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Politics

OECD: Mongolia must tackle corruption

November 25 (neurope.eu) The Organisation for Economic Co-operation and Development (OECD) has called on the government of Mongolia to combat the country's growing corruption problem.

As reported by the online news site Public Finance International, the central-Asian country is large, landlocked and sparsely populated. It is poor and its development has been very slow, but following the discovery of vast reserves of high-grade coal, as well as copper and gold, Mongolia has begun rapid social and economic development. The discovery of these extractives is expected to triple the country's economy by 2020 and push millions of its people up into the global middle class, the OECD said.

In its report titled Anti-Corruption Reforms in Mongolia, the OECD notes that exploration of the country's mineral resources only "exacerbated governance and corruption challenges" for the "fledgling democracy".

"Mongolia has started a number of important reforms... but they are far from producing sustainable results," it said.

The OECD calls on Mongolia to reject the introduction of any amnesty laws that would grant protection from prosecution for corruption or lead to termination of cases currently being investigated.

Other recommendations include adopting the new anti-corruption strategy without delay, bringing national legislation in line with international standards and reforming the civil service, political party financing and the judiciary.

Cabinet meeting in brief

Ulaanbaatar, November 24 (MONTSAME) At its meeting on Monday, the cabinet approved a list of products and services that will be purchased under general agreements, projects and programmes to be realized with capitals from the state budget and the Development Bank of Mongolia (DBM). Purchasing actions will be organized by the Procurement Office in 2016.

- The cabinet decided to have the PM issue an order on granting the titles of officer in charge to some state servants based on a proposal of the State Service Council. The selected servants will be granted a title of First Officer, and a relevant proposal will be submitted to the President.
- The cabinet altered a list of border checkpoints that are authorized to pass plant seeds, samplings, sowings, animals, their embryos, meat, by-products, micro organs and pathological materials.
- The cabinet backed an issue of establishing the diplomatic relations with the Saint Lucia, the Gabonese Republic, the Republic of Niger, the Republic of Cameroon, and the Republic of the Marshall Islands.
- The cabinet backed a draft Mongolia-Turkey intergovernmental agreement on the cooperation in military training, and authorized Ts.Tsolmon, the Defense Minister, to sign the document.



- The cabinet also backed a draft amendment to the law on income tax of individuals. It will be submitted to parliament.

Sixteen members of Parliament support dismissal of Prime Minister Ch.Saikhanbileg

November 24 (infomongolia.com) During the regular Autumn session of the State Great Khural (Parliament of Mongolia) commenced on October 01, 2015, MP Gantumur UYANGA suggested to dismiss Prime Minister Ch.Saikhanbileg to the Parliament.

She blames PM Ch.Saikhanbileg for signing agreement on Oyu Tolgoi Underground Mine Development and Financing Plan at unacceptable conditions on May 18, 2015 during his working visit to the United Arab Emirates.

According to MP G.Uyanga, Oyu Tolgoi LLC will not pay any tax until 2048. In this case, Mongolia can lose some six billion US dollar due to the deal. However, Prime Minister Ch.Saikhanbileg said that it is a plan not a contract, and in case of a dispute it cannot be used as a valid document.

On November 23, MP G.Uyanga (Justice Coalition) announced the names of parliament members who support her to the public. Moreover, Mongolian parliament will have to discuss her proposal officially if number of members supporting her reaches twenty. However, she has signature of only 16 parliament members so far.

Members of Parliament for dismissal of Prime Minister Ch.Saikhanbileg:

1. R.Amarjargal (Democratic Party, DP)
2. O.Baasankhuu (Justice Coalition)
3. B.Bat-Erdene (Mongolian People's Party, MPP)
4. Su.Batbold (MPP)
5. J.Batsuuri (MPP)
6. Kh.Bolorchuluun (Independent member)
7. Ts.Davaasuren (Independent member)
8. S.Ganbaatar (Independent member)
9. Ts.Nyamdorj (MPP)
10. Yo.Otgonbayar (MPP)
11. O.Sodbileg (MPP)
12. A.Tleikhan (MPP)
13. G.Uyanga (Justice Coalition)
14. L.Tsog (Justice Coalition)
15. D.Khayankhyarvaa (MPP)
16. J.Enkhbayar (MPP)

Non-parliamentary parties demand the Government to be dismissed

November 24 (news.mn) The five parties, which do not have any seats in Parliament, namely, the United Patriots' Party, the All-Mongolian Labor Party, the Civil Movement



Party, the Mongolian Liberal Party, and the Development Program Party held a press conference on 24th November, during which they demanded that the Government should be dismissed. They have blamed the Government that does not have the ability to see reality. Also, they noted that: "S.Erdene who has set him on fire in front of journalists did so as a protest to the blind policy of those in power in Government".

Speaker meets delegation of Russian Buryatia

Ulaanbaatar, November 25 (MONTSAME) The Chairman of the State Great Khural (parliament) Z.Enkhbold Wednesday received a delegation headed by Ts.E.Dorjiev, the Speaker of the People's Khural of Buryatia Republic of the Russian Federation.

Mr Enkhbold congratulated Dorjiev on being appointed the Chairman of the People's Khural of Buryatia and wished him a nice stay here.

Thanking the Speaker for the audience, Mr Dorjiev expressed a satisfaction with the friendly ties and cooperation between the Mongolian parliament and the People's Khural of Russian Buryatia. He noted that a number of Mongolians has increased who travel to Buryatia "thanks to expanding of the inter-citizen ties and humanitarian relations".

The Speaker is also glad that the Mongolia-Russia relations and cooperation are boosting at the strategic partnership level, and noted that a frequency of mutual high level visits has increased. He mentioned that he paid an official visit to the Russian Federation last September to hold meetings with S.Ye.Naryshkin, the Chairman of the State Duma, and V.I. Matviyenko, the Chairwoman of the Federation Council.

The Mongolian parliament and the People's Khural of Buryatia have traditional ties, "and I will continue supporting them," he said.

After this, the sides shared views on the bilateral relations and cooperation.

Present at the meeting were Russian officials such as S.P.Badajapov, a head of the Representative House, and V.J.Tsyrenpilov, a member of the People's Khural of Buryatia.

President vetoes Parliamentary resolution

November 27 (news.mn) The President of Mongolia, Ts.Elbegdorj, has put a veto on Parliamentary Resolution 94th. This aims to establish a primary court in every district (soum), and a court of appeal in every province (aimag), before 1st April 2016. Under this resolution, about 100 judges would need to be hired. A reason for the veto is that the considerable financial and organizational burden could represent a real risk to the normal operations of the present Mongolian court system. Implementation of these changes and securing the additional financing from the 2016 State Budget of 2016 would make the fulfillment of Resolution 94 very difficult in the short term.



Foreign Relations

The 19th Intergovernmental Committee meeting between Mongolia and Russia to run in Chita

November 23 (gogo.mn) The XIX Intergovernmental Committee meeting on Trade, Economy, Science and Technical Cooperation between the Governments of Mongolia and Russia will be held on November 23-24, 2015 in Chita, Zabaykalsky Krai, Russia.

Minister of Foreign Affairs of Mongolia, Mr. Lundeg PUREVSUREN and Minister of Natural Resources and Environment of the Russian Federation, Mr. Sergey Yefimovich Donskoy will lead their delegations during the meeting.

The parties will discuss a wide range of issues of bilateral relations, including economy, mining, energy and infrastructure, future prospects for mutual cooperation, matters on education, agriculture and environment protection.

Mongolia to strengthen ties with Indonesia in various sectors

Ulaanbaatar, November 23 (MONTSAME) Indonesian Foreign Affairs Vice Minister A.M.Fachir and Mongolian State Secretary of Ministry of foreign affairs Damba Gankhuyag agreed to intensify multi-sectoral bilateral cooperation during Indonesia-Mongolia first Joint Commission for Bilateral Cooperation (JCBC) meeting on last Wednesday, reports ANTARA News of Indonesia.

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 were established in December 21 of 1956, and have developed well so far.

The Indonesian President's state visit to Mongolia in September of 2012 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, ANTARA News reports.

