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Politics

Speaker meets US Ambassador

Ulaanbaatar, October 19 (MONTSAME) The Chairman of the State Great Khural (parliament) Z.Enkhbold Monday received Ms Jennifer Zimdahl Galt, the US Ambassador Extraordinary and Plenipotentiary to Mongolia.

The Speaker talked about a regular meeting of the General Agreement on Trade and Investment held in 2015 and the first consultative meeting of the Mongolia-USA Economic Policy. A regular consultative meeting between Mongolia's Ministry of Foreign Affairs and the US Department of State ran this September, he added and expressed a satisfaction with an active cooperation between the two countries.

The Mongolia-USA-Japan trilateral meeting successfully ran during the 70th Session of the UN General Assembly, he said, noting an importance of regularizing this trilateral meeting.

In response, Ms Galt thanked the Speaker for the audience and said the Mongolia-USA relations and cooperation have been developing in many sectors, adding that, during her office term she will make efforts to boost the bilateral ties.

Present at the meeting were also O.Baasankhuu MP, a member of the Mongolia-USA inter-parliamentary group at the State Great Khural; and other officials.

B.Garamgaibaatar: Democratic Party not into the separation

October 20 (gogo.mn) Democratic Party's faction in the parliament held its regular meeting yesterday and responded to questions by correspondents.

The faction leader B.Garamgaibaatar stated that the faction of Democratic Party discussed mainly about issues of the state budget.

In details, Speaker of Parliament and Prime Minister respectively made reports at the meeting. Also, Ya.Sanjmyatav, leader of the working group assigned to develop the faction's conclusion over the draft laws of 2015 state budget amendment and 2016 state budget, delivered the report.

PM made the statement that the agreement matters regarding Gatsuurt gold mine have been arranged. Accordingly, the faction previously assigned the guideline to submit draft parliament resolution about registering Noyon Mountain as the state protected area.

Next matter discussed is about the unity of the faction as member of the faction are critical of such rumors being spread. Recently, news and media outlets have been reporting that Democratic Party goes into separation as several members are about to found a new political party. This rumor is false and it has not happened, he officially stated.

MPP today politicizes the issue of 3000 state employees being laid off. The party, which negatively spoke of too many people being employed and enlarging state personnel,



now criticizes that state employees are to be laid off. We would say that it is truly political game.

In regards to other laws being submitted alongside the state budget draft law, changes in the state personnel set to be discussed and finalized in August, 2016. A relative draft law has been submitted with the draft law of the state budget.

According to recent comments by Cabinet Secretariat of Government, we are unlikely to face any obstacles in 2016 state budget if the draft law of abridging the state personnel are submitted and approved all together with the draft law of the state budget. Thus, the faction has agreed to support current draft law about the personnel to be submitted by Government.

Finally, the faction discussed and finalized matters above.

Cabinet meeting in brief

Ulaanbaatar, October 20 (MONTSAME) The cabinet meeting on Monday decided to submit to parliament a draft law on ratifying a programme on one-year finance established between the government of Mongolia and the Asian Development Bank (ADB). For 2015-2016, the ADB has approved mixed or soft and normal loans of USD 272 million.

- The cabinet approved a new composition of the National Committee of Water which was adopted by appendix of the governmental resolution on compositions of governmental commission, committee, national council and working groups.
- The cabinet approved lists of real estate registered in ownership of the state, which will be passed from balance to balance as well as real estate to be sold through auctions.
- The cabinet backed an approval of a draft resolution on Mongolia's participation in the Astana World Expo-2017 which will run themed "Future energy". The FM was obliged to report a statement to the committee of the World Expo about appointment of the Minister of Energy D.Zorigt as the general Commissioner for the Expo for Mongolia.
- To realize a one-window policy on export and import of strategic foods, the cabinet altered an appendix of the 77th governmental resolution of 2013 on approval of temporary rule of granting permission of export and import strategic foods.

MFA gives report to media

Ulaanbaatar, October 20 (MONTSAME) The Ministry of Foreign Affairs Tuesday held its meeting called "Hour of media" to give reports on present situation and foreign policy.

The reports were given by L.Purevsuren, the Minister of Foreign Affairs, by directors and deputy directors of the Ministry's departments and sections. The Minister said the Prime Minister of Japan Shinzo Abe will pay a working visit to Mongolia this October 22 by invitation of the President Ts.Elbegdorj. Then, he talked about the President's participation in the 70th session of the UN General Assembly, in the UN Summit on approving the 2030 Agenda for Sustainable Development, and in a thematic discussion within the UN GA.

The Minister also highlighted the first Mongolia-USA-Japan trilateral meeting and the visit of Mr Joachim Gauck, the President of Germany, to Mongolia.

The "Hour of media" meeting of this Ministry will run every month.



Mongolian People's Party held its group meeting

October 20 (infomongolia.com) Mongolian People's Party (MPP) Group in the State Great Khural (Parliament of Mongolia) held its meeting on October 19, 2015.

At the meeting, MPP members discussed the state budget highlights of 2015 and the state budget for 2016. MPP has given several press conferences recently stating that Mongolia's debt exceeded the state budget and capacity of the economy.

MPP representatives said: "Mongolian government allocated 3.4 billion MNT (Tugrug) to state budget of 2016 for debt payment. Its 963 billion MNT is alone interest and 2.4 billion MNT is principal payment. Also, the government has estimated that state budget income will be 6.9 billion MNT in 2016. It is too optimistic and groundless number." But MPP did not state the results of group meeting to the public.

Vice Speaker attends IPU Assembly

Ulaanbaatar, October 21 (MONTSAME) One of the Vice Speakers of parliament L.Tsog addressed the 133rd Assembly of the Inter-Parliamentary Union (IPU) which is running in Geneva of Switzerland.

Mr Tsog stressed that this year's Assembly is a timely action because it allows MPs from 130 countries to discuss problems about refugees and migrants. "The root of these issues can be found through reaching the goals that were adopted by the 70th session of the UN General Assembly for sustainable development until 2030," he stressed.

He also underlined an importance of the 2015 Autumn Session of the OSCE PA that was held under a theme "Role of parliamentarians in strengthening regional cooperation" in September in Ulaanbaatar to consider important issues of the regional security, terrorism, combating human trafficking, refugees, human rights, media freedom, religion and gender freedom.

He said Mongolia will host the 9th Asia-Europe Parliamentary Partnership (ASEP9) Meeting in April 21-22 of 2016, ahead of the 11th ASEM Summit.

L.Tsog has been accompanied by L.Bold and Ch.Khurelbaatar MPs, and Ts.Narantungalag, a head of the External Relations Section of the Parliamentary Office.

The 133rd IPU Assembly is to conclude on Wednesday.



