



Contents

Politics.....	3
President Receives Foreign Minister of Turkmenistan.....	3
Prime Minister Greet Children.....	3
Mongolian PM Gives Interview to New York Times	3
Premier Meets EITI Board Chairwoman	4
UNICEF Representative will support lobby group in State Great Khural	4
Will DP have enough "courage" to dismiss the Cabinet once again	5
Cabinet Meeting in Brief	6
Foreign Relations	7
Asia-Europe Foundation to support Mongolia with preparations for the 11th ASEM Summit	7
R.Meredow to Visit Us	8
Foreign Minister of Turkmenistan Starts Visit	8
Turkmenistan's FM Concludes Visit.....	8
European Union to implement project worth EUR 8.5 million in Mongolia	9
Foreign Trade.....	9
Allodium tender has announced in "Zamiin-uud" free zone	9
Economy	10
Arab Investment Fund to be set up in August 2015	10
Government employees are discharged from board of directors	10
The consequences of lopsided growth	11
Stock Exchange	12
The Government bond worth MNT 30 billion traded	12
Stock Exchange News for June 2.....	12
Stock Exchange News for June 3.....	13
Stock Exchange News for June 4.....	13
Stock Exchange News for June 5.....	13
Stock Exchange Weekly Review	14
Business.....	14
Mongolian business representatives demand financial freedom	14
Exchange Rate.....	15



One gramm of gold costs MNT 73,579	15
Dollar rate at MNT1890	15
Mining.....	16
Mongolia's mining sector "well placed" to grow	16
"Coal Program"	16
Mongolian coking coal may heat up.....	16
Resolution on Gatsuurt Gold Deposit Submitted	18
The Ministries of Industry, Mining and Energy of Mongolia and Erdenes Mongol LLC signed Cooperation Agreement	18
Oil & Gas.....	19
Mongolia explores for petroleum in two areas	19
Turkmenistan Offers to Supply Gas to Mongolia	19
Industry	20
Ministry of Industry Assigned to Develop Bill on Industrial Parks	20
Construction	21
Studies are being conducted on possible 10 percent mortgage deposit.....	21
Tourism	21
Shangri-La opens Mongolia hotel	21
Hotels Will Get Loans, in Anticipation of ASEM Summit.....	22
Ulaanbaatar.....	22
Cooperation to Widen between UB City and Switzerland	22
Company News.....	23
Khan Resources vs The Government of Mongolia: how to assess compensation for expropriation.....	23
Erdene Private Placement Oversubscribed, Closes First Tranche of \$1.15M and Increases Financing to \$1.5M.....	25
Guildford to acquire 80% in Mongolia coal and power station project.....	27



Politics

President Receives Foreign Minister of Turkmenistan

Ulaanbaatar, June 3 (MONTSAME) The Mongolia's President Mr Ts.Elbegdorj Wednesday met Mr Rasit Meredow, the Deputy Premier and the Foreign Minister of Turkmenistan, in the State House.

At the beginning of the meeting, Mr Meredow conveyed greetings of the Turkmenistan's President to Mr Elbegdorj and an invitation to him to visit Turkmenistan.

In response, the President expressed thanks for the invitation, and noted that the two countries have friendly relations. He highlighted that the Foreign Minister of Turkmenistan is visiting Mongolia for the first time.

The sides exchanged views on ways of expanding the bilateral cooperation, for instance, studying a chance of supplying gas to Mongolia, developing together the tourism sector, exporting wool, cashmere, leather products, carpets, beef and mutton to Turkmenistan.

They also shared views on learning an legal opportunity for establishing a bilateral intergovernmental commission on economic issues and joining Turkmenistan into the international agreement on the International Think Tank for Landlocked Developing Counties.

Prime Minister Greet Children

Ulaanbaatar, June 2 (MONTSAME) The Prime Minister and chairman of the National Council for Children Ch.Saikhanbileg delivered congratulatory speech on occasion of the National Day of Mothers and Children celebrated on Monday.

In his speech given during a celebration in the Chingis Khaan's Square, the Premier congratulated the children and wished them to become not only professionals but also good persons, to fight for their goals, "taking Benjamin Franklin as an example who had planned and had fulfilled his 65-year goals", and to be happy.

Mongolian PM Gives Interview to New York Times

Ulaanbaatar, June 4 (MONTSAME) The "New York Times" magazine reporters interviewed Thursday the Prime Minister of Mongolia Mr Ch.Saikhanbileg about the current political, economic and social situation in Mongolia, and foreign and governmental policies and decisions towards investors.

The PM gave information on the economic status and the policies and decisions executed by the Government. He underlined that the skilled cadres are crucial in the development of Mongolia along with the technology advancement.



Paying a bigger attention to our mining sphere, the foreign world calls Mongolia as the "Mining Mongolia", he noted and stressed that our country is pursuing a policy on diversifying not only this sphere but also the economics and is working on commercializing its agricultural, farming, technological and tourism products at the world market and on creating its new brands.

Our neighbors Russia and China both have large access to international waters, one is a great supplier of materials, the other is a great consumer, so Mongolia is striving to penetrate to the third market by utilizing their accesses to waters and is interested to become an international negotiation bridge and business center, he went on.

The Government is putting efforts to create more favorable environment and opportunities of mutually beneficial business cooperation for both domestic and foreign investors through giving them equal conditions in order to forward the economic and business development, said the PM. He also underlined that international financial organizations have positive outlook for the Mongolian economy.

Premier Meets EITI Board Chairwoman

Ulaanbaatar, June 4 (MONTSAME) The Prime Minister Ch.Saikhanbileg Thursday received Ms Clare Short, the chairwoman of the Board of the Extractive Industries Transparency Initiative (EITI), who is visiting here by invitation of the Cabinet Secretariat.

She is here for the second time. The EITI has been realizing methods in Mongolia on eighth year for delivering mining transparency around the world and preventing tax avoidance, corruption and other negative actions in the industry. Currently, the EITI is focusing on empowering professionals of the mining sector, improving activities, revealing digital information based on specific data, said Ms Clare. The Premier thanked her for visiting Mongolia and pointed out that Mongolia is paying attention to making its mining sector more transparent and open. He also emphasized that a bill on the transparency of mining exploration has been submitted to parliament, this law will improve the legal environment of mining. Moreover, an interest will rise to mining exploitation, for both state budget and local residents receive benefits from the mining, he added.

To Ms Clare's question about governmental policy towards state-owned mining companies he said the government is working on introducing the Singaporean Temasek model, which aims to pass into a correct management and methodology, and on directing the state wealth fund to rightful deeds. It is important to form our sustainable development by supporting the mining, "we consider the EITI can help us to fulfill this goal", he said.

UNICEF Representative will support lobby group in State Great Khural

June 2 (gogo.mn) MP S.Odontuya received newly appointed UNICEF Representative to Mongolia Mr. Roberto Benes.



Roberto Benes congratulated on establishment of lobby group initiated by the MPs which aims to support family and children development and expressed that he will fully support all activities of the lobby.