Honorary Consuls to Mongolia gather

Ulaanbaatar, November 27 (MONTSAME) The Ministry of Foreign Affairs Friday hosted the 2nd meeting of Honorary Consuls of foreign countries to Mongolia.

The State Secretary of the Ministry Mr D.Gankhuyag made the opening remarks, while a director of the Consular Department of the Ministry B.Bold spoke about the department's activities, and chief officers of the ASEM and deputy chair of the preparation group for the ASEM Summit L.Orgil highlighted a course of the preparation for the 2016 ASEM.

As of present, 39 Honorary Consuls of foreign countries have been appointed to Mongolia. In 2015, the Ministry of Foreign Affairs granted exequaturs to Honorary Consuls of Lithuania, Italy and Greece to Mongolia.

Chinese Vice Chairwoman's Visit

Vice Chairwoman of the Standing Committee of the NPC of China, Yan Junqi arrives in UB

November 23 (gogo.mn) Upon an invitation of Vice Chairman of the State Great Hural (Parliament) of Mongolia, Miyegombo ENKHBOLD, Vice Chairwoman of the Standing Committee of the National People's Congress /NPC/ of the People's Republic of China, Yan Junqi arrived in Ulaanbaatar today morning /2015.11.23/ to participate in a joint meeting of a regular exchange mechanism between the PR of China and Mongolia.



Vice Chairwoman of the Standing Committee of the NPC, Yan Junqi is accompanied with over twenty officials led by a member of the Standing Committee of the NPC, Vice Chairman of Foreign Affairs Committee, Chairman of China-Mongolia Friendship Group at the NPC, Cao Weizhou and a member of the Standing Committee of the NPC, Vice Chairman of National Committee, Vice Chairman of China-Mongolia Friendship Group at the NPC, Yun Fen.

Delegates were welcomed at the "Chinggis Khaan" International Airport by a member of the State Great Hural (Parliament), Vice Chairwoman of Democratic party group at the Parliament, a member of Mongolia-China parliamentary group at the State Great Hural, Mrs. S.Odontuya; a member of Parliament, a member of Mongolia-China parliamentary group at the State Great Hural, Mr. D.Terbishdagva; Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Mongolia Mr. Xing Haiming and other officials.

Today afternoon, the Vice Chairwoman of Standing Committee of the NPC, Yan Junqi will be paying a courtesy call on Chairman of the Parliament of Mongolia, Zandaakhuu ENKHBOLD as well as to meet the Vice Chairman of the Parliament, Chairman of Mongolia-China parliamentary group at the State Great Hural, M.Enkhbold respectively.

Speaker receives NPCC Standing committee's chairwoman

Ulaanbaatar, November 23 (MONTSAME) The Speaker of parliament Z.Enkhbold received Monday a visiting delegation headed by Ms Yan Junqi, the vice chairwoman of the Standing committee of the National People's Congress of China (NPCC).

The high guest thanked the Speaker for the audience and conveyed him greetings of Mr Zhang Dejinag, the Chairman of the NPCC's Standing Committee. She noted that a joint meeting of the permanent talk mechanism between the legislative bodies of the two countries is going to run soon as a result of a memorandum, established during the official visit of the Speaker of Mongolia to China last year.

China and Mongolia are not only neighbors, but also they are economic partners, so it is vital to promote the mutual political trust, he said and hoped that the inter-parliamentary exchanges and cooperation will play a main role in it. She wants to discuss issues of the two countries development and to exchange views on the cooperation, she added.

In response, the Speaker expressed a satisfaction with the establishment of the permanent mechanism between the Mongolian State Great Khural (parliament) and the NPCC. He underlined that the current policy of China on its ties with neighboring countries provides more opportunities to boost not only the bilateral relations, but also the regional cooperation. Developing of long-term ties good neighborhood relations and mutually beneficial cooperation is one of the priorities of Mongolia's foreign policy, he went on.

Expressing a willingness to continue mutual exchanges and cooperation between representatives of the legislative bodies and political parties in all spheres, Mr Enkhbold said Mongolia maintains one of the priorities--to boost the friendly relations within the foreign policy.



Then, the sides exchanged views on the bilateral cooperation in trade, economy, infrastructure, agriculture and other spheres. They also expressed a confidence that the bilateral relations will widen as a result of mutual efforts.

Present at the meeting were R.Burmaa MP, the Minister of Food and Agriculture; S.Byambatsogt MP, chairman of the Mongolian People's Party's (MPP) faction and head of the Mongolia-China business council; G.Batkhuu MP, a deputy head of the Mongolia-China inter-parliamentary group at parliament; S.Odontuya and D.Terbishdagva MPs; B.Boldbaatar, the Secretary-General of the Parliamentary Office; and others.

Vice-Speaker receives his Chinese counterpart

Ulaanbaatar, November 23 (MONTSAME) On November 23 M.Enkhbold, one of the vice chairmen of the State Great Khural (parliament), met with Ms Yan Junqi, a Vice Chairwoman of the Standing Committee of the National People's Congress /NPC/ of China, and accompanying her officials who are to take part in the joint meeting of a regular exchange mechanism between the PR of China and Mongolia.

M.Enkhbold thanked his high guest for accepting his invitation and wished her a pleasant stay in Mongolia. He expressed a satisfaction with the chance to open the first meeting of the regular exchange mechanism between Mongolia's State Great Khural and China's National People's Congress.

This is the mobilization of an agreement dealt by the Mongolian and Chinese sides on establishing such a regular exchange mechanism, during the official visit of the Speaker Z.Enkhbold to the People's Republic of China last October, as invited by Zhang Dejiang, the Chairman of the Standing Committee of the NPC, he noted.

He also underlined that Mongolia and the PR of China have been expanding the scope of relations and declared comprehensive strategic partnership in 2014. M.Enkhbold emphasized the importance of intensifying interactions between the two parliaments and friendship groups.

In response, Ms Yan Junqi thanked for the warm welcome and expressed her satisfaction with the opportunity to participate in the joint meeting of regular Mongolia-China inter-parliamentary exchange mechanism, a fruition of recent achievements in the ties between the two countries' legislations.

As the saying goes in China "A close neighbor is better than a distant relative", she said, China and Mongolia are not only neighbors, but also close partners in economy. Therefore, she added, it is vital that the two countries improve political trust in light of new ways and opportunities to promote bilateral trade and economic cooperation.

She expressed her belief that the inter-parliamentary exchange will play an important role in realizing this goal.

The meeting concerned Mongolia-China cooperation in commerce, economy, mining, infrastructure, agriculture and other sectors. The two sides exchanged opinions on the development of the two countries, their strategies and ways to coordinate and merge major development projects.

Present at the meeting were also G.Batkhuu MP, the vice chairman of the Mongolia-China Parliamentary group in the State Great Khural; S.Odontuya, D.Terbishdagva and



G.Uyanga MPs; B.Boldbaatar, the general secretary of the secretariat of the State Great Khural; and the State Secretary of the Ministry of Foreign Affairs of Mongolia D.Gankhuyag.

Ch.Saikhanbileg PM meets Yan Junqin

Ulaanbaatar, November 24 (MONTSAME) The Prime Minister of Mongolia Ch.Saikhanbileg Tuesday met with Ms Yan Junqin, the vice Chairwoman of the Standing committee of the National People's Congress of China (NPCC).

Noting that a developing of long-term and sustainable friendly relations and cooperation with the People's Republic of China (PRC) is one of the priorities of Mongolia's foreign policy, the Premier underlined that a state visit of the Mongolian President to China this November 9-11 contributed to forwarding our comprehensive strategic partnership. He expressed a satisfaction with an establishment of the general credit agreement of USD 1 billion, and pointed out the Mongolian government re-approved a list of projects that will be implemented with the loan's capital.

Mr Saikhanbileg also told that the issues of the Mongolia-China relations and economic cooperation and accelerating mega-projects in the energy and infrastructure sectors were touched upon during his meeting with Li Keqiang on the "fields" of the Summer Davos World Economic Forum September 9-11 in Dalian.

The Premier thanked China's side for supporting Mongolia's exploitation of northern and northeastern sea ports of China for running trade, taking into account Mongolia's landlocked status, and asked the NPCC to actively carry out talks on this matter.