Japanese PM's Visit

With Mongolian stopover, Abe sought progress on North Korean abductions

October 24 (nikkei.com) TOKYO -- Prime Minister Shinzo Abe's trip to Mongolia on his Central Asian tour highlights his unusually deep connection to the country, aimed in part at bringing answers to decades-old questions surrounding Japanese nationals abducted by North Korea.

Abe swung by Mongolia for five hours Thursday. President Tsakhiagiin Elbegdorj welcomed him to the capital, Ulaanbaatar, thanking him for visiting as promised. During a Sept. 27 reception at the residence of the Japanese ambassador to the United Nations in New York, the president had asked the prime minister to include Mongolia in his Central Asia tour. Abe replied that he would look into it, though an overnight stay could be difficult to fit in.

Abe's itinerary had already been set. But last-minute changes allowed him to fulfill his pledge, making Abe the first Japanese prime minister to visit Mongolia twice while in office.

Top-level visits between the countries have been unusually frequent under Abe. In addition to the prime minister's two trips, Mongolia's president or prime minister has come to Japan four times since Abe returned to office in 2012. Abe made the rare gesture of inviting Elbegdorj to his home during the president's 2013 trip. The Japanese leader also sent in July a video message aired during a celebration of Mongolia's 25 years of democracy. Bonds of trust between the two countries are firmer than ever, Abe said.

Collaboration nation

Abe's push for stronger ties is motivated partly by Mongolia's long-standing relations with North Korea. One of his key foreign policy goals has been to resolve lingering questions surrounding the fates of Japanese abducted by the North in the 1970s and '80s and secure their safe return.

Mongolia has already proved cooperative on this front. A March 2014 meeting between the parents of abductee Megumi Yokota and her daughter, Kim Eun Gyong, took place in Ulaanbaatar. Covert visits by high-ranking national security personnel and members of the prime minister's staff to Mongolia earlier this year are widely believed to have been attempts to make progress on the abductions.

Mongolia appears to be leveraging its ties to North Korea to strengthen economic relations with Japan. In February, Mongolia and Japan signed the Central Asian country's first economic partnership agreement. Mongolian measures paving the way for implementation were completed Thursday, coinciding with a meeting between Abe and Prime Minister Chimed Saikhanbileg. The Japanese leader agreed in that meeting to launch a feasibility study for a large-scale rail infrastructure project in the country, per the Mongolians' request.

Some within the government warn against harboring hopes for major developments on the abduction issue. No timeline has been set for a North Korean report on a



reinvestigation begun more than a year ago into the whereabouts of abductees. But Abe will do everything in his power to make progress, a source close to him said. The prime minister's edging toward Mongolia appears to betray his mounting urgency to solve the problem.

Shinzo Abe to pay four-hour visit to Mongolia

October 20 (gogo.mn) Japanese Prime Minister Mr. Shinzo Abe to pay an official visit in Mongolia on October 22 and his visit to last for four hours.

During his visit, Mr. Shinzo Abe to meet with President of Mongolia Ts. Elbegdorj and to exchange their views on forwarding the implementation of economic partnership agreement established between the two countries.

Moreover, he is scheduled to meet with PM Ch. Saihanbileg.

Interestingly, it will be the second state visit for Japanese Prime Minister Mr. Shinzo Abe to Mongolia. He paid an official visit in Mongolia on March, 2013.

Japan, Mongolia affirm closer economic ties via free trade pact

October 22 (Kyodo) ULAN, BATOR – Prime Minister Shinzo Abe and Mongolian Prime Minister Chimed Saikhanbileg agreed Thursday to advance economic cooperation between the two countries on the back of a free trade agreement signed earlier this year. Speaking at a joint news conference in Ulan Bator, Saikhanbileg said Mongolia completed legal procedures the same day, paving the way for the FTA, signed in February, to take effect possibly this coming spring.

Abe welcomed the move, saying Japan “would like to cooperate for Mongolia’s development.” The Japanese government won parliamentary approval for the FTA during a regular Diet session that ended last month.

Japan’s increased economic cooperation with Mongolia appears to be aimed at countering China’s rising clout in the country, especially when Mongolia’s economy — heavily dependent on the mining industry — has been facing difficulties due to slumping natural resource prices.

Saikhanbileg said he and Abe also agreed to cooperate on infrastructure development in Mongolia, including developing the Tavan Tolgoi coal mine, a major project in the country’s south.

Referring to bilateral security cooperation, Abe said he won Mongolia’s backing for a greater role by Japan’s Self-Defense Forces abroad under new security laws.

Abe called for continued strategic dialogue involving the two countries and the United States.

“Sharing basic values, Japan and Mongolia are important strategic partners,” he said.

Given that Mongolia has diplomatic relations with North Korea, Abe asked for Ulan Bator’s cooperation in addressing Pyongyang’s abductions of Japanese nationals in the 1970s and 1980s.



The abduction issue has prevented Japan and North Korea from normalizing diplomatic relations.

Abe became the first Japanese prime minister to visit Mongolia twice while in office. He last traveled to Mongolia in March 2013.

After holding separate talks with Saikhanbileg and Mongolian President Tsakhiagiin Elbegdorj, Abe departed for Turkmenistan on the second leg of a six-nation tour that will also take him to Tajikistan, Uzbekistan, Kyrgyzstan and Kazakhstan.

Some experts argue the weeklong trip is apparently intended to counter the growing influence of China, with its economic might, in the resource-rich region.

Abe will become the first Japanese prime minister to visit all five Central Asian countries. In August 2006, then Japanese Prime Minister Junichiro Koizumi traveled to Kazakhstan and Uzbekistan.

Foreign Relations

Indonesia, Mongolia to strengthen ties in various sectors

October 22 Jakarta (ANTARA News) - Indonesian Foreign Affairs Vice Minister A.M. Fachir and Mongolian State Secretary/Acting Foreign Affairs Vice Minister Damba Gankhuyag agreed to intensify multi-sectoral bilateral cooperation during Indonesia-Mongolia first Joint Commission for Bilateral Cooperation (JCBC) meeting here, Wednesday.

The first meeting of the JCBC between Indonesia and Mongolia, co-chaired by the two vice ministers, is one of the key mechanisms to explore all opportunities and to strengthen bilateral relations between both countries, the ministry noted in a statement on Thursday.

The JCBC meeting discussed bilateral issues, including six priority areas: advancement of democracy, human rights, good governance, and the rule of law; defense and security; economy and trade; agriculture and mining; social and culture; as well as cooperation in regional and global forums.

Diplomatic relations between Indonesia and Mongolia have been established since December 21, 1956, and have developed well so far.

The Indonesian president's state visit to Mongolia in September 2012 has opened a new chapter in history for the bilateral relations between both nations.

Mongolia is a partner of Indonesia in promoting democracy and economy.

The first JCBC meeting between Indonesia and Mongolia has shaped various agreements in all sectors. In the areas of politics, defense, and security, both countries have agreed to increase the number of exchange visits between officials and intensify cooperation in eliminating terrorism, human trafficking, and transnational organized crimes.



