Investment Partners  
Batzul Gerelsaikhan, Director of Public Relations, Mongolian Properties LLC  
2) Presentations:  
**How to tackle the economic downturn?**  
- what is the difference of Mongolian economic downturn from other countries and how Mongolia is tackling it?  
Bulgantuya Khurelbaatar, Vice Minister, Minister of Finance  
Neil Saker, Resident Representative, IMF  
Interviewer: Graeme Knowd, Managing Director, Moody’s Investors Service |
| 17:30-18:28 | Banking, Finance and Real Estate | Closing Remarks - Masa Igata, CEO, Frontier Securities LLC |
| 18:30 | Banking, Finance and Real Estate | Networking Dinner (By invitation only) @Sky Walker Restaurant, Shangri-La Mall |
### DAY 2: TUESDAY, 5TH SEPTEMBER 2017 @ Ballroom One, 1F, Shangri La

**8:30-8:58**  
Registration

**Session Focus:** Various (Voices of Business, Infrastructure/Green Development, Ambassadors' Panel)

**Session Chairman:** Khashchuluun Chuluundorj, CEO of Mongolia Oil Shale Association, Professor of National University of Mongolia

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<tr>
<td>9:00-9:05</td>
<td>Opening Address - Masa Igata, CEO, Frontier Securities LLC</td>
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<td>9:05-9:08</td>
<td>Chairman's Opening Address</td>
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| 9:10-9:53 | Panel: *Chambers’ Panel What are the major concerns of members of each chamber to the Government?*  
- What are the major concerns of members of each chamber to the Government?  
- What actions should be taken by the Government to increase FDI?  
- Three most important proposals that need to be addressed by the Government urgently and why?  
- Importance of improving the transparency and legal environment  
Moderator: Zorigt Dashdorj, Executive Director of Mongolia Development Strategy Institute and Former Minister of Mineral Resources and Energy  
Presentation: John B. McDaniel, Economic Chief, U.S. Embassy Ulaanbaatar  
*Improving the Investment Climate through Transparency*  
Panelists: Lkhagvajav Baatarjav, President, Mongolian National Chamber of Commerce and Industry  
Mergen Chuluun, Executive Director, Business Council of Mongolia  
James Liotta, Chairman, American Chamber of Commerce  
Tetsuo Anraku, Chairman, Japanese Business Council of Mongolia  
Munkhnasan Narmandakh, CEO, Monpolymet Group |

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<tr>
<td>9:55-10:13</td>
<td>Keynote speech: Gankhuyg Purevjav, Minister, Ministry of Energy</td>
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| 10:15-10:58 | Panel: Infrastructure Development in Mongolia  
- What is the most important infrastructure for Mongolia now?  
- Importance of international standard PPP now at the time when the Government has no budget to finance  
- Infrastructure projects in the pipeline: UB Utility, Railway and Road expansion. Especially, when, who and how the railway to China should be financed?  
- Power Plants: The extension of the Grid and the heating of the Ger district  
- The bottleneck of the transportation by trucks to the Chinese border and the possible solutions to enhance competitiveness of the mining industry  
Moderator: Chris Melville, Managing Partner, Hogan Lovells  
Presentation: Isabel Chatterton, Manager, APAC PPP Advisory Services, International Finance Corporation  
Anton Dan-Chin-Yu, Principal Banker, Department for Infrastructure, EBRD |

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<td>11:00-11:15</td>
<td>Q&amp;A session on the Infrastructure panel</td>
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- The necessity of the stable and the consistent Government policy  
- Renewable/other alternative heating solutions for off-grid households and sites  
- Importance of start-up of the business of the renewable projects  
- Importance of the scale up to reduce the cost  
- More positive commitments of foreign financial institutions to the renewable energy projects and the examples of the green financing  
- How the mining business can contribute to the country’s renewables and broader green development goals  
Moderator: Jon Lyons, VP Regulatory Affairs & Strategy, Erdene Resource Development Corp  
Panelists: Gantulga Tudevkhuu, Vice Minister, Ministry of Energy  
Hirotake Hirose, Chief representative, Bank of Tokyo Mitsubishi UFJ, UB Office  
Amar Hanibal, President, Xac Bank  
Gankhuyag Dagva, Chief Infrastructure Officer, Newcom LLC  
Itgel Bold, CEO, Nova Terra LLC  
Enebish Namjil, Professor, School of Engineering and Applied Sciences, National University of Mongolia |