It is vital to intensify constructions of new railways in Mongolia in order to realize bilateral agreements on deepening the collaboration in railway and on increasing the transit transport, the Premier said and hoped the Chinese side will participate in the railway construction.

In response, Ms Yan underlined a vital role of high level visits in forwarding the trade and economic ties with Mongolia and an importance of keeping a frequency of visits. She expressed her satisfaction with an intensive development of the bilateral relations with mutual efforts.

Present at the meeting were M.Enkhbold, a Vice Speaker of parliament; S.Bayartsogt, head of the Cabinet Secretariat for Government; G.Batkhuu MP; and B.Delgermaa, a chief advisor to the PM.

First meeting of permanent talks mechanism runs

Ulaanbaatar, November 24 (MONTSAME) The State House Tuesday hosted the first meeting of the permanent talks mechanism between the State Great Khural (parliament) of Mongolia and the National People's Congress of China.

The meeting was chaired by B.Terbishdagva MP, a member of the Mongolia-China inter-parliamentary group. The sides introduced to each other their delegates, from the Chinese side it was done by a member of the Foreign Affairs Committee of the NPC and chair of the China-Mongolia inter-parliamentary group Mr Cao Weizhou.



Head of the Mongolia-China inter-parliamentary group at Mongolian parliament M.Enkhbold made the opening remarks. He greeted China's representatives on behalf of our parliament and expressed a satisfaction with the organization of this meeting, which is held for the first time by a memorandum of mutual understanding.

Enkhbold noted that boosting of the friendly relations and cooperation with China is one of the priorities of Mongolia's foreign policy, and emphasized that the bilateral relations have reached the friendliest volume ever. He is glad that the bilateral cooperation is expanding in all spheres in accordance with the 1994 Treaty on Friendly Relations and Cooperation and a concept of the Joint Declaration on comprehensive strategic partnership relations. He hoped that this meeting will forward these ties.

Mr Enkhbold also said that a forwarding of the ties and collaboration between the two legislative bodies at all levels and an enhancing of legal fundamentals of the bilateral cooperation under the mechanism will become a vital political guarantee for deepening the bilateral comprehensive strategic partnership.

The Vice chairwoman of the Standing committee of the NPC of China and head of the permanent talks mechanism Ms Yan underlined a main purpose of her visit is to discuss issues of stepping up the Mongolia-China relations and the inter-parliamentary cooperation. She highlighted that far-sighting moves of the two countries' leaders and the inter-parliamentary ties have significantly contributed to the development of the bilateral relations. Then, Ms Yan talked about her views on expanding the mechanism of permanent talks, underlining an importance of promoting negotiations, activating cooperation and enhancing the mutual trust.

After this, speeches on the Mongolia-China trade and economic cooperation, on education exchanges, on youths and media were given by S.Odontuya MP, a member of the Mongolia-China inter-parliamentary group; G.Batkhuu MP, a deputy head of the group; and by delegates of China from the NPC.

Regarding a development of the agricultural sector of Mongolia and the bilateral cooperation, a presentation was made by R.Burmaa MP, the Minister of Food and Agriculture, while a member of the NPC of agriculture and rural development Bao Keshin presented the same topic from his view.

Vice speaker of Chinese parliament legs Bogd Khaan's Palace Museum

Ulaanbaatar, November 24 (MONTSAME) Ending her visit, Ms Yan Junqi, the Vice chairwoman of the Standing committee of the National People's Congress (NPC) of China, legged the Bogd Khaan's Palace Museum November 24.

She and accompanying her delegation saw the precious artifacts preserved in the summer and winter palaces of Bogd Khaan.

Mongolia had eight Bogd Khaans in 1639-1924. The palace museum, then- a sacred monastery and -a palace, belonged to the last Bogd Jibzundamba Hutagtu. The latter had assembled the best architects in Mongolia and other Buddhist regions and had them build seven palaces in 1893-1903 for himself. The Eight Bogd Khaan was consecrated as the theocratic monarchy of Mongolia on December 29 of 1911. The date is now celebrated as the anniversary of the National Freedom Movement.



Vice chairwomen of Standing committee of NPC legs “Amgalan” power station

Ulaanbaatar, November 25 (MONTSAME) With a working visit here, a delegation led by Ms Yan Junqi, the Vice chairwoman of the Standing committee of the National People's Congress (NPC) of China, got acquainted Wednesday with the “Amgalan” thermal power station in the city's Bayanzurkh district.

State Secretary of Mongolia's Ministry of Energy D.Delgertsogt thanked the delegation for witnessing the operations of the thermal power station and underlined that a construction of the object is "the biggest work done within the last 30 years in the energy sector of Mongolia". On behalf of the government he also thanked China Machinery Engineering Corporation--a state-owned company--for performing the construction, as well as the Development Bank of China for resolving the financial matter.

The joint “Amgalan” thermal power station project reflects a constructing of seven stations of 300Gcal/h heat and transmitting lines of 2x6,000 m and 110/10 KWT electric lines, Delgertsogt said. The station will fully provide eastern part of the city reducing thus the 4th thermal power station's overload.

In response, Ms Yan said a collaboration plays a vital role in boosting of the bilateral relations and underlined a significance of the project for the ties.

Economy

Fitch Downgrades Mongolia's State Bank; Affirms Khan Bank

November 27 (Reuters) (The following statement was released by the rating agency HONG KONG, November 27 (Fitch) Fitch Ratings has today downgraded the Long-Term Issuer Default Ratings (IDRs) of Mongolia-based State Bank LLC to 'B-' from 'B'. The Outlook is Stable. Fitch has affirmed the IDRs of Khan Bank LLC at 'B', with Negative Outlook. At the same time, the Support Rating (SR) of State Bank was downgraded to '5' from '4' and Support Rating Floor (SRF) was revised to 'B-' from 'B'. These actions follow the downgrade in the Mongolian sovereign to 'B' from 'B+' on 24 November 2015. A full list of rating actions is at the end of this rating action commentary. KEY RATING DRIVERS IDRs AND VRs The affirmation of Khan Bank's IDRs and VR reflects the bank's manageable asset quality, reasonable risk standards and adequate capitalisation that is better than that of its Fitch-rated peers. The bank's large retail loan portfolio of 59% of total loans at end-1H15 had an impaired loan ratio of just 0.5%. The Fitch Core Capital ratio remained stable at 14.1% end-1H15. The bank maintains a strong business franchise and has better strategic discipline compared with peers. Khan Bank has good liquidity support from bilateral institutions and the bank's corporate governance benefit from the involvement of international shareholders in its management. Khan Bank's Outlook remains Negative because of the pressure on asset