MP S.Odontuya and Roberto Benes put more emphasis on approval and discussion of Children Rights and Protection Law which is being discussed by the State Great Khural and they have agreed to cooperate on certain business proposals.

Will DP have enough "courage" to dismiss the Cabinet once again

June 3 (gogo.mn) Mongolia since its adoption of the democratic principles 25 years ago has seen 14 Prime ministers and is now currently having 17th cabinet which named itself as Government for Solution and is led by PM Ch.Saikhanbileg. It is yet unknown if this one is to serve its full period or not.

It has been three weeks since the MP O.Baasankhuu has announced on his intentions to dismiss the current PM and is doing research. The reasons he mentioned for the possible dismissal were again related to the mega projects in mining sector.

In his announcement he said that PM's standing that Mongolian economy is only to revive with the moving of the mega mining projects such as TT and OT is itself very irresponsible and implies the laziness of the current cabinet and accused PM as working as a representative on one entity.

PM is being accused even after the signing of the Oyu Tolgoi UG Development & Financing Plan in the United Arab Emirates and moving forward the long stalled mega project. It seems useless having positive impacts of the moving of the underground development of Oyu Tolgoi is to attract investments of USD 6 billion and increase the jobs by 3000 on the market.

Another impact of the agreement signing is that the U.S. dollar rate once soaring to MNT 2,000 is now rapidly depreciating to MNT 1,890.

If MP O.Baasankhuu is to collect the consent of 17 MPs the dismissal issue of the current Prime Minister will become legal.

Although he has 5-6 MPs backing him up he needs more efforts to turn the number into 17. To question how many signatures he collected so far MP O.Baasankhuu replied by beating around the bush that MP G.Uyanga is responsible for sign collection.

While MP G.Uyanga refused to talk on this matter and said that when there is enough signatures she will raise the matter.

Seeing from the replies of the MPs 17 is the "big" number. DP has dismissed once its cabinet in an effort for bettering the already worsened economy. It is true that contradicting announcements made by the Speaker of the Parliament and the Prime Minister has shed some negative light on DP as if it has internal discord.

This was once been criticized by the Reform Committee Youth under the DP as "DP is having Governance Crisis". Then will DP have enough guts to dismiss its cabinet for the second time? Although the cabinet was established on the coalition base it is hard to push the current Prime Minister from his seat without the voices of the DP members.

The fragile fate of the cabinet is related with the State Great Khural which was always deciding on the fate of the implementing power. If Prime Minister or the Cabinet isn't



good enough for the eyes of the 76 MPs, State Great Khural can legally "mess" with the government.

Currently the amendments to the Constitution are being under discussion and the working group members have agreed that the main amendment will ensure the sustainability of the cabinet as with dismissal of the Prime Minister the whole cabinet sees changes.

Which is followed with changes down the structure at the ministries, offices, names and leads to the disruption of the state policy continuity.

Constitutional Amendments Working Group Leader MP N.Batbayar said: "We are discussing to increase the authority of the Prime Minister. Moreover the limitation of the cabinet renewal as well. Working Group members have all agreed that we need more stable state apparatus, which in turn needs the reduction of the cabinet structure and may be having nine ministries."

The same goes with the MPs as those were also expressing the need to ensure the sustainability of the governing power. If the current State Great Khural can approve the Constitutional changes, the cabinet to be formed by the new parliament in 2016 will be immune to the bashing from the MPs.

Moreover, it might enable the Government to work the full term of four years and be concluded at the end of its term and get rid of the constant criticising.

This time it is still unknown if the DP members will have enough "courage" to dismiss its cabinet named Government for Solution. Especially, at the moment when DP gained the opportunity to rule the national for the second time and upcoming parliamentary election any move to ruin their reputation is unwanted. Therefore, DP won't have guts to dismiss its cabinet for the second time.

Cabinet Meeting in Brief

Ulaanbaatar, June 3 (MONTSAME) The cabinet meeting on Tuesday discussed and backed a draft resolution of parliament on the maximum number of Mongolian citizens to immigrate to foreign countries, its structure and locations in 2015-2016. A draft relevant decision will be submitted to parliament.

- The cabinet also backed draft resolutions of parliament on approving a state policy on foods and agriculture and on establishing a free-zone in Khalkh Gol.
- State Secretary of the Ministry of Population Development Social Welfare B.Otgonjargal was discharged from the post and appointed the General Consul of Mongolia to Hong Kong, a Special Administrative Region of China.
- The General Consul of Mongolia in Russian Kyzyl D.Ganbold was discharged from the post. Ms B.Gantsetseg will replace him.
- The cabinet discussed a draft new version of the law on garbage and decided to convey some proposals to the draft initiators.
- The cabinet decided to add an extra content clause in compositions of the Mongolian side at intergovernmental commissions for trade, economy, science and technical cooperation. The compositions have been adopted by an appendix of related governmental resolution.



- The cabinet backed a Mongolia-Brazil intergovernmental note on exemption of short-term visa requirements. An order of the PM will be issued to authorize an official to sign the note.
- The cabinet backed in principle draft amendments to the laws on legal status of judge and on state service, and decided to convey to the draft initiators proposals for scrutinizing some clauses. The cabinet also backed bills on gene pool of livestock and on livestock and animal health.
- The cabinet backed a draft amendment to the rule of granting special licenses and tenders, and decided to authorize the state administrative body of geology and mining affairs to approve it.
- The Minister of Mining R.Jigjid was authorized to sign Mongolia-Russia intergovernmental protocols on altering the 2013 and 2007 intergovernmental agreements on actions of the "Erdenet" LLC and the "Mongolroostsvetmet" joint venture.

Foreign Relations

Asia-Europe Foundation to support Mongolia with preparations for the 11th ASEM Summit

June 2 (Mongolian Economy) Mongolia will host the 11th summit of the Asia-Europe Meeting (ASEM) next year. The Asia-Europe Foundation (ASEF) has agreed to provide support for the preparations for the summit.

L.Purevsuren, the Minister of Foreign Affairs, and Zhang Yan, the Executive Director of the Asia-Europe Foundation, has signed a the memorandum of understanding to cooperate in the organisation and related tasks for the 11th ASEM Summit. ASEF will provide technical, financial and organisational support. Official sources said that specifics on exactly where and how ASEF will provide the support will be clarified soon.

The Asia-Europe Foundation is based in Singapore and was established in 1997 with the purposes of promoting mutual understanding and cooperation between the people of Asia and Europe through public discourse and intellectual, cultural and individual exchange programmes. To date, ASEF is the only institution with permanent operations in ASEM. ASEF is funded by voluntary contributions from its members' governments and the European Commission and shares the financing of its projects with its civil society partners across Asia and Europe.

It is clear that our country will make significant investments and developments to organise the ASEM Summit. Head of the National Council to manage and organise the 11th ASEM Summit, Special Ambassador D.Gankhyag said, "Next year, a number of foreign officials, business representatives, journalists and tourists will continually come to Mongolia starting from May until the end of July. Hotels, entertainment, retail services, companies and entrepreneurs in Ulaanbaatar will have an opportunity establish long



and short term agreements to boost their revenues. It will also be a good showing that can positively impact foreign investment by successfully organising such a summit."