In the fields of trade and economy, both countries have decided to strengthen economic cooperation through the promotion of trade and investment. Bilateral trade has steadily increased in the last three years from US\$6.59 million in 2012, US\$20.78 million in 2013, to US\$23.6 million in 2014.

In the agriculture sector, both countries have agreed to strengthen mutually beneficial cooperation in the veterinary and quarantine fields as well as intensify the promotion of market access for agricultural commodities and increase cooperation in the development of capacity building programs.

In the social and cultural sectors, both countries have decided to intensify tourism promotion.

Meanwhile, to increase people-to-people contact, Indonesia has sought the active participation of Mongolian youth to study in Indonesia by granting scholarships in the fields of arts and culture.

Education and capacity building among the youth is believed to be the key to promoting friendship and mutual understanding between the people of both countries.

The second meeting of the JCBC between Indonesia and Mongolia will be held in Ulaanbaatar, Mongolia, in 2017, according to the statement.(*)

Mongolia to share experience with Kazakhstan on long-term development plan

October 20 (infomongolia.com) Member of the Parliament and Head of working group in charge of document preparation of Mongolian long-term development plan, Mr. Sandag BYAMBATSOGT and member of the Parliament, Minister for Environment, Green Development and Tourism, Mr. Namdag BATTSEREG received delegation of the Republic of Kazakhstan on October 19, 2015, who is visiting Mongolia to share experience on government long-term development plan.

At the meeting, MP S.Byambatsogt said: "Mongolian long-term development plan is already adopted but it is not in effect due to lack of suitable legal environment for its implementation. Therefore, heads of three party groups in the parliament established a working group to resolve the issue. It aims to adopt development plan for 2020 and 2030. According to the Mongolian long-term development plan, political parties participating in the election will offer implementing certain parts of the long-term development plan instead of personal party platform. In addition, the working group will reflect the possibility to make a quick change by the government if needed upon the long-term development plan to make it more flexible."

Member of the parliament N.Battsereg said that the working group is working on documents for the next 15 years of Mongolian long-term development plan, and stressed importance of sharing experience with its neighboring country.

Ms. Ayana Manasova, Head of Center for Strategic Research and Analysis of the Presidential Administration of the Republic of Kazakhstan, and Mr. Alikhan Baimenov, Chairman of Agency of the Republic of Kazakhstan for Civil Service Affairs, responded by thanking members of Mongolian Parliament for the warm welcome and introduced



the government long-term development plan of the Republic of Kazakhstan. Also, Kazakhstani delegation will have a meeting with the sub-group in charge of providing basic technical assistance to main working group in charge of the document preparation of the Mongolian long-term development plan.

Mr. R.Khatanbaatar, Head of sub-group of the main working group in charge of the document preparation of the Mongolian long-term development plan, delegation of the Embassy of Kazakhstan in Mongolia and other relevant officials were in attendance.

Ambassador of France Presents Credentials

October 20 (gogo.mn) On October 20, 2015, Ambassador Extraordinary and Plenipotentiary of the French Republic to Mongolia Mrs. Elisabeth Barsacq presented her Letter of Credence to the President of Mongolia Tsakhiagiin Elbegdorj.

Following the ceremony, President Elbegdorj welcomed the newly appointed Ambassador to Mongolia. The President congratulated the Ambassador and noted that this year marks the 50th anniversary of the establishment of diplomatic relations between Mongolia and France.

President Elbegdorj is scheduled to attend the 38th General Conference of the United Nations Educational, Scientific and Cultural Organization in mid-November, in Paris, France. The President mentioned about this visit. He also expressed his belief that the President of France will attend the ASEM-2016 Summit in Ulaanbaatar.

The President expressed Mongolia's interest in expanding the bilateral ties with France in areas such as education, culture, tourism, agriculture and energy. He also expressed gratitude to the French side for reaffirming their support for Mongolia's candidacy to the UN Human Rights Council for the term 2016-2018.

Ambassador Elisabeth Barsacq noted that in the past 25 years, Mongolia has witnessed remarkable change.

At the conclusion, President Elbegdorj wished Ambassador Elisabeth Barsacq success in her further endeavors.

Mongolia and Kuwait may cooperate in labor sphere

Ulaanbaatar, October 20 (MONTSAME) Minister of Labor G.Bayarsaikhan received Monday the Ambassador Extraordinary and Plenipotentiary of Kuwait to Mongolia Mr Khalid Yateem Al-Fadhli at the State House. They discussed how to expand cooperation in the labor sphere.

The Minister thanked Kuwait for helping hand in difficult times for Mongolia. Speaking from his experiences from the previous position as the head of the Mongolian-Kuwaiti friendship group in parliament, Bayarsaikhan noted that Kuwait has "a lot to learn from", starting from the excellent distribution of wealth.

He expressed an interest to expand the cooperation by increasing labor exchange, rather than limiting the interaction within Kuwait's investment and assistance to



Mongolia. The Minister suggested that proper cooperation documents are signed between the Ministry of Labor and Kuwait Ministry of Social Affairs and Labor.

Since 1962, Kuwait has been providing investment assistances for 84 countries through Kuwait Fund for Arab Economic Development. Mongolia is one of the beneficiaries and has implemented four large projects--three on road development and one on Taishir hydro-power plant, highlighted the Ambassador.

The latter said Kuwait is willing to collaborate with the Ministry on all levels. Although Kuwait has a territory of 18 square kilometers and a small population, developments have been advancing with participation of 120 nationalities from around the globe, he said.

“OECD and Mongolian gov't could boost cooperation in many spheres”

Ulaanbaatar, October 21 (MONTSAME) The Organization for Economic Co-operation and Development (OECD) could develop a cooperation with the government of Mongolia in purchasing of products and upgrading the legal regulations for the mining sector.

Project manager of OECD Eurasia Competitiveness Program Mr Gregory Lecomte said it Tuesday at a meeting with P.Tsagaan, a head of the Presidential Office.

Mr Tsagaan added that the collaboration is also possible in tourism, in cashmere, woolen and knitted products, and in design.

After this the sides noted that a first meeting of the bilateral working group will run Wednesday to discuss projects expected to be co-implemented by our government and the OECD Eurasia Competitiveness Program.

Economy

Mongolia considers austerity as China commodity demand plummets

October 22 (chinaeconomicreview.com) Mongolia's finance minister is pushing for passage of austerity measures in the face of a budget shortfall this year of more than 4% caused by falling exports to China and compounded by a concomitant fall in commodity prices, Bloomberg reported. China took in 88% of Mongolian exports in 2014, but export revenue from China trade fell 17% in the first nine months of the year as coal, oil and iron oil fell 32%, 41% and 48%, respectively. The country's reliance on China exports has been blamed in part on a 2012 law that ratcheted up restrictions on foreign investment--passed in response to Aluminum Corp. of China's bid to buy a Mongolian coal mining outfit.