quality from the weakening operating environment. State Bank's VR reflects the bank's limited loss-absorption capacity, less stable liquidity relative to Fitch-rated peers and low profitability. Capital is considered tight and the bank has weak access to capital and funding from multilateral institutions. Profitability continues to be constrained by the regulatory net loan-to-total asset ratio cap of 57%. The bank's VR is balanced by its large franchise, stable asset quality and low risk appetite relative to Fitch-rated peers. IDR, SUPPORT RATING AND SUPPORT RATING FLOOR The downgrade of State Bank's IDR, SR and SRF is a function of the downgrade of the sovereign's rating as this indicates the state's ability to support the bank has weakened, although our expectation of the government's propensity to provide support has not reduced. The bank is 100% state-owned and remains the domestic bank most likely to receive state support in case of need. The Outlook on State Bank is Stable, which mirrors the Outlook on the sovereign's IDR. Khan Bank's SR and SRF have been affirmed at '5' and 'B-' respectively, reflecting Fitch's view that sovereign support, although possible, cannot be relied upon. This is in spite of Fitch's views that the sovereign's propensity to support the bank remains strong given its systemic importance. RATING SENSITIVITIES IDR AND VRs Fitch would downgrade Khan bank's IDR and VR if the bank were to become more vulnerable to the deteriorating operating environment than in the past. Positive rating actions could be driven by a stabilisation of the operating environment leading to improved asset quality and liquidity conditions. State Bank's VR is sensitive to any change in its intrinsic profile, including but not limited to, the bank's capital, loan quality, operating performance and liquidity position. The VR of State Bank now sits on its SRF. The bank's IDR would be downgraded only if Fitch were to downgrade its VR and SRF. SUPPORT RATING AND SUPPORT RATING FLOOR The banks' SR and SRF are sensitive to the sovereign's ability and propensity to support, as expressed in any change in the sovereign ratings of Mongolia. The rating actions are as follows: State Bank LLC Long-Term Foreign-Currency IDR downgraded to 'B-' from 'B'; Outlook Stable Short-Term Foreign-Currency IDR affirmed at 'B' Long-Term Local-Currency IDR downgraded to 'B-' from 'B'; Outlook Stable Viability Rating affirmed at 'b-' Support Rating downgraded to '5' from '4' Support Rating Floor revised to 'B-' from 'B' Khan Bank LLC Long-Term Foreign-Currency IDR affirmed at 'B'; Outlook Negative Short-Term Foreign-Currency IDR affirmed at 'B' Long-Term Local-Currency IDR affirmed at 'B'; Outlook Negative Viability Rating affirmed at 'b' Support Rating affirmed at '5' Support Rating Floor affirmed at 'B-' Contact: Primary Analyst Ivan Lin Associate Director +852 2263 9984 Fitch (Hong Kong) Limited 19/F, Man Yee Building 68 Dex Voeux Road Central Hong Kong Secondary Analyst Shaojun Cai Director +852 2263 9917 Committee Chairperson Mark Young Managing Director +65 6796 7229 Media Relations: Wai-Lun Wan, Hong Kong, Tel: +852 2263 9935, Email: wailun.wan@fitchratings.com. Additional information is available on www.fitchratings.com Applicable Criteria Global Bank Rating Criteria (pub. 20 Mar 2015) here Additional Disclosures Dodd-Frank Rating Information Disclosure Form here [_id=995450](#) Solicitation Status here Endorsement Policy here [ail=31](#) ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [here](#). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND



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About forum on state-run assets management

Ulaanbaatar, November 23 (MONTSAME) This action kicked off Monday in Ulaanbaatar with a topic "Specializing a structure of asset management of the financial sector and ensuring financial stability by developing the second market".

It has been co-organized by the representatives of the Asian Development Bank (ADB), asset management corporations of China, South Korea and Thailand, savings insurance corporations of South Korea, authorities of Mongolia's Ministry of Finance, the Bank of Mongolia and officials of commercial banks.

The gathered are discussing ways of introducing asset management actions in our financial sector's structure and adjusting it to Mongolian legal environment. The Bank of Mongolia pays special attention to creating of a structure for selling non-standard assets to the second market, managing it in appropriate ways and implementing the actions for a long time.

List of projects altered for loan from China

Ulaanbaatar, November 24 (MONTSAME) The cabinet meeting on Monday amended a list of projects that will be implemented in frames of the general credit agreement of USD one billion which will be established between Mongolia's Ministry of Finance and the Export-Import Bank of China.

Obligations were given to B.Bolor, the Minister of Finance, to E.Bat-Uul, the Mayor of Ulaanbaatar; and to other related ones to inform the Chinese side about the projects and to implement them.

The loan from the Exim Bank of China is expected to be spent for a hydropower station on the Eg river, for repairing and widening a 20.9km auto road (Gachuurt crossroad--Nalaikh-Choir crossroad), for building overhead electric lines from Ulaanbaatar to Dundgobi aimag's Mandalgobi soum, for erecting a sub-station, for renovating Erdenet city's thermal power station, for creating 12 meat processing factories, and for supplying vocational training centers with facilities.



The list of projects to be financed with the remaining of the loan introduced

November 24 (gogo.mn) In regards of receiving loans from Economic Cooperation Fund during the period of 2011-2015, USD 244.5 million remains without being invested, from intergovernmental loan between Mongolia and Republic Korea. The list of projects to be invested with the remaining part of the loan has been announced.

According to the agreement between two countries, the project mentioned below will be invested via the loan:

- The project to support inter-city transport service
- Sophisticated education project
- The refurbishment of Khargia purification center
- Thermal power stations in 10 provinces
- The construction of Archive Authority and facilities financing
- The project to improve court examination
- The project to develop supervisory system of Court Decision Enforcement Authority
- The project to construct the building of Law Enforcement University and supply lab equipment

Minister of Finance B.Bolor, Minister of Transportation M.Zorigt, Minister of Education and Culture L.Gantumur, Minister of Industry D.Erdenebat, Minister of Justice D.Dorligjav and Minister of Energy D.Zorigt are assigned to cooperate with The Government of South Korea over the implementation of the projects within the schedule.

Mongolia leads Asia in “Standard & Poor’s” survey

November 24 (news.mn) The international organization “Standard and Poor’s” has been evaluating the financial knowledge of different nationalities around the world. Approximately, 150,000 people from 140 countries have been involved in the research. To evaluate their knowledge, they have been tested with questions about solving inflation, money rates etc. In Asia, Mongolians took 1st place on their financial knowledge and came in 43rd place internationally. The research concluded that 41% of the Mongolians tested have wide financial knowledge. Russians are also not far behind; 38% of Russians also correctly responded to the tasks. Russia currently stands in 55th place internationally.

Denmark, Norway and Sweden came top of the class with 71% correct answers.

The least financially aware nations were the countries of South Asian as well as Afghanistan and Angola.

Imports and exports fall

November 24 (news.mn) According to Kh.Chinbat, director of the Mongolian Quarantine and Border Control Authority, exports and imports have fallen; this being a result of the



slow-down in the Mongolian economy. A report from June 2015, states that in total 791,300 tons, 30267 litres of 10, 0057,000 items were imported to Mongolia.

According to statistics from October 2015, the total Mongolian balance of trade has reduced by 21.9% (USD 1,988 billion), of which exports have fallen by 14.7% (USD 677.8 million) and imports by 29.3% (USD 1,310 billion).

Approximately 500 entities import and sell 3555 different products, under the aegis of the Quarantine and Border Control Authority. In recent years, violations related to imported products have declined.

Banking

Mongolia's Golomt Financial Group expands into equipment leasing

November 23 (assetfinanceinternational.com) Mongolia's Golomt Financial Group has signalled its intention to expand into the equipment leasing business in response to surging domestic demand for industrial equipment.

By the end of this year, the company plans to set up a unit to handle the capital leasing operation, according to CEO Bolormaa Luvsandorj. Mongolia's growing mining sector is developing the country's rich deposits of coal, copper, iron ore and uranium, and Golomt says its move is in response to small to midsize businesses wanting to lease more mining machinery.

Golomt may also add construction, farming, industrial and medical equipment to its leasing services, and is believed to be in negotiations with overseas manufacturers. "We are also considering leasing Japanese-made mining equipment and medical devices," Luvsandorj said.

Golomt Financial Group includes Golomt Bank, one of the top three commercial banks in Mongolia, which held 4.53 trillion tugrik (\$2.27 billion) in total assets as of the end of 2014 and runs 99 branches domestically. It also has separate insurance and securities units.

Khan Bank and European Bank for Reconstruction and Development signed USD 70 Million in new facility agreements

November 23 (Khan Bank) The European Bank for Reconstruction and Development (EBRD) and Khan Bank, one of the largest commercial banks in Mongolia, have signed a package of facility agreements for a total amount of USD 70 million to support Mongolian micro, small and medium-sized enterprises (MSMEs) and trade finance.



Norihiko Kato, Chief Executive Officer of Khan Bank and Mr. Matthieu D. Le Blan, Head of EBRD's Mongolia Resident Office signed the agreements.

Facilities include a USD 30 million senior loan for long term financing for promoting MSMEs and Value Chain Financing (VCF), USD 10 million for Sustainable Energy Efficiency projects, USD 10 million for financing MSMEs under Direct Risk Sharing Program, and USD 20 million increase in Khan Bank's existing trade credit line for supporting trade finance business.

Khan Bank has a long term relationship with EBRD. EBRD's strong support has enabled Khan Bank to provide the MSME sector with long term, innovative lending.