R.Meredow to Visit Us

Ulaanbaatar, June 2 (MONTSAME) The Deputy Prime Minister of Turkmenistan Mr Rasit Meredow is to pay an official visit to Mongolia this June 3, as invited by the Minister of Foreign Affairs of Mongolia L.Purevsuren.

The visit will be the first high-level interaction since April 23 of 1992, when the two countries established diplomatic ties. During the visit, the Turkmenian FM and the Deputy PM R.Meredow will pay courtesy calls on the President Ts.Elbegdorj and the Prime Minister Ch.Saikhanbileg and hold official talks with his colleague Purevsuren. They are expected to talk about the bilateral relations and cooperation, particularly about Turkmenistan's joining in the agreement on establishing in Ulaanbaatar the International Think-Tank for Landlocked Developing Countries, and to touch upon regional security and the two countries' cooperation in international arena.

Foreign Minister of Turkmenistan Starts Visit

Ulaanbaatar, June 3 (MONTSAME) The Deputy Premier and the Minister of Foreign Affairs of Turkmenistan Mr Rasit O.Meredow started his official visit to Mongolia on Wednesday.

The Mongolian FM received his counterpart. At this moment they are holding tete-a-tete meeting to discuss the relations and cooperation issues and Turkmenistan's joining in the international agreement on establishing in Ulaanbaatar an International Think-Tank for Landlocked Developing Countries. After the meeting the dignitaries will run official talks.

This is the first ever high level visit between the two countries since Mongolia and Turkmenistan established diplomatic relations in 1992.

Mr Meredow will also pay courtesy calls on the President and Prime Minister.

Turkmenistan's FM Concludes Visit

Ulaanbaatar, June 4 (MONTSAME) The official visit of the Deputy Premier and the Minister of Foreign Affairs of Turkmenistan R.O.Meredow completed on June 4. The visit has become the first high-level interaction between Mongolia and Turkmenistan since the two countries established diplomatic ties in 1992. The sides have recognized the visit as a success.

Mr Meredow has met with the Minister of Foreign Affairs L.Purevsuren and Minister of Mining R.Jigjid, and paid courtesy calls on the President and the Prime Minister of Mongolia. The meetings concerned the mutual cooperation and relations, high level visits, particularly, Turkmenistan's joining the international agreement on Establishing a Think-Tank in Ulaanbaatar for Landlocked Developing Countries, and regional security



and bilateral cooperation matters. The sides agreed on setting up an intergovernmental commission to extend and intensify the cooperation in trade, economy, culture, education and humanitarian spheres, resolved to exchange cultural events and business forum, and to start a cooperation between the two Chambers of Commerce and Industry.

The sides also signed an Agreement on Allowing Visa-Exemption for the Diplomatic and Official Passport Bearers between the Governments of Mongolia and Turkmenistan, and a Memorandum of Understanding on Cooperation between the Ministers of Foreign Affairs of Mongolia and Turkmenistan.

European Union to implement project worth EUR 8.5 million in Mongolia

June 3 (gogo.mn) Today, European Union is to sign Memorandum to implement project worth EUR 8.5 million in Mongolia within five years.

The project will start by signing cooperation agreement which is to last from 2015 to 2020 between the Government of Mongolia and European Union.

The Minister of Labour S.Chinzorig representing the Government of Mongolia and Ambassador of the European Union to the People's Republic of China and Mongolia Mr. Dietmar Schweisgut representing the European Union are to participate in the signing ceremony, which will take place in Shangri-La Hotel at 5PM today.

Relevant ministries, ambassadors to Mongolia from member countries of European Union and other delegations are to participate in the ceremony.

Foreign Trade

Allodium tender has announced in “Zamiin-uud” free zone

June 2 (news.mn) According to the industrial minister's 101st order, direction of allodium tender has approved on 2015.05.19. Within the accomplishing the tender, selection to choose a project of private sectors to own and use the land in 3rd and 4th parts “Zamiin uud” free zone /located in Zamiin Uud sum, Dornogovi aimag/ has started from yesterday /2015.05.27/. Working council will receive the projects from 09.00am 2015.05.22, until 12.00am 2015.06.05 for only 2 weeks.

By starting this selection in free zone, investment from private sectors will improve the construction and infrastructure of Zamiin Uud.



Economy

Arab Investment Fund to be set up in August 2015

June 4 (news.mn) During the recent visit to the United Arab Emirates (UAE) of Prime Minister Ch.Saikhanbileg, and Finance Minister Kh.Gantsogt, a Memorandum of Understanding (MoU) was signed with the Arab CIB Finance Group to establish a USD 1 billion Investment Fund in Mongolia. Prime Minister Saikhanbileg noted – the signing of the MoU, now makes it possible to finance big constructing projects via this fund. The Finance Minister informed – CIB group has planned to choose the location for the investment fund in August 2015. The investment fund will be organized as an entity to finance private sector projects in Mongolia. The Government is not able to interfere in the activities of fund; therefore the USD 1 billion investment will not affect the debt limit of national Gross Domestic Product (GDP).

The representatives of the Dubai and Abu-Dhabi Chamber of Trade and Industry will visit Mongolia to identify the most suitable projects and sectors for investment.

Government employees are discharged from board of directors

June 2 (news.mn) The previous Prime Minister N.Altankhuyag obtained State Property Commission to hire the people who knows their fields very well, and blocked government employees to be in board of directors of state companies. The chief of State Property Representation office, B.Darkhanbaatar said –<< Vice ministers and state secretaries have discharged from their board of directors. Currently, we have updated about 50 state companies . Also, “Dornod Busiin Erchim Huchnii System”, “Germon Gaz”, “Selenge AZZA”, “Darkhan AZZA” companies haven’t changed their board of directors.

“Shiwee-Owoo”, “Baganuur”, “Erdenes Oyu tolgoi LLC”, “Erdenes Tavan tolgoi LLC”, “Erdenes Mongol LLC”, “Stock Exchange”, “State Bank”, “Saving center of bond reckoning” etc companies still have old members in board of directors. Because, Governmental Secretariat and Ministry of Finance organize members of those companies >>.

There are totally 57 state companies have board of borders. Hereof, 48 companies have chosen their independent member due to law. In all board of directors, there are 469 members working gemintaly. Hereof, 149 members are independent.

If board has 9 members, 6 of them are state property workers. For example, if there was a energy company, 3 members from Minister of Energy, 2 members of State Property Commission, 1 member of Ministry of Finance. After this law, they eliminated 1 member from both of ministry of energy and State property commission.



The purpose of this law is first, in every way to add a member who is professional not the ministry chief. Second, tried to choose a new member from Energy and auto road NGO, Federation of engineers, teachers of universities, scientists, explorers.

The consequences of lopsided growth

June 2 (Mongolian Economy) The entire world is recovering in these years after a crisis. Almost every country's economic outlook is showing slow growth. However, among Asian economies such as China, India, Indonesia and Mongolia, the economic graphic looks rather peculiar compared to others.