Sovereign wealth fund: Mongolia's Temasek fixation

October 21 (euromoney.com) International investors couldn't get enough of Mongolia, and Mongolia of them, back in 2010-2011. With its unending mineral abundance notionally worth trillions, it was said that the world's busiest place was the area between an investment banker and a Mongolian cabinet minister. IPO deal hunters auctioned cattle-class seats on the few flights into Mongolia. And when they got there, they brawled over who would get the mandate of some mine in this new Saudi, this would-be Qatar-of-the-Steppe. But it was all for nought. There were no mandates. Commodity prices – and several Mongolian governments, and local banks too – have since tanked. As one-time partners feud in endless disputes, foreign geologists and bankers have been locked up. The tumult in China – the 'Minegolian' business plan held that its paydirt would service the never-ending Sino-boom next door – has topped out the torment over the North Asian tundra. Rainmakers have been spurned and capital markets have not developed. Corporate Mongolia's best deals are still done elsewhere. All that developable coal, copper, gold, molybdenum and uranium et al still lurks beneath the steppe. Mongolians want to be rich but its 'resources nationalists' jealously want to hold onto their bounty. They can't have both. The middle ground is to husband the state's bounty into a sovereign wealth fund. The government's preferred model is Singapore's Temasek Holdings, owned by the finance ministry. Ulaanbaatar mandarins like the look of Singapore's Government Investment Corp too. Right mix But does either model provide the right mix for Mongolia? Singapore's economy is the antithesis of Mongolia's, in size, composition and geography. There are no mines in Singapore. Indeed, as every loyal Singaporean was reminded this year upon the death of their supreme leader Lee Kuan Yew, pretty much the only resource he had available from the mid-1960s to build a modern city-state was its people, living on a tiny island. Mongolia's three million spread themselves over a Europe-sized landmass.

Inevitably, if Mongolia follows the Temasek route, there will be differences. In Mongolia's vigorous post-Soviet democracy, for example, one presumes its First Lady will not be CEO for more than a decade, or at all. And journalists inquiring into how their national nest-egg is invested won't hazard lawsuits by doing so. More transparency would also be nice. Despite Temasek's oft-stated commitment to it, Singaporeans – and foreign investors – don't know how much they pay Ho Ching, Temasek's CEO and the prime minister's wife, to manage their \$200 billion fund. Encouragingly, Bayanjargal Byambasaikhan, the boss of Mongolia's nascent SWF, Erdenes Mongol, says it is crucial that the fund be independent from politicians. There are numerous, obvious, role models available to Mongolia: Abu Dhabi, Qatar, Kuwait and Norway for starters, or even mining-rich Kazakhstan. But the Mongolians seem fixed on Singapore. Erdenes Mongol officials have been shuttling south to Orchard Road for lessons in how it is done and Erdenes CEO Byambasaikhan likes Singapore because it's "neutral, it's not China or Japan etc." That seems an odd reason.



Asia: Byambasaikhan offers Mongolia a fresh exchange of ideas

October 21 (euromoney.com) Rich in resources, Mongolia has yet to find a way to mine them in such a way to enable the country to throw off its communist legacy. There are high hopes the new head of the state investment bank may be the man for the job. Bayanjargal Byambasaikhan, CEO of state-owned investment house Erdenes Mongol In doing the rounds of Ulaanbaatar, it doesn't take long to encounter someone who used to work at the Mongolian Stock Exchange. Former MSE staff seem to be deposited most everywhere across the narrow universe that is Corporate Mongolia; at its handful of banks, its few private equity firms, the central bank and the state-owned mining houses. With five chief executives and myriad board members since 2010, the MSE is virtually a local version of LinkedIn, a transit lounge of talent. But the decidedly-sleepy MSE, housed on Ulaanbaatar's Chinggis Khan Square in a pink, neoclassical confection locals know better as their former Children's Theatre, is no Insead-sur-tundra. Rather, the headcount passing through its doors speaks to how capital markets have struggled to develop here, 25 years after Mongolia threw off communism to embrace market economics. The much-anticipated transformation...

Budget Standing committee approves decreasing excise tax on imported alcohol and tobacco

Ulaanbaatar, October 21 (MONTSAME) The draft amendments to the Law o Customs, Customs Tariffs and Tax and on Excise Tax were discussed Wednesday at the meeting of the parliament Standing committee on budget. These laws are required to be changed in light of the implementation of the Economic Partnership Agreement (EPA) with Japan.

As a member of the World Trade Organization, Mongolia is obligated to decrease the excise tax, imposed on imported alcohol and tobacco, to the same amount of that imposed on the similar domestic products.

Meanwhile, the excise tax has been enhanced up to 40 percent on the imported goods with a purpose to promote the national industries.

At this meeting, L.Erdenechimeg suggested making slight reduction in the excise tax on the imported alcohol and a slight increase in the excise tax on the domestic products, whereas D.Demberel wants the excise tax on the domestic alcohol and tobacco products increase, so that the import excise tax can remain on the current level.

Both suggestions were not supported. Then, L.Erdenechimeg made another suggestion--to designate different amounts of excise tax regarding the alcohol percentage and characteristics of the alcohol and tobacco products. It was not backed either.

At the end of the meeting, Minister of Industry D.Erdenebat said that the draft amendments to these laws have been prepared on the basis of careful studies.



The committee resolved to submit to parliament the draft amendments without any further recommendations and re-adjustments.

MP D.Demberel: Government debt increases at rocket speed

October 21 (gogo.mn) MP D.Demberel made a statement on Government debt today. He noted that our country is standing behind two choices whether to lay a debt distress on public or the Government and the State Great Hural to repay the debt by generating revenues with efficient approaches.

MP D.Demberel stated that according to the 2016 budget and 2017 budget projections, authorities have chosen to overcharge debt distress to public and he explained it by data.

As of today, total foreign debt has reached to USD 21.7 billion, nearly doubled from USD 11.6 billion recorded in 2012.

The Government debt is the worth of MNT 13.7 trillion continuously rising at rapid speed since 2012. Therefore, reducing the government debt has become the facing issue for the country, reported by MP D.Demberel.

Moreover, he estimated that the debt amount is expected to increase enormously during 2016-2018. For instance, debt of Government and private entities will reach

- USD 900 million in 2016
- USD 2 billion in 2017
- USD 1.3 billion in 2018.

As we consider above amount with current exchange, it is equal to MNT 8 trillion. Moreover, MNT 962 billion to be paid for loan service, equivalent to 37 percent of budget. In other words, it has been building major burdens for the 2016 budget.

MP D.Demberel said "We are likely to pay such a large amount of debt via the budget management. The Government has stated not to add salaries and pensions in 2016 because of the debt payment issues. We have three choices left.

- First, the Government will work efficiently by increasing the investment and earn more.
- Second, if the government fails to work sufficiently, the public is forced to deal with the debt in the future.
- Third, we will pay for the debt by depositing our mineral resources.