During the signing ceremony, Norihiko Kato, CEO of Khan Bank commented: "We are delighted to continue our partnership with EBRD and very much appreciate their support in long term funding and introducing new facility that to support our customers' businesses in the energy efficiency, value chain financing and risk sharing program with EBRD.

Matthieu D. Le Blan, Head of EBRD's Mongolia Resident Office said: "The MSME/VCF Loan will contribute to market expansion by increasing the availability of longer tenor funding to private MSMEs, including areas outside of Ulaanbaatar. The Energy Efficiency Loan will contribute to a positive demonstration of energy efficiency investments and promotion of products new to the economy as well as to building capacity of Khan Bank in sustainable energy lending. The Risk Sharing Facility will further enhance the competition in the Mongolian banking sector by enabling Khan Bank to service the lending needs of large and medium-sized private clients in longer-term loans. The increase in the TFP limit will support the development of Khan Bank's trade finance business and export-import operations of its corporate clients".

During the decline of foreign direct investment and slowdown of economic growth, by receiving a large amount of financing from the prestigious international financial institution, Khan Bank has strengthened its capacity to continue providing long-term lending services to its customers and business entrepreneurs, and to expand its operational scope into wider areas.

Business

Mongolia-France Business Forum

November 23 (news.mn) The President of Mongolia returned to Ulaanbaatar on 21st November from his state visit to France. When in Paris, President Ts.Elbegdorj and Mongolian Industry Minister D.Erdenebat officially opened the Mongolia-France Business Forum. Both made speeches. The organizers noted that: "The Mongolia-France Business Forum is a beneficial for enabling entrepreneurs to extend their business and find good partners". Approximately 100 business representatives from the two countries participated and exchanged views. The companies represented were primarily from the mining, construction, energy, industrial and technological sectors.



Japan-Mongolia business matching event approaching

Ulaanbaatar, November 23 (MONTSAME) The Mongolian Embassy in Japan has announced that it will organize "Japan-Mongolia Business Matching Event" on this December 10 in Tokyo, Japan, dedicating it to representatives of private sector of Mongolia who are to attend "Invest Mongolia Tokyo" conference which is going to run on this December 9.

It expected that the forthcoming event will attract 60 representatives, including MPs of Mongolia, some Government officials and business delegations--from mining, finance, real estate, commerce, agriculture and other spheres.

To come into effect this year, the Economic Partnership Agreement (EPA) will have an importance in expanding of the bilateral trade and economic cooperation. This business matching event will be a great opportunity to network with the Japanese companies interested in doing business in Mongolia, the Embassy's website says.

Mining

Copper Faces at Least Two More Years of Pain, Rio Estimates

November 27 (hellenicshippingnews.com) The copper market is facing two or three years more of pain, though the good news for the metal, which hit a six-year low this week, is that it will recover faster than other commodities, according to Rio Tinto Group. Copper has tumbled 26 percent this year as China's faltering expansion curbs demand and with the dollar trading near its highest level since at least 2005, making commodities more expensive for buyers in other currencies.

Rio, the world's-second biggest miner, is becoming confident the market could move back into deficit by the end of 2017 or in 2018, Jean-Sebastien Jacques, chief executive officer for copper and coal, said Thursday in an interview in Sydney at the Bloomberg Address.

"The one commodity we expect to recover faster than others is likely to be copper," Jacques said. "In the next two or three years we can see the light at the end of the tunnel as far as copper is concerned."

China's slowest pace of economic growth in a quarter of a century is weighing on metals to energy prices and eroding profits for producers. The Bloomberg Commodity Index of returns on 22 raw material this month touched a 16-year low and is heading for the fifth straight annual loss, the longest slide on records dating to 1991.

Bear Cycle

Coal faces a longer path to a price revival, according to Jacques. "For coal it's a different horizon," he said in the interview. "It will take much more time for coal to recover."



Goldman Sachs Group Inc. says the bear cycle in copper has years to run, predicting rising global surpluses through 2019 and seeing prices at \$4,500 a metric ton by the end of 2016, with the risk skewed to the downside. The metal touched a six-year low of \$4,490 a ton on Monday.

With demand weak and cuts to output so far having failed to deliver a significant boost, it's likely copper will remain mired for longer than Jacques predicts, according to Fat Prophets analyst David Lennox. "The prices will probably lament for some time," he said by phone. "Probably longer than two years."

'Grim-to-Bleak'

Copper for delivery in three months rose 2.7 percent to \$4,670 a ton on the London Metal Exchange at 5:14 p.m. in Sydney. Rio's Sydney-traded shares declined 1.4 percent to close at A\$46.49. The outlook next year for copper is "grim-to-bleak," and the metal may need to fall as low as \$3,800 to spur the cuts to supply that would help to balance markets, Ed Meir, an analyst at INTL FCStone Inc.

For coal prices, a recovery isn't certain at all and particularly for thermal coal, Fat Prophets Lennox said. The price for Newcastle coal, a benchmark in Asia, has fallen 14 percent this year.

While China will have a rate of growth that's slower than in the past, Rio still expects gross domestic product to rise 7 percent in 2015, Jacques said. President Xi Jinping said Nov. 3 that average annual growth should be no less than 6.5 percent in the next five years.

"We expect subdued prices to remain in the short term but we are optimistic about long term demand," Jacques said in his Bloomberg Address speech. "There is over capacity in many commodities due to investments over the last five or more years."

BlackRock Inc., the world's largest money manager, is seeing a slowdown in demand as the global economy slows, particularly commodity intensive economies like China, Russ Koesterich, global chief investment strategist, said Wednesday in a Bloomberg TV interview. Industrial metals and energy commodities are "significantly oversupplied" and it'll take time to bring supply and demand back in to balance, he said.

Rio, the sixth-largest copper producer, holds stakes in or operates mines in Utah to Mongolia and last month forecast full-year mined copper production of about 510,000 metric tons in 2015. Codelco, the world's top copper producer, is targeting annual output of 1.6 million to 1.7 million tons.

The producer would be open to acquiring new assets, though only if it's able to secure tier-one ranked operations, Jacques told Bloomberg Television's "Asia Edge" in an interview.

Copper prices weigh on Rio Tinto's looming decision on Oyu Tolgoi expansion

November 26 (mining.com) Rio Tinto's (LON:RIO) decision on its long-delayed expansion of the Oyu Tolgoi copper and gold mine in Mongolia is likely to be affected by the current slump of the metal, which hit a fresh six-year low this week.



The world's-second biggest miner, which began production from an open pit of Oyu Tolgoi over two years ago, has not finished lining up financing for the \$5 billion expansion, Reuters reports. However it said it would announce a final decision on the matter early next year, as the company believes it has "the right environment today."

Speaking at a Bloomberg News-sponsored forum, Rio's copper and coal chief executive, Jean-Sebastien Jacques, said that while the company believes the copper market is facing two or three years more of pain, it is the one commodity they expect to recover the fastest.

Expanding the mine — the biggest single foreign investment in Mongolia — would significantly increase Rio's exposure to copper, while reducing its reliance on iron ore, where growth in supply and lacklustre demand has sent benchmark prices plummeting to record post-2008 lows this week.

Oyu Tolgoi phase II is a truly giant project – the latest feasibility study including the underground expansion shows recoverable copper of 25 billion pounds, 12 million ounces of gold and 78 million ounces of silver over a mine life of 41 years.

A separate economic assessment to develop Oyu Tolgoi further and include other deposits at the property shows just what a rich find Oyu Tolgoi really was. This scenario provides a 94 year mine life and recoverable copper of 56.5 billion pounds, 27.9 million ounces of gold and 195.2 million ounces of silver, pushing the value of the mine to closer to \$200 billion.

After the extension, the Oyu Tolgoi mine, located about 80 kilometers (50 miles) north of the Chinese border, will contribute about a third of Mongolia's economy when at full tilt, according to Rio Tinto-controlled Turquoise Hill Resources (TSE,NYSE:TRQ), the mine operator.

The Canadian miner owns 66% of Oyu Tolgoi, while Mongolia owns the remaining 34%.