According to the research conducted by the UN Economic and Social Commission for Asia and the Pacific (ESCAP), these countries' high economic growth is not of the "quality" we would like to see in the context of their social situations. This commission conducts regional economic studies annually and provides reports. This year's report noted that this type of high but disproportionate economic growth is vulnerable and unstable.

The main advice ESCAP is giving to countries is that focusing on the numbers is the most important thing. Sustainable development comes about only if the growth affects all social strata. The commission is appealing to policymakers that "benefits of development policies must have a wider effect, and social protections must be improved." In order to do that, policies on various sectors must be coordinated.

In addition, they determined that the economic performance of 16 countries in Asia is satisfactory at the national level, but the effects seen differ regarding gender, cities and rural areas, and geographical zones. The appropriate way to mend this issue is to support small- and medium-sized enterprises and create new jobs. Researchers came to the conclusion that it's impossible to fight poverty and inequality and create new jobs without a strong, effective private sector whose voices are heard.

According to National University of Mongolia's Dr. Ch.Khashchuluun, the most noticeable issue in Mongolia from the above mentioned features is inequality. Mongolia's economy is labelled as high-risk and of poor accessibility and quality because its economy growth is heavily dependent on one sector. The UN resident representative has warned that economic growth will not become efficacious for all and of high quality if the economy is not diversified.

On top of this, inequality is worsening, with the gap between the rich and the poor continuing to widen. Total consumption of the lowest-income households does not reach 20 percent of the consumption of high income households. Income gaps between regions have also gotten bigger.

Ch.Khashchuluun said that today's social phenomena such as slowing economic growth, investment shrinkage and rising unemployment can largely be attributed to this uneven growth.

Appropriate labour remuneration is a human rights issue. However, income inequality reduces economic accessibility and creates lopsided growth. Therefore, ESCAP's key message to the world is that equal opportunities must be given to everyone and income distribution should be more equal.



Stock Exchange

The Government bond worth MNT 30 billion traded

June 3 (gogo.mn) As of primary market trade of Mongolian Stock Exchange on June 2, following Government bond order was received.

12 weeks period

14.758 percent of interest rate in a year

723,382 pieces worth MNT 72.3 billion

The Ministry of Finance confirmed 41.48 percent of supply and conducted transactions worth MNT 30 billion.

Member brokerage companies of Mongolian Stock Exchange has participated in this trade:

	Brokerage company name	Volume
1	"TDB Capital" LLC	256,650
2	"Golomt Securities" LLC	29,097
3	"Dew Securities Mongolia" LLC	9,003
4	"Tenger Capital" LLC	3,160
5	"Altan Horomsog" LLC	770
6	"BDSec" JSC	711
7	"Sicap" LLC	517
8	"ASE & T Capital" LLC	82
9	"Standard Investment" LLC	10
	Total	300,000

Stock Exchange News for June 2

Ulaanbaatar, June 3 (MONTSAME) At the Stock Exchange trades on Tuesday, a total of 336 thousand and 476 units of 22 JSCs were traded costing MNT 29 billion 445 million 705 thousand and 478.50.

"E-trans logistics" /16 thousand and 100 units/, "Merex" /10 thousand and 078 units/, "Tavantolgoi" /1,394 units/, "APU" /1,067 units/ and "Moninjbar" /1,032 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Material impex" (MNT 14 million 120 thousand and 500), "Teever darkhan" (MNT eight million 291 thousand and 400), "Tavantolgoi" (MNT five million 350 thousand and 566), "APU" (MNT three million 732 thousand and 250), "Bayangol hotel" (MNT two million and 600 thousand).



The total market capitalization was set at MNT one trillion 266 billion 315 million 899 thousand and 881. The Index of Top-20 JSCs was 12,981.92, increasing 1.77% and the all index of MSE was 931.22, increasing 1.04% against the previous day.

Stock Exchange News for June 3

Ulaanbaatar, June 3 (MONTSAME) At the Stock Exchange trades on Wednesday, a total of 10 thousand and 098 units of 25 JSCs were traded costing MNT 23 million 609 thousand and 509.00.

"APU" /3,401 units/, "Remikon" /2,352 units/, "E-trans logistics" /2,000 units/, "Gutal" /624 units/ and "Makh impex" /586 units/ were the most actively traded in terms of trading volume, in terms of trading value were "APU" (MNT 11 million 988 thousand and 880), "Gutal" (MNT six million 552 thousand and 030), "Makh impex" (MNT one million 875 thousand and 200), "Gobi" (MNT 692 thousand and 900), "Bayangol hotel" (MNT 550 thousand).

The total market capitalization was set at MNT one trillion 270 billion 269 million 949 thousand and 385. The Index of Top-20 JSCs was 13,082.50, increasing 0.39% and the all index of MSE was 932.84, increasing 0.17% against the previous day.

Stock Exchange News for June 4

Ulaanbaatar, June 4 (MONTSAME) At the Stock Exchange trades on Thursday, a total of 18 thousand and 851 units of 22 JSCs were traded costing MNT 17 million 450 thousand and 559.00.

"Olloo" /10 thousand and 100 units/, "E-trans logistics" /6,144 units/, "APU" /1,022 units/, "Tavantolgoi" /665 units/ and "Baganuur" /193 units/ were the most actively traded in terms of trading volume, in terms of trading value were "APU" (MNT three million and 577 thousand), "Tavantolgoi" (MNT two million 577 thousand and 770), "Bayangol hotel" (MNT two million and 450 thousand), "Talkh chikher" (MNT one million 981 thousand and 420), "Darkhan nekhii" (MNT one million and 803 thousand).

The total market capitalization was set at MNT one trillion 280 billion 027 million 168 thousand and 895. The Index of Top-20 JSCs was 13,183.41, increasing 1.16% and the all index of MSE was 939.82, increasing 0.75% against the previous day.

Stock Exchange News for June 5

Ulaanbaatar, June 5 (MONTSAME) At the Stock Exchange trades on Friday, a total of 16 thousand and 477 units of 21 JSCs were traded costing MNT 14 million 452 thousand and 794.00.

"Olloo" /10 thousand units/, "APU" /1,978 units/, "Merex" /1,000 units/, "Tavantolgoi" /706 units/ and "State Department Store" /596 units/ were the most actively traded in terms of trading volume, in terms of trading value were "APU" (MNT six million 843 thousand and 880), "Tavantolgoi" (MNT two million 753 thousand and 400), "Olloo" (MNT one million and 100 thousand), "Baganuur" (MNT 791 thousand and 060), "Gobi" (MNT 727 thousand).



The total market capitalization was set at MNT one trillion 298 billion 599 million 074 thousand and 525. The Index of Top-20 JSCs was 13,399.45, increasing 1.64% and the all index of MSE was 949.30, increasing 1.01% against the previous day.

Stock Exchange Weekly Review

Ulaanbaatar, June 5 (MONTSAME) Four stock trades were held at Mongolia's Stock Exchange on June 2-5, 2015. In overall, 381 thousand and 902 units of 44 JSCs were traded costing MNT 29 billion 501 million 218 thousand and 340.50.