According to the 2016 budget and 2017 budget adjustment, the Government is to support the second choice and he emphasized that wage and salary cut has been proposed.



Business

Expo to improve China-Mongolia cooperation: Xi

October 23 (Xinhua) The first China-Mongolia Expo will serve as an important platform to improve economic cooperation and cultural exchange between China and Mongolia, President Xi Jinping said in a letter sent to the expo, which opened on Friday.

The expo will help promote China-Mongolia relations to a higher level, and will also improve cooperation among northeast Asian nations at large, the president said.

China highly values the comprehensive strategic partnership between the two countries, and is ready to integrate China's "Belt and Road" initiative with Mongolia's Steppe Road plan based on mutual respect, benefit, and win-win cooperation, Xi said.

In his congratulatory letter, Mongolian President Tsakhia Elbegdorj also lauded the role the expo will play to bilateral pragmatic cooperation and the Mongolia-China comprehensive strategic partnership.

Chinese Vice Premier Liu Yandong said at the opening ceremony, that recent years have witnessed deepening political mutual trust, closer trade and economic cooperation as well as people-to-people exchanges between the two countries.

The biennial event is the biggest exchange program between the two countries in recent years. Delegates from China, Mongolia, Russia and Malaysia attended the expo in Hohhot, capital city of China's Inner Mongolia Autonomous Region. (Cihan/Xinhua)

“Joint projects with German financing should be accelerated”

Ulaanbaatar, October 19 (MONTSAME) The Minister of Energy Mr D.Zorigt last Friday met a delegation headed by Mr Matthias Machnig, the State Secretary at Germany's Federal Ministry for Economic Affairs and Energy.

Noting that a new history of the Mongolia-Germany developmental cooperation started 23 years ago, Mr Zorigt said bilateral cooperation in the energy sphere has been contributing to the friendly relations. "In this sector several projects are being implemented with loans and capitals from the Federal Ministry of Economic Development and the Credit Bank of Reconstruction, and a realization must be accelerated of those that received non-refundable aid of EUR 10.20 million and a soft loan of EUR 19.0 million".

He also said Germany's side tackled a matter on granting the Mongolian energy a soft-loan of some EUR 40 million in accordance with a Mongolia-Germany intergovernmental agreement on developmental policy.

Mentioning that the bilateral cooperation has been brought into a newer level of development--from a stage of loans and assistance--he said he is happy with a possibility of Germany to augment a loan size for several projects such as a renovation of the thermal power stations in Darkhan and Erdenet cities and investing a feasibility



study of high electric lines between Ulaanbaatar and Mandalgobi soum of Dundgobi aimag. He asked the German side to focus on collaboration in these projects. The Minister also expressed a satisfaction with the establishment of a cooperation memorandum with Germany's Tussen Group on erecting a factory of producing methane from coal, which was done at the 5th meeting of the bilateral economic committee. "This memorandum will contribute to the air pollution reduction in Ulaanbaatar," he said.

In response, Mr Matthias pointed out that his country will activate the cooperation with Mongolia in the energy and in increasing its effectiveness. "It is vital now to accelerate small-sized projects instead of focusing on mega ones. We intend to launch a realization of several projects in near future," he said.

First conference of online trade-UB 2015 approaching

Ulaanbaatar, October 19 (MONTSAME) The first conference of online trade-2015 Ulaanbaatar will take place this October 23.

It will be co-organized by the IT Department of Ulaanbaatar, the Mongolian National Chamber of Commerce and Industry, Golomt Bank, and the "Bayar" agency. The event is expected to attract creators of eco-system of online trade, representatives of IT industry, trade and service centers, financing, banking, insurance, transportation, logistics, the Internet providers and software engineering companies.

"Z pay" system and the "Mongol content" have been selected as golden sponsors of the conference, other sponsors are the apm.mn, mmarket.mn, ubshop.mn websites; "KGB", "Greensoft" and "Asterisk Technologies" LLCs.

"Leather and Cashmere Products - 2015" fair ends today

October 19 (gogo.mn) "Leather and Cashmere Products - 2015" fair which is being held for the 9th year is traditionally taking place during October 15 - 19. Today is the last day of the fair.

Local companies creating end products with leather, cashmere and other wools are presenting their products at the fair which is being exhibited at Misheel Expo.

120 entities including Darhan Nehii, Darhan Minj, Master DoDo, Agni, Monglans, MR, Best Shoes, Gobi, Buyan, Evseg, Goyo and Blue Cashmere are participating at the fair and exhibiting the latest fashion trends made by wool, cashmere and leather.

Products at the expo are being sold at its lowest prices and you are enabled to buy products at 5-50% of discounted price.



Mongolian-Russian Business Forum "Gateway to Asia 2015"

October 20 (infomongolia.com) The annual Mongolian-Russian Business Forum "Gateway to Asia" is going to be held on October 20-22, 2015 in Ulaanbaatar, Mongolia. Mongolian National Chamber of Commerce and Industry (MNCCI) is hosting the event jointly with Russian company "Business Contact" LLC to promote relation of Mongolian and Russian businessmen.

Companies from Moscow, Novosibirsk, Krasnoyarsk, Omsk, Irkutsk Oblast, Angarsk, Bratsk, Ivanovo, Alexeyevka town of Belgorod Oblast, Barnaul city of Altai Krai and Republic of Buryatia and Ukraine have come to participate in the business forum.

The "Gateway to Asia" Business Forum is being held 25th year among Mongolian and Russian companies. This year, participants will have discussion on theme "New business development of Mongolia and Russia".

Banking

Mongolian commercial banks ignore decision of Mongolbank

October 21 (infomongolia.com) President of the Bank of Mongolia (Mongolbank) issued a new decision to reduce ATM fee on March 25, 2015.

According to the new regulations, ATM must charge 300 MNT (Tugrug) for big transaction and 180 MNT for small transaction, and general service fee should be 40 MNT instead of 100 MNT.

However, Mongolian commercial banks still use old fee for ATM despite the decision. The situation is creating confusion among customers but the Central Bank did not give any explanation yet.

Mining

Two countries to cooperate in methane gas project

October 19 (gogo.mn) During Mongolian-German Economic Committee meeting, held on October 13 in Ulaanbaatar, the Ministry of Energy of Mongolia and ThyssenKrupp of



Germany established a memorandum of understanding on a methane gas processing project.

During her state visit to Mongolia in 2011, German Chancellor Angela Merkel pledged to provide assistance for coal processing. Following her visit, the intergovernmental working group was established, and the Government of Germany selected ThyssenKrupp as the company to cooperate on the project with Mongolia.

President of Mongolia Ts.Elbegdorj visited Germany in 2012, during which authorities of the former Ministry of Mineral Resources and Energy and ThyssenKrupp signed a memorandum of understanding on the project to produce fuel by diluting coal, as well as MOU in the minerals, industrial, and technological sectors.