Japanese delegates want to visit Tavantolgoi site

Ulaanbaatar, November 25 (MONTSAME) A delegation led by Haruhiko Ando, the Director-General for Trade Policy at Japan Ministry of Economy, Trade and Industry, arrived November 23 in Ulaanbaatar, in regard to the realization of the Memorandum of Understanding on Cooperation with Japan in construction of the eastern railroad of Tavantolgoi coal mine.

The MoU was signed October 22 of 2015 during a visit of Japanese PM Shinzo Abe to Mongolia. The document urges the two sides to complete the feasibility study of the railroad development within 2016.

The visiting delegation will leg mining deposits Shivee Ovoo, Tsagaan Suvarga, Oyu Tolgoi, Tavantolgoi and Mushgai Khudag, located in Govisumber, Dornogovi and Omnogovi aimags, and will get au fait with the construction of the eastern railroad.



43 mines and concentrators start operational process

November 25 (gogo.mn) Total of 56 mining pre-development operations and concentrators' construction have been underway in 2015, 46 open-pit mines and 3 concentrators of which have become ready to commence their operations, reported Ministry of Mining.

Moreover, 5342 jobs have been created as a result, as MNT 1.2 billion was invested in total.

The remaining 13 mining operations and concentrator construction are still in process due to difficulties related to financing, facilities and infrastructure.

630 exploration licenses issued so far

November 25 (gogo.mn) 630 exploration licenses in total have been issued since online version of providing licenses was adopted. Currently, 3248 mining licenses are effective and owned by companies, 1772 of which are exploration licenses whereas 1476 are exploitation licenses.

According to Law on Mineral Resources, Mineral Resources Authority organized five-selection process for 55 areas where all types of mineral resources excluding water, oil, natural gas and radioactive minerals are accepted to explore.

Total of 18 entities were awarded licenses to explore in nine areas during the selection process held on October 14.

There are facing issues regarding the issuance of exploration licenses, which must be examined and resolved. Thus, a working group responsible for issuing exploration licenses, examining operations of license holders and managing other related matter must be established near future.

Ch.Saikhanbileg: International banks to provide USD 4.2 billion

November 27 (gogo.mn) Prime Minister of Mongolia Ch.Saikhanbileg addressed to the public via Mongolian National Public Television. We delivered the shortened version of his full speech, which consists of five main parts.

First. We have made a great progress in adopting an integrated state budget, reducing budget deficit, managing budget-saving policies, planning expenses and revenues accurately and targeting welfare policies to beneficiaries during two parts of amendments to 2015 state budget and the discussion and approval of 2016 state budget. So, we are able to approve deficit free state budget from next year, but we must follow principles and maintain what we have achieved.

Second. Mega projects have commenced, whereas development works have been underway. I have new and positive news for you. International banks have agreed this week to provide USD 4.2 billion of financing to Mongolia.



We are planning to officially announce about the financing on December 16 in Ulaanbaatar. Oyu Tolgoi underground mine set to re-start its development works, which leads to contribute the state budget with USD 70 million or MNT 140 billion tugrugs.

We have constructed the road within last three years, as long as the road established for 25 years.

Third. We have given a great deal of attention into reforming business environment for investors; we finalized disputes around 106 licenses, which had been a burden on the reputation of Mongolian business environment.

Also, we eliminated troubles surrounding the law with the long name, as well as we erased the bad nickname "Hotel Mongolia" where investors are believed not to be able to get out once invested.

Exploration works halted for numerous years have been reinstated, as the law, which is poised to benefit local residents from mining revenues, was approved.

More tax revenues from mining operations are poised to go to local administration, more supportive local administration and residents are towards mining entities. In regards, over 600 exploration licenses have been currently issued, while foreign investors give more attention to Mongolia.

Fourth. We have intensified policies towards business enterprises and wealth creators. During the period of economic difficulties, extended supervision and examination have been terminated, and the law of refunding 20% of VAT to businesses will be effective from January 1.

What legal entities are required is to deliver four financial reports per year instead of 34 financial reports. 25 types of public services can be received via online. Moreover, online method of delivering public services without additional cost and bureaucracy will be broadly applied in the government agencies in the future.

167 public services will be online by next year and eventually be included in automate machine of public service. Online signature will be soon effective and applied in documents.

Mongolia climbed up to 56th place from previous 76th place and 5th place in Asia for the first time on "business-friendly environment" survey released annually by World Bank. Economic Council under PM, which consists of representatives from private sector, is also working to help decision-makers.

Fifth. Mongolia has been successful in international relations with other countries. We have established first free-trade agreement with Japan.

President, Speaker and Prime Minister have successfully paid official visits to two neighboring countries and others.

Mongolia has become the member of UN Human Rights Council with the vote of majority.



Energy

70% of Mongolian nomads now have solar power

November 24 (zmescience.com) In many the vast steppes of Mongolia, some things have remained unchanged for centuries. But some things have changed, and big time: according to a new report, almost 3 out of 4 Mongolian nomads are now using solar power.

Even if your lifestyle is pretty much Medieval, you can still benefit from advanced technology – that's the reasoning behind a new government initiative that encourages nomads to use solar power. Mongolia is a geographically large but sparsely populated country. Covering over 600,000 square miles, it only has a population of 3 million people. About 1.2 million of Mongolia's citizens live in the urban capital of Ulaanbaatar, while the remaining population is widely dispersed throughout the country with a large number residing in rural areas. In total, about a quarter of the population consists of nomadic herders.

The per capita income in Mongolia at the start of the millennium was about US\$470 per year, with income amongst herders even lower. Sure, it has somewhat grown by now, but it is still extremely low, so the government was faced with a challenging situation: how do you provide access to electricity in to low-income herders that move from one place to the other? This nomadic lifestyle is a legacy of thousands of years of culture, and won't change in the near future. The Renewable Energy and Rural Electricity Access Project (REAP) helped the Government of Mongolia (GoM) successfully complete its ambitious program.

In 2000, the Government of Mongolia (GOM) began the National 100,000 Solar Ger Electrification Program, an ambitious initiative to improve the lives of about half a million herders by providing modern electricity services. The program provided photovoltaic solar home systems (SHS) that were portable in design making the systems adaptable to the nomadic lifestyle of herders and complementing their traditional way of life. I have to say, if you would have asked me a few years ago, I wouldn't have believed in this project, but it worked, and it worked big time.

Portable (also eco-friendly) energy is a game changer for these community, for 3 reasons: refrigeration, mobile phones and radio/TV. Communication is extremely difficult when you are trying to talk to someone two valleys across, and that's where mobile phones come in. Also, children are often sent to a far away or boarding school, and this allows parents to keep in touch. Refrigeration is useful for obvious reasons, and radio or TV is especially useful for short term weather prediction, and also provides a way for people to entertain themselves.

According to Bor, a herder in the Arkhangai province interviewed by Al Jazeera "most countryside children stay in dorms, because their parents are nomads and it is the only way they can get an education. We can call our children who are in the dorms and speak to them. I also have children working in Ulaanbaatar [Mongolia's capital] and I can speak to them as well. The solar panels are a very useful thing in our lives."



USD 30 million granted to the energy sector of Mongolia

November 23 (gogo.mn) State Secretary of Ministry of Energy Mr. D.Delgertsogt and other representatives participated in sub-committee's meeting of "Scaling Up Renewable Energy in Low income countries Program" or "SREP" held in Washington DC by Climate Investment Funds.

At the meeting, the delegates discussed the 2015-second half report of SREP and investment plan of Mongolia, Uganda Bangladesh.

Mr. D.Delgertsogt highlighted at the meeting: "Mongolia developed the investment program according to the requirements of the program, and is working on improving legal environment regarding the issue. The meeting dedicated to the energy sector will be held during ASEM 11th SUMMIT, as the country set the objective to supply energy to north-eastern Asian countries by developing renewable energy."

SREP made the decision to grant US 30 million to the Government of Mongolia in order to support the implementation of Mongolia's renewable energy investment program, after Mr.Angarag introduced the country's plan in energy sector at the meeting.