"E-trans logistics" /24 thousand and 644 units/, "Olloo" /20 thousand and 100 units/, "Merex" /11 thousand and 078 units/, "APU" /7,468 units/ and "Tavantolgoi" /2,883 units/ were the most actively traded in terms of trading volume, in terms of trading value were "APU" (MNT 26 million 142 thousand and 010), "Material impex" (MNT 14 million and 198 thousand), "Tavantolgoi" (MNT 11 million 138 thousand and 418), "Teever darkhan" (MNT eight million 291 thousand and 400) and "Gutal" (MNT six million 552 thousand and 030).

The total market capitalization was set at MNT one trillion 298 billion 599 million 074 thousand and 525. The Index of Top-20 JSCs was 13,399.45, and the all index of MSE was 949.30.

Business

Mongolian business representatives demand financial freedom

June 7 (UB Post) Last Thursday, representatives of entrepreneurs and non-governmental organizations made a public statement, calling for freeing the nation's economy without any populism.

The spokespeople said that due to decisions made by populists the nation's economic growth has fallen from 17.3 percent to 4.4 percent. They believe that because of what they identify as the mining sector's collapse, the MNT exchange rate and people's purchasing power have decreased, and the unemployment rate has reached 7.4 percent.

They believe that the illegal actions of authorities scares investors, strangling the nation's economic freedom. They underlined that they want lawmakers to cooperate with one another to establish financial freedom concerning mining and economic issues, without any populism.

The business representatives said that Mongolia has scared foreign investors for some time, but moving forward on the Oyu Tolgoi underground mine could bring back investors. They believe that Mongolia needs to work on suitable integrated policy and improve economic conditions. They demanded that the government make joint decisions with business organizations.



President of the Mongolian National Chamber of Commerce and Industry (MNCCI) B.Lkhagvajav said, "The destinies of major projects are in the hands of the parliament and politicians. They began to influence economic fluctuation. Their decisions mess up the nation's economy. We need to make financial changes without wasting time. Stopping Oyu Tolgoi and Tavan Tolgoi impacted the macro economy. The Law on Investment was approved in order to recover the nation's economy, and the government was given the right to implement major mining projects. The government was almost about to approve Tavan tolgoi negotiations, but they got stuck. Parliament shouldn't take part in this issue, according to the law. But not moving forward the negotiations, violating the law, negatively influences the international reputation of Mongolia."

MNCCI's B.Lkhagvajav, Head of the Business Council of Mongolia D.Jargalsaikhan, Member of the Board of Directors of the Rural Microfinance Development Support Association Ch.Gankhuyag, and other business representatives spoke at the press conference.

Exchange Rate

One gramm of gold costs MNT 73,579

June 3 (gogo.mn) Bank of Mongolia gold rates as of June 2.

The rates for gold were at MNT 73,396.02 to buy and MNT 73,579.3 to sell per gramm.

While rates for silver ranged at MNT 834.59 to buy and MNT 1,018.85 to sell per gramm.

Dollar rate at MNT1890

June 3 (gogo.mn) Dollar has been depreciating against tugrug rapidly and is at MNT 1890 as of June 2.

As of June 2 commercial banks and NBFIs were buying U.S. Dollar at the rate of MNT 1890-1908.

The sell rate for the dollar as of June was ranging between MNT 1901-1987.

Below is the U.S. dollar rate comparison at the commercial banks and NBFIs as of June 2.



Mining

Mongolia's mining sector "well placed" to grow

June 4 (worldcoal.com) Mongolia's mining sector is "well placed for continued expansion over the next few years," according to a new report from BMI Research, "as foreign investors continue to leverage the country's significant mineral reserves, robust infrastructure framework and proximity to major export markets, such as China."

According to the research company, the recent agreement between the Mongolian government and Rio Tinto over the Oyu Tolgoi mining project could herald a new phase of mining investment in the country, which has been rocked in recent years by uncertainty over political interference in the mining industry.

"It is difficult to understate the importance of Oyu Tolgoi in determining Mongolia's long-term economic fortunes," said BMI Research. "The development [...] suggests that the government is likely to adopt a more benevolent stance towards foreign mining investment over the coming years, following a significant drop-off in foreign direct investment over 2013 and 2014."

"Coal Program"

June 3 (news.mn) Mining Minister R.Jigjid has said that the Mongolian Government is preparing a "Coal Program."

Also, he currently leads a fortnightly meeting to study the problems occurring in the sector, primarily with coal production and exporting companies and study ways of solving them. The sector is enduring hard times due to coal market recession.

To date, the working group has met three times, and has decided to take payment of natural resources according to coal & coal product classification; this codification was undertaken in cooperation with the Mongolian Customs House.

Currently, they are working on the "Coal Program" to facilitate payment of natural resources at contract prices and also to resolve the problems of coal markets and exports.

Mongolian coking coal may heat up

By Paulius Kuncinas

Regional Editor, Oxford Business Group

May 29 (Oxford Business Group) A shift by Chinese buyers away from foreign suppliers to Mongolian coking coal, combined with increased optimism over a return of foreign investors, may offset the sharp global downturn in both demand for commodities and in coal prices, though it will be some time before the effects of any rebound are felt in the industry.



Despite the slowing of the Chinese economy, demand for energy, and – in particular – coking coal, remains solid. With improved transport routes being developed – including both road and rail – Mongolia is finding itself in a stronger position than in the past, as it will likely be able to supply an increasing portion of China's needs due to lower shipping costs and quicker delivery times.

Australia, formerly one of China's main suppliers of raw minerals and coking coal, has seen its exports to China slide sharply in recent months, dropping 18.2 percent in Q1 compared to the same three-month period in 2014. While there has been some falling off in demand, much of this decline has been a result of increased penetration by Mongolian producers into the Chinese market.

Improved economies of scale as production is ramped up and far lower transport costs mean that Mongolian coking coal was being sold to China at 93,195 MNT (47.99 USD) a ton as of March, less than half the 210,300 MNT (107.57 MNT) for the Australian equivalent. This price advantage saw Mongolian coal exports to its neighbor climb to 3.14 million tons in the first quarter, a 55 percent increase year-on-year. Looking forward, transport costs are set to decline by up to one-third with the planned completion of a new rail link from the Tavan Tolgoi coal basin, the location of some of Mongolia's largest coal reserves, to the Chinese border.

Chinese clients are pursuing these advantages. In mid-April, the Shenhua Group, the leading coal producer in China, announced it had inked a deal with Energy Resources to buy 1.2 million tons of high-grade coking coal.

Step forward, step back over Tavan Tolgoi

The move by the state-owned Shenhua Group into the Mongolian market could also herald closer ties between the two countries. The Chinese State-Owned Assets Supervision and Administration Commission (SASAC) said in a statement after the deal was struck that the agreement could result in future cooperation in trade and other activities.