*Chambers’ Panel is for Chambers, Business Associations and other clubs that represent the interests of each business field.*
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<th>Time</th>
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<tr>
<td>11:53-12:03</td>
<td>Q&amp;A session on Renewable Energy Panel</td>
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<td>12:05-12:48</td>
<td>Panel: The Ambassadors' Panel</td>
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<td></td>
<td>• The challenges for Mongolia to reach out to the world</td>
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<td>• What can foreign countries do to assist Mongolia to increase FDI?</td>
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<td>• What does IMF program mean for donor countries?</td>
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<td>Moderator: Tsogtbaatar Damdin, Parliament Member and former minister of foreign</td>
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<td>affairs</td>
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<td>Panelists: Jennifer Zimdahl Galt, U.S. Ambassador to Mongolia</td>
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<td>Oh Song, Korean Ambassador</td>
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<td>Masato Takaoka, Japanese ambassador</td>
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<td>John Langtry, Australian Ambassador</td>
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<td>Catherine Arnold, UK Ambassador</td>
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<td>Observer: Ravi Shanker Goel, Commercial Representative, Indian Embassy</td>
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<td>12:48-12:58</td>
<td>Q&amp;A session on Ambassadors' Panel</td>
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<td>13:00-13:28</td>
<td>Lunchtime Discussions on Corporate Governance</td>
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<td>Moderator: Nick Edwards, Representative Director, Nicholas Edwards Investment</td>
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<td>Panelists: Prof. Christian Strenger, Member of the Supervisory Board, Deutsche</td>
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<td>Asset Management</td>
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<td>13:28-13:38</td>
<td>Q&amp;A session on Corporate Governance</td>
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<td>Session Focus: Politics, Mega projects and others</td>
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<td>Session Chairman: Nick Edwards, Representative Director, Nicholas Edwards Investment</td>
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<td>13:40-13:43</td>
<td>Chairman’s Opening Address</td>
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<td>13:45-14:18</td>
<td>Panel: The political and investment environment</td>
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<td>Moderator: Michael Richmond, PhD, Senior Commercial Specialist, American Embassy</td>
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<td>Panelists: Lundeejantsan Danzan, Parliament Member(Inviting)</td>
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<td>Zandanshatar Gombojav, Parliament Member(Inviting)</td>
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<td>Bold Luvsanvandan, Parliament Member</td>
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<td>Lkhagvajav Baatarjav, President, Mongolian National Chamber of Commerce and Industry</td>
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<td>14:08-14:48</td>
<td>Q&amp;A session on The political and investment environment</td>
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<td>14:50-15:08</td>
<td>Presentation: John Johnson, CEO, CRU China and Chief Representative CRU Beijing</td>
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<td>One Belt One Road, but two commodity outlooks</td>
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<td>This will focus on how OBOR will impact commodities and how this may impact</td>
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<td>Mongolia. So far, much attention has focused on the impact of China exporting</td>
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<td>surplus commodities, such as steel. However, trade is not a zero sum game. OBOR</td>
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<td>is designed to increase demand. Moreover, China has an enormous deficit in many</td>
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<td>commodities which will have an important impact on the supply side of the</td>
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<td>equation for years to come. How will this impact Mongolian prospects?</td>
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<td>• Surplus commodities - such as steel, aluminum and stainless steel will be</td>
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<td>impacted by supply-side reform in China.</td>
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<td>• Deficit commodities - such as copper conc, iron ore and gold will be impacted</td>
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<td>by China’s investment overseas.</td>
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<td>• Where does coal stand - surplus or deficit?</td>
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<td>• Who will benefit and who will lose? What is the score card for Mongolia? How</td>
