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Politics

President Ts.Elbegdorj to visit South Korea

May 13 (news.mn) The President of Mongolia is to make his first official visit to South Korea, since being appointed in 2009. According to information provided by Seoul, President Ts.Elbegdorj will meet South Korean President Park Geun-hye next Thursday (19th May). During the visit, the two sides will discuss a number of issues about developing political, economic and cultural relations. President Elbegdorj will land in South Korea on Wednesday. The visit to South Korea will last for 3 days. Mongolia established diplomatic relations with South Korea in 1990.

President Park to Meet with Mongolian Leader Next Thursday

May 13 (kbs.co.kr) President Park Geun-hye will meet with Mongolian President Tsakhiagiin Elbegdorj in Seoul next Thursday for talks on expanding bilateral ties. An official at South Korea's presidential office said Friday that the Mongolian leader will arrive in Seoul next Wednesday for a three-day visit. It will be his first trip to South Korea since taking office in 2009.

The presidential office said the trip will be an opportunity to solidify mutual relations as Mongolia has achieved remarkable developments in various areas, such as in politics, economy and culture.

President Elbegdorj is dubbed the 'father of Mongolia's democratization' and has led efforts to boost his country's global status.

Seoul and Ulaanbaatar established formal diplomatic ties in 1990.

Korea-Mongolia summit to be held on May 19

May 13 (arirang.co.kr) The leaders of South Korea and Mongolia will hold summit talks in Seoul next Thursday.

The presidential office of Cheong Wa Dae says President Park Geun-hye will sit down with Mongolian President Tsakhiagiin Elbegdorj during his three-day visit to Korea. The two leaders will discuss ways to enhance economic cooperation, expand ODA, (official development assistance) and people-to-people exchanges. Seoul and Ulaanbaatar established diplomatic ties in 1990.

Around 30-thousand Mongolians currently reside in Korea.



Cabinet meeting in brief

Ulaanbaatar, May 10 (MONTSAME) The cabinet meeting held Monday backed making amendments to the Mongolia-Switzerland intergovernmental agreement on aerial communications established on March 3, 2000.

- The cabinet backed an issue concerning establishment of a Mongolia-Cambodia intergovernmental agreement on aerial communications. An ordinance of the Premier will be issued to authorize an official to sign the agreement.
- The cabinet discussed results of official visits of Sumitra Mahajan, the Speaker of the Lok Sabha (lower house) of Indian parliament on April 18-22, and Pietro Grasso, the President of Italian Senate on April 20-23 to Mongolia and tasked then Minister of Foreign Affairs L.Purevsuren to present them to the National Security Council (NSC).
- A general procedure of formulation of development documents was adopted as an appendix.

Some candidates in 2016 parliamentary elections identified

Ulaanbaatar, May 12 (MONTSAME) As the General Election Commission (GEC) handed over last week certificates to 11 political parties and coalitions to run for for the upcoming parliamentary elections, the Democratic Party (DP) and the Mongolian People's Party (MPP) have preliminarily announced names of their candidates in the elections.

According to the preliminary selections, the DP has named its 71 members as candidates to run for the elections in the 76 constituencies in districts of Ulaanbaatar and soums, while the MPP has named 75 persons to compete in the elections. However, the political parties will approve final lists of their candidates at the national consultative meeting and the Conference, respectively.

Besides the candidates from political parties, some 80 independent candidates are expected to run for the 2016 parliamentary elections.

Chairman of Mongolian Liberal Party joins DP

May 12 (news.mn) Yesterday, the Chairman of Mongolian Liberal Party B.Amgalanbaatar and Secretary S.Zoljargal handed their official request to join the Democratic Party (DP). The two, said that they have joined the DP, because they respect its concepts and values. During the ceremony of acceptance, they said: "It has been 25 years since Mongolia was transformed to a democratic society. Young people are needed to build democracy. Therefore, we stood down from being leaders of the Mongolian Liberal Party. We are glad to become two of the thousands of DP members. We made this decision due from our convictions. Also, we are appealing to the youth of the Mongolian Liberal Party to join the DP".



Foreign Relations

ASEM engages media to bridge information deficit

May 11 (china.org.cn) Over 200 delegates, including journalists, diplomats and business leaders from Asian-Europe Meeting (ASEM) member states, attended a dialogue on connectivity between May 9 and 10 to discuss the media's role in enhancing connectivity and bridging the information and knowledge deficit between the two continents.

The two-day event, which was held in China's third largest city of Guangzhou with the theme of "Promoting Public Awareness and Partnership," is the latest attempt by the ASEM to synergize media efforts through the promotion of cultural, people-to-people exchanges alongside business and political ones.