Shenhua, together with Energy Resources and the Sumitomo Corporation of Japan, are in line to take over operations of the Tavan Tolgoi coalmine, located in the southern Umnugovi Province. In past years, a number of consortia have been in the running to take control of the mine, but previous deals had fallen through due to opposition from Parliament.

The mine, with estimated reserves of over six billion tons of coal, could generate earnings of up to 488 trillion MNT (250 billion USD) over the next five decades, though this will be dependent on sizeable investments of up to 19.5 trillion MNT (10 billion USD) and on political consensus. There are concerns that the licensing process for the consortium could be held up in Parliament, which in turn could further weaken Mongolia's image as a foreign investment destination.

In late April, parliamentary representatives questioned the legality of transferring the license to the consortium, with Speaker of Parliament Z.Enkhbold, saying the draft agreement could be contrary to legal requirements and should be reviewed by legislators before going ahead.

Foreign investors waiting in the wings

Should the Tavan Tolgoi mine again become mired in controversy, it will further add to investor concerns. The prolonged delay to the 9.7 trillion MNT (5 billion USD) second stage of the Rio Tinto-backed copper and gold Oyu Tolgoi mine, along with the



cancellation of a number of exploration licenses granted to overseas companies have, together with the fall in commodities prices, seen investor appetite for new mining developments in Mongolia wane. Foreign investment is estimated to have fallen 74 percent in 2014 compared to the preceding year. Boosting both productivity and transport links to facilitate coal exports is becoming an increasing priority. Coal exports already account for 25 percent of state revenue and around 17 percent of export earnings. By further improving transport links, and most particularly rail, and by lifting production capacity of high-grade coking coal, Mongolia will be able to capture an increased share of the Chinese market and be better positioned to tap into markets further afield, such as Japan or South Korea.

Resolution on Gatsuurt Gold Deposit Submitted

Ulaanbaatar, June 5 (MONTSAME) At an irregular meeting on Friday, the cabinet approved a parliamentary draft resolution on designating the state ownership percentage in Gatsuurt deposit and submitted it to parliament.

The draft sets out that the Government will hold 34 percent of joint venture to be established with the Gatsuurt license-owner– "Centerra Gold Mongolia" LLC. It also directs to hold negotiations with the investor's side to transfer to it the state ownership percentage and, if the sides agree, to designate and get royalty payments in accordance with the related regulations.

The governmental working group in charge of the negotiations with "Centarra Gold Mongolia" LLC on issues of designating state ownership percentage and the royalty payments to the Government of Mongolia, has ran two-month discussions with the investing side starting from last March 25.

The Ministries of Industry, Mining and Energy of Mongolia and Erdenes Mongol LLC signed Cooperation Agreement

June 5 (infomongolia.com) Ministry of Industry, Ministry of Mining, Ministry of Energy of Mongolia and Erdenes Mongol (MGL) LLC have signed cooperation agreement to implement Mongolian government action program, intensify works to forward strategically important mineral deposits, promote value-added products and improve relations between government and private sectors.

In the framework of cooperation agreement, Minister of Industry D.Erdenebat, Minister of Energy D.Zorigt and Minister of Mining R.Jigjid and B.Byambasaikhan, CEO, Erdenes MGL have signed Memorandum on June 4 at the State Palace of Mongolia.

Minister D.Erdenebat noted: "Ministries develop the state policy and Erdenes MGL LLC is a government body for business. I find it more efficient to implement government projects for infrastructure, industry and mining through government business bodies like



Erdenes MGL LLC with government involvement. As for Ministry of Industry of Mongolia, we will cooperate with Erdenes MGL LLC on projects for building a factory to produce liquid fuel using coal".

Oil & Gas

Mongolia explores for petroleum in two areas

June 2 (news.mn) Since 1990, a total of 31 areas have been identified in Mongolian for petroleum exploration; of which two areas are currently being surveyed - said Mining Minister R.Jigjid. At present, Mongolia exports approximately 1 million tonnes of petroleum annually to China. Prior to 2014, five exploration contracts were concluded, and after 2014 an additional eleven areas were contractually included. In the field of conventional petroleum exploration, the government has spent USD 9.7 million and several projects have been undertaken. In 2014 the government spent USD 2 million on petroleum exploration.

Also, Minister Jigjid discussed uranium stating the government wishes to continue using radiographic exploration. We need to be seen to be "using" the resources properly. We support all the steps from exploring to producing the yellow powder. The next procedure is the preparation of nuclear fuel. We will not be involved in this stage; our activity must only be restricted to exploring the yellow powder, in other words - the raw produce. The Ministry of Mining is supporting companies working on this material. "Areva", a company which has been working in the Dornogovi Aimag for the last 18 years, recently identified large reserves. This was done in cooperation with "Mitsubishi" from Japan.

Turkmenistan Offers to Supply Gas to Mongolia

Ulaanbaatar, June 3 (MONTSAME) After the tete-a-tete meeting, the Minister of Foreign Affairs of Mongolia L.Purevsuren and the Deputy PM and the Minister of Foreign Affairs of Turkmenistan R.O.Meredow signed an Intergovernmental Agreement on Partial Visa-Exemption on June 3.

The agreement facilitates the citizens of the two countries with diplomatic and official passports to visit each other without visas within 90 days. The Ministers also signed an Intergovernmental Memorandum of Understanding and called a press briefing. Mr Purevsuren said this visit is the first high level interaction since the establishment of diplomatic ties between the two countries, "our ties with Turkmenistan--who derives from a Turkic empire that once had lived on a territory of Mongolia--had been boosting in times this country used to be a part of former USSR".



Now Turkmenistan is a rapidly growing economy and the fourth largest reserve of natural gas in the world, he went on. It obtained a status of neutrality in accordance with the UN resolution, he added. The Mongolian FM, mentioning that the Presidents of Mongolia and Turkmenistan met during the SCO Summit in Dushanbe last September and discussed an intensifying of the relations, said, "We have exchanged views on the cooperation in energy, agriculture, tourism and cultural spheres and have agreed on concluding the associated agreements and deals in the near future. Turkmenistan offers to supply natural gas to Mongolia. Our side will consider the issue and give a response soon". In Turkmenistan's Deputy PM and FM Mr Meredow noted that the official talks had touched upon the bilateral relations and an upcoming this year a visit of the Mongolian President to Turkmenistan. Mongolia is a country that prioritizes peace and promotes development, as it is a member of the United Nations and other international communities, he said. Turkmenistan has consistently been supporting the foreign policies of Mongolia ever since establishing diplomatic relations in 1992. "Our country is interested in developing cooperation with Mongolia in politics, economy and humanitarian spheres," he said.

Industry

Ministry of Industry Assigned to Develop Bill on Industrial Parks

Ulaanbaatar, June 5 (MONTSAME) At the cabinet's extended meeting on Thursday, the Minister of Industry D.Erdenebat was assigned to develop and submit to the cabinet a draft law on Industrial and Technological Parks and a list of projects on import-substituting and export-promoting industries.