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<td>will this impact prospects for Mongolia?</td>
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<td>15:10-15:38</td>
<td>Panel Discussion: The vision of OT and TT</td>
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<td>• Mining dominated economies and Mongolian comparisons on Mining Policy issues</td>
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<td>• How to enhance their value and capitalize their assets?</td>
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<td>• What Government and the SOEs need to do to list the shares of ETT and other</td>
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<td>large state own companies to MSE and overseas stock exchanges?</td>
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<td>• What is the trade-off between Government involvement and profitability?</td>
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<td>Moderator: David Rohanna, Executive Director and C.E.O.APIAG Pte Ltd, APIAG</td>
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<td>Mongolia LLC</td>
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<td>Panelist: Baatartsogt Baldorj, Chairman of Mineral Resources and Petroleum Authority of Mongolia</td>
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<td>Tumentsogt Tsevegmid, CEO, Erdenes Mongol LLC</td>
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<td>Undraa Agyaanluvsan, Parliament Member and Chair of Responsible Mining Lobby Group</td>
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<td>15:38-15:48</td>
<td>Q&amp;A session on &quot;The vision of OT and TT&quot; Panel</td>
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<td>15:50-15:58</td>
<td>Presentation: Hidetoshi Nagata, General Manager - Head of Global Listings, Tokyo</td>
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<td>Stock Exchange</td>
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<td>&quot;Keys for Successful Listing on Tokyo Stock Exchange for Mongolian big SOEs&quot;</td>
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<td>16:00-16:08</td>
<td>Presentation: &quot;Fintech, Entrepreneurship, Venture Capital&quot;</td>
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<td>• A journey toward raising venture investment for a startup</td>
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<td>• Exporting Mongolian brainpower</td>
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<td>Bayarsaikhan Volodya, Chief Operation Officer at AND Global Pte.Ltd &amp; LendMN</td>
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<td>16:10-16:12</td>
<td>Chairman's Opening Address</td>
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| 16:13-16:58 | Presentation: Growth Strategies for Non-Mining Sector, sustainable and inclusive growth during economic difficulties | Erdenebayar Davasaambuu, Director, Sector Development Policy and Regulation division, National Development Agency  
Irina Kravchenko, Head of Mongolia Office, European Bank for Reconstruction and Development  
Panel:  
Growth Strategies for Non-Mining Sector, major investment projects  
Moderator: Munkhbold Adiya PhD, Head of Research and Analysis Office, National Development Agency  
Panelists:  
Bat-Erdene Jadamba, Parliament Member, The "New Country" project developer  
Bayartulga Lkhagvasuren, State Secretary, Ministry of Food, Agriculture and Light Industry  
Irina Kravchenko, Head of Mongolia Office, European Bank for Reconstruction and Development  
Bulgan Tumendemberel, Director of Green Development Policy and Planning Department, Ministry of Environment and Tourism  
Jargalsaikhan Dugar, Executive Director, National Industrial Council  
Batkhuyag Gotovtseren, Head of Culture, and cultural heritage division, Culture, and Art Agency |
| 16:58-17:08 | Q&A session on Non-Mining Panel                                       |                                                                                  |
| 17:10-17:50 | Panel: Recap of the two day conference                                | What else should be done by the Government for international investors to be truly convinced to invest?  
Moderator: Nick Edwards, Representative Director, Nicholas Edwards Investment  
Panelists:  
David Rohanna, Executive Director and C.E.O.APIAG Pte Ltd, APIAG Mongolia LLC  
Zorigt Dashdorj, Former Minister of Mineral Resources and Energy and Executive Director of Mongolia Development Strategy Institute  
Tuvshintugs Batdelger, Director of Economic Research Institute  
Chris Melville, Managing Partner, Hogan Lovells  
Ganbold Gombo, Vice President/CFO, Erdenes Mongol LLC  
Prof.Christian Strenger, Member of the Supervisory Board, Deutsche Asset Management |
| 17:50-19:00 | Q&A session on "Recap of the two day conference"                      |                                                                                  |
| 19:10-19:20 | Closing Remarks:                                                      | Daajamba Bazarkhuu, Deputy Head of the Cabinet Secretariat of the Government  
Bulgantuya Khurelbaatar, Vice Minister, Ministry of Finance  
Masa Igata, CEO, Frontier Securities LLC |
| 19:30      | Farewell Reception with refreshments @ Olympic Residence sponsored by APIP |                                                                                  |
Speakers Profile