The signing of the memorandum to establish a methane gas production factory has been discussed, but delayed as Mongolia's gas supply matter was indefinite. One of Mongolia's options for generating a natural gas reserve is to extract natural gas by processing coal.

In 2015, Mongolian lawmakers amended the Law on Energy in regards to natural gas and methane, opening up possibilities to build a factory like the one being discussed now with ThyssenKrupp. The German company owns an environmentally-friendly technology for coal processing and extracting methane gas.

The Office of Media and Public Relations of the Cabinet reported that the memorandum states that ThyssenKrupp will work on a feasibility study and ensure personnel preparedness, while the Ministry of Energy will issue a license and provide support in creating conditions to build the factory. The Mongolian side will also select a Mongolian project contractor and provide assistance in raising funds for building the factory.

Photo and news source: Ministry of Energy, Mongolia.

Workers of "Erdenes TT" on sit-down strike

October 20 (gogo.mn) Workers of "Erdenes Tavantolgoi" company went on sit-down strike yesterday. The workers from Australian-invested company operating in East Tsankhi had been working under the employment agreement established with "Erdenes Tavantolgoi".

But Erdenes Tavantolgoi company informed the workers that the partner Australian company halted its operations and left Mongolia, being replaced by Chinese-invested company, so that the workers will be employed by Chinese-invested company. As asked about the matter, Head of the Labor Union of Erdenes Tavantolgoi S.Erdene said: "We go on sit-down strike because we protest against that Erdenes Tavantolgoi suspends the establishment of a cooperation agreement. We will expand into public demonstration in case of our demand not to be received."

Total of more than 130 workers are on sit-down striker.



PM orders to protect Noyon Mountain and to fix size of shares in Gatsuurt deposit

Ulaanbaatar, October 21 (MONTSAME) The Prime Minister Ch.Saikhanbileg convened R.Jigjid, the Minister of Mining; N.Battsereg, the Minister of Environment, Green Development and Tourism; and J.Buyanbat, the deputy head of the General Police Department (GPD), at the "Hour for solution" weekly meeting on Wednesday.

Saying that illegal explorers have entered a zone of Selenge aimag's Mandal soum-based Gatsuurt deposit, and that a number of crimes and illegal actions have increased, the Premier asked about nowadays situation of the mineral deposit.

According a report of the GPD deputy head, the number of crimes has increased this year in the soum by 20%, against the previous year. Most of the crimes are related to alcoholism and hooliganism. Furthermore, about 1,800 people from Khovsgol, Arkhangai, Darkhan-Uul, Tov and Selenge aimags have been illegally exploiting gold on this deposit, he said.

The Mining Minister R.Jigjid gave a report on a course of talks with investors about exploitation of the Gatsuurt gold deposit, which was registered this January in the list of strategic deposits. The talks have been run with the investors by a working group in charge of fixing a size of the state's shares in the deposit. As accorded with the investors, this size would stand at 34% but it has been replaced by the three percent tax for exploitation of minerals. Depending on gold price, the three percent tax will be resolved by the government, Jigjid said.

The size of first installment has been minimized from USD 350 to USD 250 million. The working group reached a general agreement with the "Centerra Gold Mongolia" LLC, thus has fulfilled its goals, the Minister added.

The Minister of Environment, Green Development and Tourism N.Battsereg said the Ministry intends to submit to the cabinet a draft resolution of parliament on putting a territory near Noyon Mountain in the state special protection. It involves 33 thousand hectares, he added.

The Premier obliged the GPD to intensify action, R.Jigjid and N.Battsereg were told to submit to parliament a draft resolution of parliament on fixing the state ownership and to have cabinet consider the issue of the state protection.

The Ministry of Mining has calculated that proven reserve of the Gatsuurt deposit is 50 tons of gold, and its sales revenue will be USD 1.7 billion.



Oil&Gas

Price of Petroleum Products per Tonne at USD 564.1

October 19 (Mongolian Economy) According to the foreign trade balance as of September, the value of imports of petroleum products decreased by 38 percent. Although petroleum imports rose by two percent, the monetary value declined due to the decreased prices at the border.

As of September, products' prices at the border reached USD 564.1 per tonne. The price of petroleum products at the border have been falling since the end of 2013 and reached its lowest levels in the last five years in February of this year. There was a slight rebound in March of this year, before continuing to decline in June.

The decline in the net value of imported petroleum products led to an eight percent decrease in total import products. In addition, investment products accounted for five percent of the 29 percent decrease in total imports, and consumer goods accounted for 15 percent.

Agriculture

N. Korea looking to import meat from Mongolia

October 23 (nknews.org) North Korea is looking to expand its food trading partners by importing meat from Mongolia, according to local media reports.

A North Korean adviser to the Ambassador met with Mongolia's Head of General Agency for Specialized Inspection Sh. Radnaased to discuss the issue this week.

"I am pleased that DPRK expresses interest in meat import and cooperation with us, and we are willing to provide necessary assistance such as supplying an information related to the veterinary quarantine and hygiene," Radnaased said in comments carried by mongolia.gogo.

North Korea still struggles with food security, with its agriculture sector unable to produce sufficient protein, according to a 2013 report UN's Food and Agriculture Organization (FAO).

Recent NK News analysis on Chinese data also showed that North Korea is importing less food from its neighbor this year.

"Recently, when North Korea import products, commercial products including TVs are becoming more important. The importance of food including cereals is decreasing compared to before," Choi Yongho, research fellow at the Korea Rural Economic Institute told NK News.



"In addition, I suppose as the standard of living increases, the demand of meat ... also gets higher," he added.

The news comes as Japanese Prime Minister Shinzo Abe brought up North Korea during his second state visit to Mongolia during his tenure.

During his trip Abe asked Mongolia to help with solving the issue of abductions of Japanese citizens by North Korea.

According to the NK News' KCNA Watch data tool, North Korea and Mongolia exchanged numerous delegations over the past year and signed a memorandum of understanding in April.

Despite the increasing interactions, the ITC Trade Map shows limited trade between the two countries. The majority of North Korean exports to Mongolia throughout 2014 appear to be unspecified pharmaceutical products.

The two countries are also looking to cooperate on Mongolian coal exports, using North Korea's Rason port. Mongolia has a thriving coal industry, but its lack of coastline and undeveloped rail infrastructure limit its export options.

Grain harvest is at 75.8%

October 19 (gogo.mn) As of October 16th, potato and vegetable harvest is at 98.0-99.6 percent, grain harvest is at 75.8 percent.

Specifically,

- 176.2 thousand tons of grain
- 147.8 thousand tons of potatoes
- 68.9 thousand tons of vegetable
- 34.7 thousand tons of fodder
- 11.7 thousand tons of oil plants were harvested.