This was said after he had informed the governors of all provinces about the planned measures for promoting industries in localities in 2015. He was also told to introduce financial leasing services to the light industries and small and medium enterprises, to organize events for selecting national brand products in the localities, to solve 2-3 pressing problems in the aimags in regard to the implementation of state policies and decisions on the industrial sector.

In industrial production of Mongolia reached a value of 9,299.6 billion Togrog by the end of 2014, increasing 13.2 percent against 2013. Mining products weighed 81.9 percent of the total export. Products that have passed low-procession and primary technologies occupy 97 percent of the country's total exports. This indicates the low competitiveness of our country's industrial sector, said the Minister.

The Economic Partnership Agreement with Japan facilitates Mongolia with opportunities to expand more our export-targeted industries such as of organic products from agricultural materials and of wool, cashmere and textile clothing, and to commercialize our products on the Japanese market at relatively higher prices. The localities' authorities considered as suitable to cooperate in the development of the above



industries with the Ministry of Industry, in the "Industrial and Technological Parks" framework.

Construction

Studies are being conducted on possible 10 percent mortgage deposit

June 3 (gogo.mn) Minister of Construction and Urban Development D.Tsogbaatar announced last month on possible changes to the 8 percent mortgage loans.

Mortgage loans currently require the deposit of 30 percent of the total purchase sum and currently the market is saturated as the households and individuals with means have already purchased housings. In order to support the housing project the ministry is conducting studies on possible Government guarantee for the 20 percent and 10 percent deposit program for the rest households short in cash.

Moreover the limitation of the square meter of the housing set currently not exceeding the 80sq.m. might be dropped and anyone interested in purchase of bigger housing could apply for the mortgage loans with 8 percent APR.

According to the official sources the studies are still being conducted and the issue that has created the anticipation in the society might be discussed towards September through the Cabinet session.

Tourism

Shangri-La opens Mongolia hotel

June 2 (citmagazine.com) The hotel is located in the city centre and is connected to the 28-storey Shangri-La Centre, which is due to open in 2016 and comprises retail and commercial space, as well as a sports club.

The hotel hosts Ulaanbaatar's largest portfolio of meeting space, containing eight multi-functional rooms which total 2,643sqm in space. The largest event space, the Grand Ballroom, can host up to 800 people.

Dining options at the hotel include an all-day dining café, a pub bar and grill with outdoor terrace, and Hutong, which serves a variety of Chinese cuisine.

Other facilities include complimentary wif-fi in guestrooms, a club lounge, limousine transportation and a fully-equipped health club with gym, Jacuzzi and sauna.



Hotels Will Get Loans, in Anticipation of ASEM Summit

Ulaanbaatar, June 3 (MONTSAME) At its regular meeting on Tuesday, the cabinet discussed issues of accommodation and services for those taking part in the upcoming in 2016 ASEM Summit in Ulaanbaatar.

The cabinet ordered the Board of Directors of the Development Bank of Mongolia (DBM) to give loans of 150 billion Togrog through commercial banks to the hotels for furnishing and repair.

Scheduled in July of 2016, the 11th ASEM Summit is to bring together some five thous. delegates among whom are Presidents, Prime Ministers and Foreign Ministers of 51 countries.

Allotted from the DBM's reserve, the loans will be given on a repayment condition to those hotels intending to shelter the foreign delegates. As of present, there are some 450 hotels in Mongolia, ten percent of them satisfy international standards.

Ulaanbaatar

Cooperation to Widen between UB City and Switzerland

Ulaanbaatar, June 3 (MONTSAME) The Mayor of Ulaanbaatar city Mr E.Bat-Uul Wednesday met Mr Jean-Jacques de Dardel, the Concurrent Non-Resident Ambassador of Switzerland to Mongolia.

They discussed many issues, for example a launching of the "City governance" project to be co-implemented by the UB city and the Swiss Agency for Development and Cooperation (SDC) this year, making the state services for people in ger (national dwelling) areas quicker and more adequate, urbanization of Ulaanbaatar, the ger areas re-planning, and relevant urgent problems.

Mr Bat-Uul thanked the Embassy of Switzerland for contributing to a development of our capital city and said the city commenced urban development actions with a civil participation," which means that any construction will be done according to the civil opinion".

He also said the city's administration began implementing indexes of design and safety of living environment of the ger areas people, together with the Asia Foundation, and that it has become a basic plan of urban development. Now it is vital to introduce environmentally-friendly technologies, he added asked the Swiss side for assistance.

He went on that an establishment of satellite cities of Ulaanbaatar was a highlight event because inhabitants of these places decided themselves to become satellites of the UB instead of being districts, Mr Bat-Uul said and expressed a willingness to implement



together with the Swiss private sector a related project, under a state-private sector partnership.

In response, Mr de Dardel said he is glad to visit Mongolia again and to see how the UB city is flourishing, and underlined an importance of the civil participation in the urban development actions. He supported the Mayor's suggestion about collaborating in introducing environmentally-friendly technologies, promoting people's skills, developing the partnership between Swiss companies and the capital city. He also emphasized his country's readiness to cooperate with Mongolia in all spheres.

Company News

Khan Resources vs The Government of Mongolia: how to assess compensation for expropriation

June 4 (lexology.com) Over the last few years, there has been an increase in arbitration cases in the resources sector arising from the direct expropriation of property and assets into state ownership as well as the indirect expropriation through regulatory and fiscal measures such as increased taxation or restrictions on imports and exports.

Arbitration against states is generally only a last resort, with the stakes being high. The recently published arbitral award in *Khan Resources v The Government of Mongolia* (PCA Case No. 2011-09) is a good example of investment treaty mechanisms in action.

The dispute

Khan Resources had entered into a joint venture with a Russian state-owned company and a Mongolian state-owned company in order to develop a uranium exploration and extraction project in Dornod, Mongolia. In 1998, the joint venture company obtained mining and exploration licences for the project.

In August 2009, Mongolia enacted provisions that provided for Mongolia to take ownership, without compensation, of no less than 51% of stake of joint companies where exploration of uranium reserves had been conducted with state budget. Khan Resources' mining and exploration licences were subsequently suspended and ultimately cancelled. Khan Resources claimed that these actions were intended to exclude them from the project and to allow the formation of a new Mongolian-Russian joint venture.

In January 2011, Khan Resources commenced an arbitration against Mongolia alleging, amongst other things, a breach by Mongolia of its obligations to protect investors under its Foreign Investment Law and Article 10 of the Energy Charter Treaty 1994. Khan Resources sought more than US\$326m including interest.

Liability

In March 2015, a Tribunal constituted under the UNCITRAL rules found that:



Khan Resources' rights in the licences were protected as "foreign investment" under the Mongolian Foreign Investment Law.

Khan Resources were substantially deprived of their investment by the suspension and subsequent cancellation of the licences.

The invalidation of licences was not lawful.

The Tribunal concluded that the Government of Mongolia breached their obligations under the Foreign Investment Law of Mongolia and that this breach constituted a breach of Article 10(1), the so-called "umbrella" clause in the Energy Charter Treaty.