Erdenebat Jargaltulga  
Prime Minister of Mongolia

Munkhbat Jamiyan  
Minister of Mongolia  
and Chief of Cabinet Secretariat

Neil Saker  
Resident Representative  
International Monetary Fund

Gankhuu Purevjav  
Minister  
Ministry of Energy

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Member of the supervisory board  
Deutsche Asset Management Investment GmbH

Lundeejantsan Danzan  
Parliament Member  
Subcommittee on Ethics committee

Tsogtbaatar Damdin  
Parliament Member  
Subcommittee on Human Rights, Legal Standing Committee

Zandanshatar Gombojav  
Parliament Member

Bold Luvsanvandan  
Parliament Member  
Former Minister of Foreign Affairs

Narantuya Zagdkhuu  
Parliament Member

Bat-Erdene Jadamba  
Parliament Member

Undraa Agvaanluvsan  
Parliament Member

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President & CEO  
Erdene Resource Development

Oh Song  
Korean Ambassador

Masato Takaoka  
Japanese ambassador

Jennifer Zimdahl Galt  
U.S. Ambassador to Mongolia
# Speakers Profile

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<td>John B. McDaniel</td>
<td>Economic Chief, U.S. Embassy Ulaanbaatar</td>
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<td>Irina Kravchenko</td>
<td>Head of Mongolia Office, European Bank for Reconstruction and Development</td>
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<td>Anton Dan-Chin-Yu</td>
<td>Principal Banker, EBRD</td>
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<td>P. Bayarkhuu</td>
<td>Deputy Mayor of Infrastructure and Ger District Development</td>
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Speakers Profile

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Program Officer  
JICA

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Mongolian properties
Mongolian stock exchange
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Moody’s Investors Service
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National Investment Management LLC
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Newcom LLC
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Ochir-Undraa LLC
OISCA Mongolia NGO
Oyu Tolgoi
Oyuny Undra Group
Parliament of Mongolia
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PwC
Rio Tinto
Savings Banks Foundation
Seoul Group
SGS
Shangri-La Centre
Shunhiai energy
Siemens
Silk Road LLC
Sojitz corporation
Southern Taiwan University of science and technology
SRM consulting
State bank
State Grid Nari Group Corporation
State housing corporation
Strategic Partners
TDB Leasing LLC
Terguun Ouyin
Terra Com Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Judicial General Council of Mongolia
The Ministry of Finance
The Mongolia Mining Journal
Tokyo Stock Exchange, INC
Trade and Development Bank of Mongolia
Trade Representation of the Russian Federation in Mongolia
Turkish Embassy
U.S. Embassy in Ulaanbaatar
UBDC
UK embassy
Ulaanbaatar City Bank
Ulaanbaatar Development Corporation
Unigas LLC
Wagner Asia Equipment LLC
Xac Bank
and many others.
A Speaker’s Voice

Mongolia: A Positive Report Card

The first ten days of September have been a very busy period in Ulaanbaatar. Apart from our own conference of Invest Mongolia, the city also hosted Coal Mongolia and Discover Mongolia. In addition, the new President of Mongolia, Battulga, made his first major overseas trip to attend the Eastern Economic Development Forum hosted by President Putin in Vladivostok. Taken together, the three conferences and the results of the President’s visit to Russia provide a clear report on the state of the economy, the political landscape and the focus of future policy. The ‘report card’ is largely positive.

Early on the first day of Invest Mongolia, one of the conference’s speakers, Professor Christian Strenger, a member of the Supervisory Board of Deutsche Asset Management, and an expert on corporate governance, asked the audience “what has changed in Mongolia since we met last year? By the end of the two days of sessions, it was clear that the answer is “a great deal.”