This year, total of 512.3 thousand hectares of land were cultivated, of which 389.3 thousand hectares to grain, 360.7 thousand hectares to wheat, 12.5 thousand hectares to potatoes, 7.1 thousand hectares to vegetables, 78.5 thousand hectares to oil plants, 19.5 thousand hectares to fodder plants and 5.4 thousand hectares to medicinal herb were sown respectively.

Preliminary, 265.0 thousand tons of grain, of which 252.3 thousand tons of wheat and 117.3 thousand tons of potato, 75.3 thousand tons of vegetable, 28.7 thousand tons of oil plants, 53.9 thousand tons of fodder plants are expected to be harvested, reported by the Ministry of Food and Agriculture.

Energy

Oyu Tolgoi transfers major power line asset to government of Mongolia

October 19 (Oyu Tolgoi)



- Approximately 96km of high-quality transmission line connecting Umnugobi to the Mongolia-China border
- The 220kv double circuit transmission line was built in 2011, and reached operational status in July 2012
- Line has achieved 100 per cent availability and 99.8 per cent reliability over two years of commercial operations
- Population centres and industry in region benefit from access to high quality reliable power
- Line forms an important energy pathway connecting China and Mongolia, and improves Mongolia's energy security

Oyu Tolgoi LLC today signed two major agreements with the National Power Transmission Grid company to transfer and maintain the 96km power line, built and owned by the company, running between the Oyu Tolgoi site in the Umnugobi region and the Mongolia-China border.

State Secretary for Ministry of Energy D. Delgertsogt, Erdenes MGL CEO B. Byambasaikhan, senior government representatives, Rio Tinto Country Director S. Munkhsukh and, Oyu Tolgoi Chief Financial Officer Steve Duggan participated in the signing ceremony.

State Secretary for Ministry of Energy D. Delgertsogt said "This is an important day for the energy sector of Mongolia. Our national power grid now connects to our two neighbours with reliable, high-quality infrastructure, helping Mongolia's energy security in the near term, and in the long term, supporting our transition from an energy importing nation to an exporter.

"This also supports our strategy, under the Power Sector Cooperation Agreement signed with Oyu Tolgoi, to enhance access to reliable power in the Umnugobi region to support population centres and the growth of industry."

Speaking at the event Steve Duggan said "We are proud to deliver on our commitment in transferring this high-quality asset to the Government of Mongolia. This is a noteworthy example of Oyu Tolgoi achieving goals together with our stakeholders. The power line is important not just for Oyu Tolgoi, but can be a catalyst for greater development in the region."

The line was built in 2011 to allow for the import of electricity from China to support Oyu Tolgoi's operations. The agreement completes the Company's commitment of transferring ownership of the asset to the Government of Mongolia. The transfer also ties into the August 2014 'Power Sector Cooperation Agreement' between the Government of Mongolia and Oyu Tolgoi, which aims to work towards a power solution for the Umnugobi region, providing a pathway for strengthening the power supply network in Mongolia.



The Rehabilitation Project for the Darhan-Erdenet power plant to be implemented

October 19 (gogo.mn) Today consultative pre-meeting of Development Cooperation between Government of Mongolia and Federal German Government was held at the Ministry of Foreign Affairs.

At the beginning of the meeting, two parties have exchanged their views on current situation of economic cooperation between Germany and Mongolia as well as further policies to be implemented.

Moreover, our relevant Ministries made presentation on projects to be implemented in three sectors including "Support the sustainable management of mineral resources", "Biodiversity change" and "Energy Efficiency".

During the meeting, two sides have signed "Economic cooperation agreement of 2013", Economic cooperation agreement of 2014/2015 which are to confirm the commitment of Intergovernmental Development Cooperation Agreement of two countries.

In scope of such financing, the Rehabilitation Project for the Darhan-Erdenet power plant and Ulaanbaatar-Mandalgobi high-voltage transmission line project are expected to be implemented.

Meeting was attended by the representatives of the Ministry of Environment, Green Development and Tourism, Ministry of Foreign Affairs, Ministry of Mining, Ministry of Energy, Ministry of Education, Culture and Science, Ministry of Labor and Ministry of Industry from Mongolia which was led by the State Secretary to the Ministry of Finance H.Gantsogt.

Representatives chaired by Mrs.Gisela Hammerschmidt, Deputy Director General of the German Ministry for Economic Cooperation and Development, have attended from Germany side.

The Germany to host Development Cooperation Intergovernmental Forum in 2016 and today's consultative meeting was the preparation for that event, stated by the organizers.

Construction

10% prepayment is on agreement procedure

October 19 (news.mn) The issue of how to reduce the prepayment on mortgage loans from 30% to 10% and for the Government to guarantee the remaining 20% by means of the "Credit Guarantee Fund" is currently under discussion. The Government, however,



must have sufficient funds to facilitate this. Therefore, the Government has proposed the idea of issuing bonds as a solution.

According to the Ministry of Building and Urban Construction, the preparatory documentary works are completed. Now the signing of contracts with representatives of five sectors remains. The technical aspects are also being studied.

Hospitality

Mongolian hotels prepare for the 11th ASEM Summit 2016

October 20 (infomongolia.com) Mongolian government is working hard to prepare for the 11th ASEM Summit. There are six working groups working on the preparation. One of them is working group in charge of hotel management.

On October 19, the working group started the training of chief managers of 42 selected hotels of Ulaanbaatar that will receive around 4,000 guests during the 11th ASEM Summit in 2016.

During a two-day training, chief managers will learn how to host official ceremonies and ethics of diplomacy and other required knowledges from leading Mongolian and foreign hotel experts. According to the Summit Preparation Committee, all 3,500 employees of 42 selected hotels will receive training.

Ulaanbaatar

Ulaanbaatar Public Clean Up

October 19 (news.mn) On Saturday 17th October a public clean-up took place. This was to mark the 376th anniversary of the founding of the Mongolian capital. The City Administration's executive department and related authorities, universities, high-schools, companies and the general public were all involved in the clean-up. Under the plan, the public streets, roads, squares, residential and ger districts, parks and green areas as well as the River Tuul and River Dund were cleaned of litter.

Source: City Administration

Mayor of Baganuur city elected

Ulaanbaatar, October 20 (MONTSAME) The election of Baganuur city's governor took place October 18 with a participation of Sh.Otgonbayar, N.Tavinbekh, R.Ganbaatar and Ts.Tsogbayar.



Some eight thousand and half people out of 19 thousand 024 registered voted. N.Tavinbekh collected the largest number of votes--57.72%, followed by Sh.Otgonbayar (28.88%), R.Ganbaatar (9.79%) and Ts.Tsogbayar (2.79%).

A confirmation note of selecting N.Tavinbekh as the governor of Baganuur city will be submitted to the Presidium of the Citizens' Representative Khural of Ulaanbaatar.

N.Tavinbekh graduated from the Mongolian University of Science and Technology in 1995 majoring in electric engineering. He worked as executive director of the "Electricity delivery network of Baganuur-Eastern region" state-owned company in 1995-2013. Until today, he has been serving as a director of the "Baganuur energy" LLC.