The \$796 million Scaling Up Renewable Energy in Low Income Countries Program (SREP) is a funding window of the \$8.1 billion Climate Investment Funds. It was established to scale up the deployment of renewable energy solutions in the world's poorest countries to increase energy access and economic opportunities.

Public Relations and Media Department of the Government of Mongolia

Erdenet thermal power plant to be extended

November 24 (gogo.mn) With the discount loan borrowed from China, Mongolia set to intensify the refurbishment of thermal power station in Erdenet city. In this regard, 30% of total investment for the project will be finalized via bridging finance by Development Bank of Mongolia, the board of the bank approved.

The extension of the power plant with 35 MW will be important for supplying local energy demands and reducing energy import from Russia, with the aim to double up the current production of the energy and to reduce the cost per 1kW by MNT 41.32.

In the framework of the project, 35MW turbine generator will be installed, with the refurbishment of chemical and water purification facilities and the construction of water-cooling tower.

Total investment to extend and refurbish Erdenet's thermal power plant is worth of USD 53.8 million.



Industry

Italy to co-operate in producing value added products

November 23 (news.mn) On 21st November, Mongolian Industry Minister D.Erdenebat continued his European mission travelling to Italy from France. Whilst in Rome, he had a meeting with the Italian Deputy Minister of Economic Development, Carlo Calenda, who expressed his appreciation for Mr Erdenebat's visit and noted his plans to travel to Mongolia in the future. During the meeting, the sides discussed co-operation in creating a supply chain for value-added products which Italy will buy from Mongolia. Related to this, Italy wishes to buy Mongolian leather.

The Minister of Industry continues his visit to Europe

November 23 (gogo.mn) MP and Minister of Industry Mr. D.Erdenebat continues his visit to Europe. He held the meeting with Secretary of Italian Foreign Commission and MP Antonia Razzi and Minister of Labor Massimo Bassino and discussed intergovernmental cooperation.

Also, Mongolian "Mongol Bazalt" Joint Venture and Italian "Gamma Meccanica" LLC signed the agreement worth of USD 18 million to purchase mineral wool construction materials from the Italian company. The establishment of the agreement was attended by five sides including Mongol Bazalt Company and Intensia San Paolo Bank, which will issue bank loans to the Mongolian company under the guarantee of Italian Government Agency "Sachi". Also, the Development Bank of Mongolia and Sachi Government Agency signed cooperation agreement. Ministry of Industry highlights that the cooperation agreement between Gamma Meccanica and Mongol Bazalt is going to be fundamental for mutual partnership in the industrial sector in the future.

Source: The Ministry of Industry

Industrial production in statistics

Ulaanbaatar, November 23 (MONTSAME) The industrial production index (seasonally adjusted) in October 2015 was 141.4 (2010=100), reports the National Statistics Office. It has increased by 1.0 percent from the previous month, by 3.4 percent from the beginning of the year and by 1.4 percent over the same period of 2014.

In the mining and quarrying sectors, the products such as coal, crude oil, molybdenum in concentrate, copper concentrate and gold increased by 0.4-31.2 percent, the production of products such as sawn wood, fodder, biscuit, kind of sausage, felt, camel wool blankets, book, pure water, beer, railway sleeper, combed down, soft drinks, copper cathode increased by 0.2 percent to 7.2 times in the manufacturing sector compared to the same period of the previous year.



However, productions of the mining products such as zincum concentrate, iron ore, fluorspar concentrate, broken or crashed stone decreased by 4.0-46.3 percent compared to the same period of the previous year.

In the manufacturing sector the production of products such as carpet, milk, articles of iron concrete, buuz and dumpling, bakery products, lime, spirit, bread, vacuum windows and doors, metal steel, cigarettes, metal foundries, electric wire, steel casting decreased by 0.9-61.8 percent.

Defense Industrial Group to purchase UBM mobile factory

Ulaanbaatar, November 24 (MONTSAME) "The Defense Industrial Group", a state-run entity and subsidiary at the Ministry of Defense of Mongolia, is to buy a UBM (Ultimate Building Machine) mobile factor from the MIC Industries Inc. of the USA.

At its Monday's regular meeting, the cabinet of Ministers assigned the Development Bank (DB) of Mongolia to issue a guarantee for a loan from the US Ex-Im Bank to cover 85 percent of required funding, and to settle the rest of the funding through the Government bond source.

Minister of Finance B.Bolor and Minister of Defense Ts.Tsolmon were obligated to reflect the payables in the state budget for 2017-2019.

MIC Industries presented a proposal on their product to the PM Ch.Saikhanbileg while he was visiting the USA last June.

At the market value of today, 48x28 building's construction works cost around MNT 1.3 billion, while it would cost 300 million with a help of UBM mobile factory, estimated the officials.

The UBM factory is capable of constructing 100 square meter building per day. The defense industry and other construction projects can utilize the purchased mobile factory, says the officials.

Cooperation with Czech in industrial and infrastructure sectors

November 24 (gogo.mn) The Minister of Industry Mr. D.Erdenebat continues his visit to Europe, with working in Czech Republic on November 22-23.

The Minister D.Erdenebat held the meeting with his peer Yan Mladek. Two sides highlighted at the meeting that there is sea of opportunities to cooperate in industrial, energy and infrastructure sectors.

The layout work to refurbish Erdenet's thermal power plant is being developed with the assistance from Czech side. Also, Mongolia has been conducting HR workshop for mining mapping in cooperation with Czech.

The Minister D.Erdenebat said: "We are highly interested to import new technologies and facilities from Czech to Mongolia. Thus, both sides must overcome facing problems and reach common understanding in order to enable Mongolian companies to partner with and purchase technologies from their Czech peers."



Moreover, Minister Yan Mladek expressed: "Czech Republic is keen to cooperate with Mongolia in industrial and mining sectors. Czech companies are willing to supply mining facilities and machinery to Mongolia, as Czech Slovak Trade Bank expressed its interest to cooperate with Development Bank of Mongolia."

Trilateral agreement on constructing coal processing plant established

November 25 (gogo.mn) Industry Minister D.Erdenebat continues his European tour and the delegation paid double visit to Vitkovets Group's steel processing plant and Hutni prjekct fruder-mister LLC operating coke production and cast iron processing in Czech.

Mongolian-based New Eco Energy LLC, Czech's Hutni prjekct fruder-mister LLC and ChKD Energy LLC signed MOU to cooperate on the construction of coking coal-processing plant with the capacity of 300 thousand tons of coal processing per year. The project will run for 3 years, worth of EUR 160 million, EUR 130-150 million of which will be invested by ChKD energy LLC.

Railway

Train pulled out to Paris

November 23 (news.mn) Mongolian passengers can now travel to Paris by train. On 20th November two representatives of "Ulaanbaatar Railway" went to Paris, in order to represent Mongolia at the International Rail Conference which will take place on 28th November. The rail journey to Paris will take nine days. To date, it has not been possible to buy a ticket from Ulaanbaatar to Paris at the ticket booking office. Representatives of the ticket section at "Ulaanbaatar Railway" said: "The price of a ticket from Ulaanbaatar to Moscow is currently MNT 365,000 and the Russian side is at present reposnisble for the cost of the onward ticket from Moscow". This is likely to change after the International Rail Conference.

Education

MIT to send students, faculty to Mongolia to help spur innovation

MIT will launch a pilot program that will send MIT students and faculty to Mongolia to further entrepreneurship, innovation, urban planning, and university faculty development.



Gantumar Luvsannyam, the Mongolian minister of education, culture, and science, signed an agreement with MIT President L. Rafael Reif last Wednesday, giving the program his blessing.

MIT will select staff from the Teaching and Learning Laboratory to travel to Mongolia to conduct workshops that will be open to faculty from all Mongolian universities and colleges.

A faculty member from a Mongolian university will similarly have the opportunity to spend a semester at MIT.

Stephen C. Graves, a professor of management and mechanical engineering, has been appointed as the program's faculty lead.

Enkhmunkh Zurgaanjin '09, the first Mongolian citizen to attend MIT as a graduate student, will coordinate several of the program's activities.