First and foremost, the economy is in significantly better shape. A year ago, growth was zero and Mongolia was facing the possibility of default early in 2017. In the first quarter of 2017, GDP grew at an annualized rate of 4.2%. By the end of June, this had accelerated to 5.3%. Growth seems likely to have accelerated further in the second half of the year. The primary driver of this growth has been the explosive increase in exports of coking coal to China. In the first six months of the year, Mongolia had already exported 21.1 million tonnes compared to 25.1 million in the whole of 2016. At Coal Mongolia, where the throng of participants reminded the author of the “Go-Go years” of 2012 and 2013, the most aggressive forecast for the year was 45 million tonnes. Elsewhere, the surge in the price of copper from $6000/tonne to $6800/tonne over the last two months and an increase in Central Bank purchases of gold from an average of 1.5 tonnes/month earlier in the year to 3.3 tonnes in August will support further growth in the second half of the year. Incidentally, at Invest Mongolia, John Johnson of CRU, a research group focused on metals, forecast that the copper price is likely to remain at $7000/tonne or above until well into the next decade. If this forecast is correct then it bodes well for the fortunes of Phase II of Oyu Tolgoi as production comes on line from 2021 onwards.

The other important economic event of 2017 has been the implementation of the IMF’s Extended Loan Facility. Invest Mongolia heard extensive and positive comments from Neil Saker, the IMF’s representative in Ulaanbaatar. He expressed satisfaction with the results of the IMF’s first “inspection,” which had been taken place in early August. Tax revenues are up, not only as a result of the coal boom but also because of improved “governance,” and expenses are down. The government’s budget deficit has declined by 700 basis points compared to the same period last year albeit to a still substantial 8% of GDP. Neil highlighted that much remains to be done, on both the fiscal and institutional side. In particular, the capital adequacy of the banks and the results of the ongoing Asset Quality Review (AQR) will be a major focus of future audits. The results of this program are expected in December. Nevertheless, Neil expected few obstacles to the release of the next tranche of money from the IMF in October. This means that the monies from the World Bank, Japan, Korea and others should also be forthcoming shortly.

As one would expect, the banks themselves were circumspect in their comments about the Asset Quality Review, preferring to highlight the recent improvement in loan demand. Loan growth was said to be broad based, which is encouraging, including the mining sector, services and manufacturing. System wide figures show the combined ratio of non-performing loans and past due loans at 16% of the total loan portfolio, which is essentially the same level as a year ago. However, the relative weakness of Mongolia’s banks compared to the overall size of the economy and the large amounts of capital required to fund Mongolia’s growth has been a topic of discussion for several years so it is generally expected that, following the completion of the Asset Quality Review, the banks will be asked to increase their capital base.
Political stability, or rather the lack there of, was a principal theme at all three conferences. Moreover, to say the least, it was unfortunate timing that the prime minister and his cabinet were forced to resign by a vote in parliament in the middle of conference week. One of the most useful sessions of Invest Mongolia was provided by Graeme Knowd and Anushka Shah of Moody’s who explained in detail the reasons for Mongolia’s current low sovereign rating of Caa1. Needless to say, political and institutional stability, combined with the continuing high level of government debt, were cited as key factors. In subsequent days, the local press has repeatedly returned to the theme of stability suggesting that uncertainty about the direction of future policy is likely to weigh against future investor inflows. The writer does not necessarily agree with this view. Aside from the improvement in the economy, over the last year, the government has made considerable progress on a variety of issues that concern investors. One example is the establishment of an Investors’ Protection Council. Munkhbat, Chief of the Cabinet Secretariat, treated Invest Mongolia to a robust presentation on this theme. Politicians from both parties participated actively in all three conferences and there was broad agreement on the importance of foreign investment to Mongolia and the measures required to attract it. Separately, if Mongolia is going to continue to receive the support of the IMF then any future government will have to adhere to the policies set out by the previous one. If the economy continues to do well then investment flows will surely follow.