Company News

Kincora Copper rolls over Origo debt, eyes new transactions

October 23 (Proactive Investors) It's taken a while, but Kincora Copper (CVE:KCC) has at last managed to roll over the C\$2.5mln convertible note that had been due for repayment in July of this year.

C\$2.5mln is no mean sum for a junior exploration company with no production to pull together in a hostile market like this, and investors weren't unduly surprised when Kincora announced towards the end of July that the debt would be issued in shares rather than cash.

Negotiations about the precise form that deal would take rumbled on into the northern hemisphere autumn, with Kincora stating in an August corporate update that discussions with Origo, the holder of the loan note, were continuing.

For many small companies the spectre of a C\$2.5mln debt looming over them with ever greater intensity when equity finance is sparse indeed might have seemed alarming.

Kincora's case was slightly different.

The debt is owed to Origo Partners (LON:OPP), a closed-ended investment fund based out of London, and whom Kincora has described all along as "very supportive."

It helps that Origo doesn't just hold Kincora debt, but is also a major shareholder too.

Under those circumstances although the debt repayment is important, it isn't Origo's over-riding concern – that still remains the success of the company.

Nonetheless, a deal has to be right for both parties and although there was willingness for a discussion of full conversion earlier in the summer, Origo and Kincora have instead now opted for a roll-over of the debt until October of next year, with the added benefit to Origo of an 8.7% coupon and its choice of payment in either cash or shares.

Origo will also retain the right to convert in the event that Kincora undertakes an equity placing of more than C\$500,000, and on equal terms.

The deal frees up Kincora to focus more fully on its Mongolian copper tenements, the Bronze Fox project and the Tourmaline Hill project.



With the debt issue unresolved and the equity markets uncertain the company has understandably been reluctant to commit to any major drill campaign in the current season, but sampling and mapping work remains ongoing with a view to the clearer definition of drill targets for future campaigns.

There's also the possibility that Kincora could look up now, as chief executive Sam Spring stated earlier today.

"The replacement note reiterates Origo's backing of management and Kincora's strategy which includes continued work on our existing prospects, potentially expanding our footprint and pursuing more advanced opportunities that would not otherwise be available at other points of the commodity cycle," he said.

Origo said something similar in its most recent update to market, noting that Kincora "is assessing a range of corporate transactions."

What these might be remains to be seen, but as a former mining analyst Spring is no stranger to running the rule over new mining projects.

Kincora isn't Origo's only investment in Mongolia, so it mightn't be too surprising if a deal was sought and eventually done in-country. But we shall wait and see.

Xanadu Mines extends copper-gold continuity at rising Mongolian project

October 22 (Proactive Investors) Xanadu Mines' (ASX:XAM) new trench results extend the strike of higher-grade surface mineralisation and position Kharmagtai as a sizeable and growing porphyry deposit, with relatively high gold to copper ratios.

Step out trenching at the Tsagaan Sudal deposits returned intersections of surface mineralisation including 116 metres at 0.72% copper and 0.35g/t gold (0.95 CuEq) as well as 90 metres at 0.57% copper and 0.14g/t gold (0.67CuEq).

Shallow stockwork mineralisation remains open to the northwest and higher-grade mineralisation was intersected within the margin of the current resource pit shell.

Earlier this year, Xanadu defined a maiden resource at Kharmagtai of 203 million tonnes at 0.34 per cent copper and 0.33 grams per tonne gold for a contained metal content of 1,500 million pounds copper and 2.2 million ounces of gold.

Importantly, the surface mineralisation intersected in the new trenching was consistent with or better than this resource estimate, proving further confidence in the geological interpretation, mineralisation controls and resource model.

Both trenches confirm extensions to the resources at Tsagaan Sudal and have extended the known stockwork copper-gold mineralisation. The shallow stockwork remains open to the southwest, northwest and southeast.

Broader intersections from the two trenches confirmed 304 metres at 0.40% copper and 0.23g/t gold (0.55 CuEq) and 280 metres at 0.36% copper and 0.10g/t gold (0.43 CuEq). Based on visual observations the stockwork mineralisation in all trenches contain visible chalcopyrite and only weak oxidation of the copper sulphides, as has been observed in previous trenching and drilling at Kharmagtai. It is possible that the grades observed in these intersections may have been slightly elevated by supergene processes.

Encouraging steps



This trenching work followed on drilling last month at the project which returned 484 metres at 0.57% copper and 0.32 grams per tonne gold from 186 metres, including 158.4 metres at 0.8% copper and 0.24g/t gold from 342 metres.

This work reinforced the belief that the metal content of Kharmagtai's high-grade area is known as a tourmaline breccia is much higher than those of surrounding porphyry stockwork deposits, elevating it as a priority drill target in the district.

Tourmaline breccia deposits are a major host of copper mineralisation, and comprise some of the world's largest, most endowed porphyry copper deposits.

The latest drilling in turn followed earlier trenching designed to test resource extensions which returned copper-gold mineralisation of 122 metres at 0.49% copper and 0.75g/t gold. This compares with grades of 0.29% copper and 0.23g/t gold in the previously announced mineral resource at Tsagaan Sudal.

Investor attention

Advancements made across Xanadu's portfolio in recent weeks have translated into significant strides for the company's share price.

Xanadu stock last closed at A\$0.135, which represents an 80% increase over mid-last month.

Also in mid-September, the company received an unchanged Buy recommendation but a new 12-month share price target of \$0.29 from Sydney-based broker Bell Potter Securities.

The broker's target is 52.6% higher than its previous valuation of \$0.19.

Analysis

The new trenching at Kharmagtai continues to demonstrate the quality and scale of the Tsagaan Sudal deposit and has successfully confirmed extensions to mineralisation more than 300 metres to the northwest where it remains open.

This progress represents another step forward in Kharmagtai's steady progress toward defining itself as a sizeable porphyry deposit with relatively high gold to copper ratios.

Upcoming work at the site which may represent price catalysts for Xanadu will include analysis of the broader geological framework to finalise drill phases for the entire project. With mineralisation remaining open to the northwest and down dip, there is tremendous scope to extend and increase the grade of the shallow resource at Tsagaan Sudal which will enhance the potential development case at Kharmagtai.

Upside is also enhanced by the fact that Kharmagtai's maiden resource covers only 30% of the prospective area.

Kharmagtai's mineralised styles and high-grade centres closely reflects the geological style of the giant Oyu Tolgoi mine, which holds 2.7 million tonnes of recoverable copper and sparked interest in Mongolia as a potentially major copper supplier in 2001.

A recent breakthrough that saw Rio Tinto and the Mongolian government settle disputes over terms of the Oyu Tolgoi project serves to de-risk and encourage investment capital flows to Mongolia and projects like Kharmagtai.