A team of students from the MIT Regional Entrepreneurship Acceleration Program, and a faculty member, will spend two months in Mongolia to map the entrepreneurial landscape and to recommend steps to strengthen the entrepreneurial environment.

A separate student team from MIT's Global Startup Labs will spend six to eight weeks in Mongolia teaching student entrepreneurs about mobile app development.

Company News

Turquoise Hill Resources Receives Average Rating of "Hold" from Analysts (NYSE:TRQ)

November 27 (voicechronicle.com) Turquoise Hill Resources (NYSE:TRQ) has been assigned an average rating of "Hold" from the eight analysts that are covering the stock, Marketbeat reports. Two research analysts have rated the stock with a sell rating, two have assigned a hold rating and two have assigned a buy rating to the company. The average 1-year price objective among analysts that have updated their coverage on the stock in the last year is \$5.67.

A number of research firms have commented on TRQ. Macquarie upgraded shares of Turquoise Hill Resources from a "neutral" rating to an "outperform" rating in a research note on Monday, November 9th. Zacks Investment Research lowered shares of Turquoise Hill Resources from a "hold" rating to a "sell" rating in a research note on Monday, November 9th. TheStreet lowered shares of Turquoise Hill Resources from a "hold" rating to an "e+" rating in a research note on Friday, August 7th. Finally, Scotiabank decreased their price objective on Turquoise Hill Resources from \$5.75 to \$5.00 in a report on Tuesday, September 29th.

Turquoise Hill Resources (NYSE:TRQ) remained flat at \$2.66 on Friday. 586,794 shares of the stock were exchanged. The firm has a market cap of \$5.35 billion and a PE ratio of 19.00. The company's 50 day moving average is \$2.85 and its 200 day



moving average is \$3.35. Turquoise Hill Resources has a one year low of \$2.41 and a one year high of \$4.74.

Turquoise Hill Resources (NYSE:TRQ) last posted its earnings results on Thursday, November 5th. The company reported \$0.01 EPS for the quarter, missing the Zacks' consensus estimate of \$0.02 by \$0.01. The business had revenue of \$431.70 million for the quarter, compared to the consensus estimate of \$522.85 million. During the same quarter in the prior year, the firm earned (\$0.05) earnings per share. Turquoise Hill Resources's revenue was down 12.2% compared to the same quarter last year. Equities research analysts expect that Turquoise Hill Resources will post \$0.10 earnings per share for the current fiscal year.

Turquoise Hill Resources Ltd. (NYSE:TRQ) is an international mining company focused on mining operations in Mongolia. The Company's principal and only material mineral resource property is the Oyu Tolgoi copper-gold mine in southern Mongolia. The Oyu Tolgoi Mine is approximately 550 kilometers south of Ulaanbaatar, Mongolia's capital city, and 80 kilometers north of the Mongolia-China border. The minerals on the property consist of porphyry-style copper, gold, silver and molybdenum contained in a linear structural trend (the Oyu Tolgoi Trend) that extends over 26 kilometers. Mineral resources include, from south to north, the Heruga Deposit, the Southern Oyu deposits (Southwest Oyu, South Oyu, Wedge and Central Oyu) and the Hugo Dummett deposits (Hugo South, Hugo North and Hugo North Extension).

Rio Tinto approves \$1.9bn expansion of Amrun bauxite project in Australia

November 27 (rapidnewsnetwork.com) The Amrun project is located 40km south of Rio Tinto's existing East Weipa and Andoom mines on the Cape York Peninsula.

"The Rio Tinto board is visiting Cape York to see first-hand the excellent performance of the Weipa operation and the tier one investment opportunity offered by the South of Embley project", a Rio Tinto spokesman said.

Bauxite is mined near the surface and refined into alumina, an intermediate product that's further refined into aluminum, the metal used in cans and window frames.

As part of the expansion, the company will construct a bauxite mine and associated processing and port facilities.

Speaking at the announcement on Friday Rio Tinto chief Sam Walsh said the new mine would ensure the long term security of about 2000 jobs in Gladstone.

"This is about growing the business", he said in an interview.

Mining giant Rio Tinto has approved the development of a \$1.9bn Amrun bauxite project in Australia, in order to meet growing demand from China.

Some analysts are more wary.

He said Amrun was one of the highest quality bauxite projects in the world.

Rio Tinto has been cutting costs this year due to weaker commodities prices, particularly its key export of iron ore. The downturn in global commodity markets largely reflects slowing demand from China, which is the world's biggest buyer of everything from iron ore to zinc.

The company made a half year net profit of \$US806 million, down 82 per cent, but Aluminium profit more than doubled to \$US793 million in the six months to June 30. It



slashed its budget for major projects to roughly \$5.5 billion for 2015 from more than \$17 billion three years ago.

Shares in the company were 21 cents lower at \$46.28.

"This approval will come as a great relief for thousands of people across Singleton and the Hunter Valley", a Rio Tinto spokesman said.

"The commission is satisfied that the mine complex's significant benefits outweigh its potential impacts", the New South Wales state Planning and Assessment Commission said in a statement.

Rio is also expected to push ahead with an underground expansion at the Oyu Tolgoi mine in Mongolia in the next two years. There was no official reaction from Rio Tinto.

Xanadu Mines: Broker raises the valuation bar

November 26 (Proactive Investors) Xanadu Mines (ASX:XAM) shares last traded at \$0.13, with broker Bell Potter revising their forward valuation upwards by 14% to \$0.33/sh.

The broker maintains a Speculative Buy recommendation on the company.

The following is an extract from the report.

Strong endorsement of great results seen in capital raising

The excellent recent exploration results by XAM at its Kharmagtai gold-rich porphyry copper project in Mongolia, which build on previous results, have been strongly endorsed by the support the company has received in its recent capital raising.

Despite the tough times being experienced in the resources sector generally and the weakness in commodity prices, XAM has agreements to raise \$8.3m by a placement at \$0.125 per share to new and existing sophisticated and institutional shareholders including two of its longstanding major shareholders.

The placement is to be done in two tranches with the second tranche subject to shareholder approval.

The company is also undertaking a share purchase plan (SPP) at the same share price. The total amount to be raised in the placement and SPP of about \$10m after costs will be used to fund continued exploration on XAM's flagship Kharmagtai project through the winter period and to reduce the deferred acquisition consideration for Kharmagtai.

New drilling program to further expand Kharmagtai Resource

After a sensible pause in exploration activity to allow XAM to carry out a detailed technical review of the outstanding results of its recent exploration program, the company is about to resume active exploration.

XAM is finalising details of a comprehensive new exploration program comprising about 15,000m of diamond and RC drilling that is designed to build on the current momentum and further expand the size and grade of deposits not in the current resource inventory. The current Kharmagtai Resource is 203Mt at 0.34% copper and 0.33g/t gold (0.50% CuEq) including a higher grade zone of 56Mt at 0.47% copper and 0.59g/t gold (0.76% CuEq).

We estimate that the total resource would have been increased to at least 240Mt at a grade of about 0.56% CuEq as a result of the recent drilling and high grade trenching results.



The new exploration program is also designed to follow up on the recent trenching success at Tsagan Sudal.

Copper stockpiles reducing but price yet to respond

Recently announced production cutbacks are reducing global copper output, leading to a reduction in copper stockpiles at terminal markets.

Although the short term oversupply is reducing, it continues to negatively impact on the copper price, but we still believe the medium and longer term supply/demand fundamentals for copper are very supportive of significantly higher prices.

There is still a dearth of quality copper projects in the pipeline, which is why we continue to regard XAM's copper projects in Mongolia, particularly Kharmagtai, as so attractive.

Investment thesis: Spec. Buy, Val. \$0.33/sh (prev. \$0.29/shr)

Recent results point to a significantly larger Kharmagtai Resource that has even further elevated the attraction of the Project.

We have revised our equity diluted valuations of XAM to incorporate the effect of the current capital raisings (assuming the full amount of about \$10m net is raised at a less dilutive price than previously expected) plus dilution of a further potential raising in late 2016, although development studies should be well underway by then that could be funded by a major partner.

Our 12-month forward valuation is raised by 14% to \$0.33/sh. Speculative Buy recommendation.