Finally, the other common theme from all three conferences was the importance of building out Mongolia’s transport infrastructure. The session on logistics at Coal Mongolia highlighted the reduction in coal transport costs, of at least $10/tonne, and increased capacity, from 45 to 65 million tonnes/year, which would follow the construction of a railway from Tavan Tolgoi to the border. On this topic, President Battulga’s attendance at the Eastern Economic Forum in Vladivostok must also be regarded as a significant success. The President returned with agreement from Mr.Putin both to allow Mongolia’s coal to pass through Siberia to the Eastern ports paying discounted tariffs and also to move ahead with investment to increase the capacity of the ageing Trans-Mongolian Railway.

Nicholas Edwards
Nicholas Edwards Investments
Ulaanbaatar
September 12, 2017

BIO of Nicholas Edwards
Representative Director, Nicholas Edwards Investment

Nick has 30 years of experience managing investments in the international capital markets; including 20 years of investment management experience at Jardine Fleming and Warburg Pincus. Founder in 2003 of Nicholas Edwards Investments, a fund advisory firm based in Tokyo. Nick has also had a presence in Mongolia for five years.
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Investing in Mongolia

Mongolia is a land of opportunities. Hogan Lovells in Ulaanbaatar is here to help you maximize them. You need to mitigate your risks to reap the rewards when doing business in Mongolia. Hogan Lovells has been on the ground in Ulaanbaatar for more than five years. We know the country, the culture, and how to help you succeed.

As your bridge to the financial centers of the world, we work collaboratively with lawyers in our more than 45 offices around the globe. Clients seeking counsel on cross-border transactions or securing investment and listings on foreign exchanges turn to Hogan Lovells in Ulaanbaatar. We advise the government of Mongolia as well as multinational companies and financial institutions.

Let us help you fly the flag.

To find out more about how we can help you do not hesitate to speak to our team at the conference:

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Mongolian Properties is the oldest, largest and most reputable real estate agency in Ulaanbaatar, Mongolia. We are a full service Real Estate agency with over 50 multilingual employees working in our offices in Hong Kong, Singapore, London, North America as well as across five offices in Ulaanbaatar, Mongolia. Our professionals can help you RENT your apartment; BUY your future home; and help homeowners LEASE and/or SELL their property.

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Oyu Tolgoi LLC is a Mongolian copper and gold mine jointly owned by Erdenes Oyu Tolgoi LLC on behalf of the Government of Mongolia (34 per cent) and Canada-based Turquoise Hill Resources (66 per cent). Turquoise Hill Resources is listed on the Toronto and New York Stock exchanges and is majority owned by Rio Tinto. Rio Tinto also manages Oyu Tolgoi on behalf of shareholders.

Oyu Tolgoi mine is one of the world’s largest new copper-gold mines and is located in the South Gobi region of Mongolia, approximately 550 km south of the capital, Ulaanbaatar, and 80 km north of the Mongolia-China border. Oyu Tolgoi has been producing and exporting copper and gold concentrate since 2013.

As of end of July 2017, Oyu Tolgoi has workforce, including employees and contractors of over 11,000. Over 90 percent of the Oyu Tolgoi workforce is Mongolian, of which 20 per cent are from the South Gobi community and 42 per cent are working at the underground project.

Oyu Tolgoi is governed by ‘The way we work’, a code of business conduct setting out the principles which guide the behaviour of everyone at Oyu Tolgoi and the decisions that the business makes, including, standards on environmental protection, sustainable development, integrity, and the rights and responsibilities of our workforce.
At Oyu Tolgoi we have made a commitment to operate our business in a safe and sustainable manner that delivers benefits to all our stakeholders. This scorecard is designed to help track our progress on various key parameters, including safety, environmental, performance, procurement, employment and social contributions to Mongolia.

In the second quarter of 2017, Oyu Tolgoi was injury-free for 87 out of 99 days. An All Injury Frequency Rate of 0.27 makes it one of the best safety performers across the Rio Tinto Group.

Oyu Tolgoi used an average of 0.313 cubic metres of water per tonne of ore processed – significantly better than the global average of 1.2 cubic metres per tonne, and achieved a recycling rate of 86% per cent.