Methodologies for Determining Quantum

Both parties accepted that the amount of compensation should be determined by the fair market value of the investment as at the agreed valuation date immediately prior to the expropriation in 2009. However, they disagreed on the most appropriate methodology to be used to assess the fair market value of the investment and called expert accountants to give evidence. The tribunal was presented with three methodologies:

Discounted Cash Flow ("DCF") (advocated by Khan Resources). This method takes the cash flow generated in the future and discounts it to derive a present value. In this case, this involved calculating the reserves in the mine and using the future price for uranium to estimate the mine's future earnings. This resulted in a fair market valuation of US\$264.8m.

Market Comparables (also advocated by Khan Resources). This method estimates a valuation based on the market capitalisation of comparable companies or transactions. This resulted in a fair market valuation of US\$245m.

Market Capitalisation or Quoted Market Price ("QMP") approach (advocated by Mongolia). This values the investment by reference to the share price in the company at the valuation date. The relevant claimant was essentially a single-project company so the market capitalisation of that company should reflect the value of the investment. This would have resulted in a fair market valuation of between US\$13.4m and US\$16.6m.

The Tribunal concluded that none of these methodologies was satisfactory in this case. The DCF method may have been appropriate for a mine with proven reserves but, in this case, there were too many additional factors and uncertainties. The difficulty of finding truly comparable companies or transactions made the Market Comparables method unattractive. The QMP approach was rejected due to concerns that it produced a valuation that was lower than assessments of the value of the project in 2009.

Having discounted these methods, the Tribunal was left with various offers made between 2005 and 2010 to buy shares in the project. The Tribunal concluded that an offer made in February 2010, adjusted to take account of the impact of Mongolia's actions, was the best way to estimate the fair value of the investment in July 2009 taking into account the challenges and uncertainties Khan Resources would have faced in realising the value of the reserves. This resulted in a valuation of US\$80m and the Tribunal awarded this sum.

Interest

The Tribunal followed recent practice amongst ICSID tribunals and awarded interest on damages at a commercially reasonable borrowing rate over the relevant period (in this case LIBOR plus 2%) compounded annually from 1 July 2009 until the date of payment



of the award. It rejected claims for interest based on Mongolia's own borrowing rate, being 7.14%.

BLP View

This case is of interest because:

It is a timely reminder that investors facing expropriation have recourse.

It confirms the benefits of structuring investments from the outset so as to take advantage of treaty protection; while Khan Resources is listed in Toronto, the relevant claimant was incorporated in the Netherlands which (unlike Canada) is a member of the Energy Charter Treaty with Mongolia.

The award demonstrates some of the limitations of the traditional methodologies involved in assessing compensation, the Tribunal preferring to rely on evidence of actual offers.

As part of the legal costs awarded Mongolia was ordered to pay the Claimants for a substantial 'success fee' they had agreed to pay their lawyers.

It is understood that Mongolia may intend to challenge the award. Foreign investors in the resources sector and beyond will no doubt watch Mongolia's response with interest.

Erdene Private Placement Oversubscribed, Closes First Tranche of \$1.15M and Increases Financing to \$1.5M

HALIFAX, NOVA SCOTIA--(Marketwired - June 4, 2015) - Erdene Resource Development Corp. (TSX:ERD) ("Erdene" or "Company"), is pleased to announce that its recently announced non-brokered financing ("Private Placement") is oversubscribed and as a result the Company has increased the amount of the financing to \$1.5 million. The Company closed the first tranche of \$1.15 million and expects to close the final tranche before mid-June, 2015.

The original proposed financing was to sell up to 7,142,857 units at a price of \$0.14 per unit for gross proceeds of up to \$1,000,000. The Private Placement was increased to 10,714,286 units for gross proceed of \$1.5 million. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.16 for a six month period from the closing date. In connection with the first tranche of the Private Placement, its advisor, Altus Securities Inc., received a finder's fee of \$65,000 and 464,286 finder's fee warrants. Each finder's fee warrant is exercisable for one common share of the Company at \$0.16 per share, for a period of 12 months from the closing date. All securities issued pursuant to the Private Placement are subject to a four-month hold period from the closing date.

Net proceeds of the Private Placement will be used to advance the Company's 100% owned Altan Nar gold-polymetallic project in southwest Mongolia and for general working capital purposes. With an initial NI 43-101 compliant mineral resource for Altan Nar in hand, the Company's current work plan includes process test work, evaluations



of the mining, engineering, transportation, and marketing options, as well as exploration and development related drilling.

About Erdene

Erdene Resource Development Corp. is a Canada-based resource exploration company focused on the acquisition, exploration, and development of base and precious metals in underexplored and highly prospective Mongolia. Erdene's flagship asset is its 100%-owned Altan Nar Gold-Polymetallic Project, a high-grade, near-surface deposit with mineralization extending over 5.6 kilometres. For further information on the Company, please visit www.erdene.com. Including the equity issued on the closing of the first tranche of the financing, Erdene has 93,676,829 issued and outstanding common shares and a fully diluted position of 107,556,308 common shares.

Forward-Looking Statements

Certain information regarding Erdene contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Erdene believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Erdene cautions that actual performance will be affected by a number of factors, most of which are beyond its control, and that future events and results may vary substantially from what Erdene currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and is subject to change after that date. The Company does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

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Guildford to acquire 80% in Mongolia coal and power station project

June 1 JOHANNESBURG (miningweekly.com) – ASX-listed Guildford Coal has signed a memorandum of understanding (MoU) to acquire an 80% stake in a large thermal coal project and associated power station project in Mongolia. The company said on Monday that it would acquire the 600 MW mine-mouth-coalfired Tsaidamnuur project, located 15 km from the Trans-Mongolian Railway line, which traverses Mongolia connecting Russia and China. The project consisted of three mining licences, containing a large thermal coal deposit. Based on exploration conducted to date, these licences were estimated to contain more than 630-million tonnes thermal coal and were located less than 1 km from the power station project. The power station project was a circulating fluidised bed combustion boiler design, incorporating four 150 MW units, with a double circuit twin conductor 220 kV overhead power transmission line for connection to the nearby grid of the Central Energy System of Mongolia. A belt conveyer system would transport coal from the mine to the power plant. Guildford Coal said it had conducted positive preliminary discussions with Chinese power providers to finance, build and operate the new power station. In terms of the MoU with Tsaidam Energy, which holds the Tsaidamnuur project, Guildford waive the \$2-million refundable deposit previously paid for the acquisition of Mongolian Petroleum Corporation, which it had decided not to proceed with. It would also issue 60-million new and fully paid Guildford share to Tsaidam. In exchange, Guildford would gain an 80% stake in Tsaidam and the remaining 16.13% stake in one of its subsidiaries, Guildford Coal (Mongolia), which controlled a mining lease and premining lease of the greater South Gobi coking coal project. “If completed, [it] adds a further large-scale and near-term project to [our] portfolio in Mongolia, which will allow us to be part of supplying electricity to the rapidly growing domestic market in [the country],” MD Michael Avery said in a statement. The transaction was subject to detailed due diligence, agreement on acceptable long form transaction documents and Guildford board final approval.