Oyu Tolgoi paid US$77.9 million in taxes, fees and other payments to the Government of Mongolia in the second quarter of 2017.

Education and training are major focus areas for Oyu Tolgoi. We are delivering our vision to create enduring value, knowledge and skills. Oyu Tolgoi has provided trainings of 141,800 man-hours to over 11,000 employees and contractors in the second quarter of 2017.

Oyu Tolgoi collaborated with 846 suppliers in the second quarter of 2017, of which 590 are national businesses that account for 68% of total operations procurement spend.

82 South Gobi suppliers provided goods and services to Oyu Tolgoi in the second quarter of 2017.

Oyu Tolgoi continues to invest in sustainable, long-term projects spending US$30 million in the second quarter of 2017.

Between 2010 and in the second quarter of 2017 Oyu Tolgoi spent nearly US$6.4 billion in country in the form of salaries, payments to Mongolian suppliers, taxes, and other payments to the Government of Mongolia.
# Statement of Qualifications

APIAG Pte Ltd, “APIAG” (APIAG Carbon and Minerals Ltd, and APIAG Mongolia LLC) is an independent, middle market investment banking firm providing strategic merger and acquisition advice, capital raising and special situations advisory exclusively to the energy and natural resources sector with a focus on PanAsia. Our expertise lies in our experience, knowledge, and understanding of the technical, operational, and financial areas of the energy and natural resources sector.

# ENERGY and NATURAL RESOURCES

*Providing over 170 years of combined technical, operational, management, and financial experience*

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<tr>
<td>Privatization of government-owned mining-entities, SOEs</td>
<td>Evaluations and consulting for: * Resource and reserve reports* * Mine planning &amp; forecast* * Metallurgical and mineral processing, flow sheets and equipment selection* * Unconventional petroleum and gas E&amp;P* * Environmental and sustainability programs* * CBM/CSG evaluation*</td>
<td>Business and financial cash flow modelling</td>
<td>Due diligence reviews in support of financings, investment decisions, acquisitions, dispositions, and mergers</td>
</tr>
<tr>
<td>Development and restructuring of national mining laws</td>
<td>Optimization reviews for productivity improvements and cost reductions</td>
<td>Market surveys for mineral products</td>
<td>Preparation of technical documents required for listings on the various global stock exchanges</td>
</tr>
<tr>
<td>Development of corporate, operating, engineering, and human resource policies, procedures, and organizational structures</td>
<td></td>
<td>Expert witness testimony for technical and commercial issues</td>
<td></td>
</tr>
<tr>
<td>Advisory to mining and business associations</td>
<td></td>
<td>Development and commercialization of CSG/CBM assets</td>
<td></td>
</tr>
</tbody>
</table>

## Energy Fuels
- Industrial Minerals
- Metallurgical Coals
- Diamonds
- Iron Ore
- Rare Earths
- Steelmaking
- Petroleum and conventional gas
- Base Metals
- Unconventional gas/CBM/CSG
- Precious Metals
- CTL and CTG
- Minor Metals
- Experience covers all continents
ERDENES MONGOL LLC

Erdenes Mongol was founded in 2007 with a mandate to represent the Government of Mongolia interests in and manage strategic mineral assets and projects. The vision of Erdenes Mongol is to grow into a leading asset management company which is competitive at national and international levels and promotes economic growth in economic sectors such as mining, infrastructure, and energy in Mongolia. The company is developing cooperation with private businesses as part of Public-Private Partnership (PPP). The group employs over 10,000 employees. Erdenes Mongol is committed to following corporate governance principles and business ethics, transparency, and independence. We believe that wise and effective investment in mining, infrastructure, and energy sectors and so forth can help creation of value for citizens of Mongolia.

GOAL

* Maximize value and produce returns to the shareholders;
* Provide employment opportunities for citizens and enhancing a pool of Mongolian skilled labor competitive at international level;
* Deliver dividends for every citizen of Mongolia from state-owned enterprises;
* Sustain and stimulate economic growth of Mongolia by commercializing and enhancing the existing businesses;
* Provide financing and attract prospective partners for projects;
* Keep the position of the top contributor to the national budget;
* Take a low opex and capex approach to management of strategic mineral assets and translate the asset base into infrastructure and energy sectors

STRATEGY

* Be commercially savvy and financially strong and achieve our goal by hiring the best talent;
* Leverage assets effectively, partner for growth, and build financial strengths;
* Invest in high quality assets, proven standards, and leading technology;
* Develop and manage portfolios to enhance competitive advantage through a common strategy

SUBSIDIARIES AND SHAREHOLDING

* Erdenes Oyu Tolgoi LLC (2011) 100%
* Erdenes Tavan Tolgoi JSC (2010) 86%
* Baganuur JSC (2013) 75%
* Shivee Ovoo JSC (2013) 90%
* Erdenes Asset Management LLC (2015) 100%
* Erdenes Methane LLC (2016) 100%
* Mon Atom LLC (2016) 100%
* Erdenes Shivee Energy LLC (2016) 50%
* Erdenes Ashid LLC (2017) 34%
* Erdenes Steel LLC (2017) 50%
* Tavan Tolgoi-Gashuun Sukhait Road (2013) 100%
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AND Global

Making Financial World Relevant through Technology, human and artificial intelligence

AND Global uses proprietary Artificial Intelligence based individualised scoring and financing technology. AND Global caters to underbanked consumers in both developed and emerging markets.

Registered in: Singapore
Operations in: Mongolia, Phillipine
Angel Invest: 1M$ in April 2016
Seed invest: 3M$ in May 2017

Our TEAM

Anar
Co-founder & CEO

Boldbaatar
Co-founder & CFO

Otgonbayar
Head of A.I

Oko
Investment officer

Robert
CSO

Bayarsaikhan
COO

The VISIONARY team is our core value
TECHNOLOGY and BANKING GROWTH and STABILITY
90% of team are MATHEMATICIANS

Our FIRST PRODUCT

LendMN is our first product and it's growing rapidly. Also we are planning our next products such as Digital wallet/ payment as loan and Cryptocurrency etc in near future.

20 - 500 USD microloan
70%
Monthly customer growth

1 - 5 minutes
60%
Approval rate

Instant transaction
96%
Repayment on time

24000 Total customers
87%
Repeat customer within 2 month period
WHAT’S NEW THIS YEAR:

It is my pleasure to welcome you to our 5th “Invest Mongolia Tokyo” Conference.

I am extremely excited that about 40 distinguished speakers and 300 guests are attending the Conference and the Business Matching Event on November 24. As you will have the opportunity to hear different opinions from Japanese investors and experts on Mongolia through the presentations and panels, you will obtain the most updated and accurate information on Mongolia from Japan after the Conference. At the same time, exchanging your ideas during tea breaks and the networking events with others will be very stimulating for you.

By the end of the conference in Tokyo, you will understand the following 10 items.

1. The favorable outlook of the relation between Japan and Mongolia
2. The impact of the IMF program and its implications to Japanese investors
3. The progress of EPA (Economic Partnership Agreement) and how to improve overall business environment to increase the trade
4. The overall interest from Japanese investors on the Mongolian Banking Industry at the time when AQR (Asset Quality Review) is in place
5. The most updated situation of Green financing in Mongolia and the players from Japan
6. Ongoing low interest rate in Japan and the interests from Japan on high yield sectors like NBFI, leasing and real estate etc.
7. The overview of Mongolian Economy including updates on legal, accounting and other regulatory changes
8. The involvements from Japan on OT underground and other major project
9. The outlook of the Bond Market and the possible measures to increase the credit rating
10. The strong demand to coal exports in Mongolia and the Japanese technologies to enhance value for them

Please click below website on Invest Mongolia Tokyo to know the details of the Speakers, Venue, Agenda, Exhibition, Registration and others for the Conference and the Business Matching Event.

Express your interest to sponsor, exhibit or participate in Frontier’s 12th Annual Conference

Invest Mongolia 2018

4-5 September 2018

www.frontier-conference.com
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