The Asia-Europe Meeting (ASEM), established in 1996, is an informal process of dialogue and cooperation, bringing together stakeholders from two continents with the objective of strengthening the relationship between the two regions.

"ASEM has primarily been an inter-governmental platform focusing on G2G (government to government) and B2B (business to business) talks," said Manish Chand, founder and editor-in-chief of Indiawrites.org and a panelist at the event.

He told China.org.cn that it's time to expand the focus to P2P (people to people) and H2H (heart to heart) engagement.

One of the media's roles is to break clichés and destroy stereotypes, which China and Russia greatly suffer from, argued Petr Fedorov, Foreign Affairs Director at Russian State TV. He told the reporter that this kind of deep exchange of views among all ASEM parties helps to dissipate mistrust and enhance mutual understanding.

As ASEM celebrates the 20th anniversary of its inauguration, Mongolia will host the 11th Summit of Heads of State and Government (ASEM11) in the country's capital Ulaanbaatar this July.

The dialogue in Guangzhou laid a solid foundation for July's upcoming event, and the summit's success cannot be complete without media connectivity, Jargalsaikhan Enkhsaikhan, senior official of ASEM and advisor at the ASEM Office of Mongolia, told China.org.cn.

The two-day event featured three panel discussions on "The Relevance and Role of Media as a Major Stakeholder" and "Harnessing the Power of News Media," which was followed by a plenary session discussing the future orientation of ASEM connectivity.

The event was co-sponsored by Bangladesh, New Zealand, Mongolia, Pakistan and Singapore, along with China's Foreign Ministry and the State Council Information Office.



Montsame: Mongolia, Bulgaria continue inter-govt cooperation programme

May 11 (focus-fen.net) **Ulan Bator**. A draft inter-governmental programme for cooperation in the field of culture, education, and science between Bulgaria and Mongolia in 2017-2020 was backed at a sitting of the Mongolian government, **Montsame** reported.

Under the programme, both countries will grant annual scholarships to students and post-graduate students and will exchange university lecturers as well as information about the structure of the education sector and contents of curriculums. Both countries agreed in line with the programme to take part in the organisation of cultural days and exhibitions with the aim of protecting material and non-material cultural heritage, translating novels in Mongolian and Bulgarian, and lending support to cooperation between libraries and other cultural institutions.

Mongolia and Netherlands hold Foreign Ministries consultative meeting

Ulaanbaatar, May 11 (MONTSAME) Ministries of Foreign Affairs of Mongolia and the Netherlands held Wednesday their 2nd consultative meeting in Ulaanbaatar.

It was co-chaired by Mr D.Gankhuyag, State Secretary of the Mongolian Ministry of Foreign Affairs; and Mr Peter Potman, Director of Asia and Oceania Division at the Netherlands Ministry of Foreign Affairs.

The parties exchanged information about present political and socio-economic situations in both countries, international and regional issues, making focus on issues concerning bilateral relations and cooperation in trade, investment and economic spheres.

Expressing their aspiration to fortify the bilateral ties, the sides agreed to intensify the cooperation in agriculture through mobilizing the best practices of bilateral cooperation and to combine efforts for augmenting bilateral trade turnover and investments.

The sides also concurred to focus attention to the people-to-people ties and to seek opportunities for boosting the cooperation in all possible sectors including education and culture. In this respect, the countries agreed to concentrate on certain proposals for further proceedings.

One of the western European countries to initially support Mongolian socio-economic reforms, the Netherlands implemented a number of projects with non-refundable aid in Mongolia between 1990 and 2011 which targeted the environmental protection and tourism industry. For example, a project has been carried out to acclimatize takhi (Przewalski's horse), one of the endangered species, in Khustain Nuruu National Park of Mongolia, Tov aimag.

Mongolia and the Netherlands are set to mark the 45th anniversary of their diplomatic relations in 2017.



Constituencies and number of mandates for 2016 parliamentary elections fixed

Ulaanbaatar /MONTSAME/ Electoral constituencies, their territories, numbers and number of mandates for the upcoming parliamentary elections have been set up after plenary meeting of the parliamentary session had adopted the resolution on Thursday.

The resolution was backed by 61.9% votes or 39 parliamentarians out of 63 MPs, so it came into force on the day of its adoption.

Pursuant to the resolution, the 2016 parliamentary elections will run in 76 constituencies. 48 mandates are distributed to local constituencies, while 28 mandates--to constituencies of the capital city, thereby single-mandated are Bulgan, Gobi-Altai, Gobisumber, Dornogobi, Dundgobi and Sukhbaatar aimags each; two-mandated are Dornod, Zavkhan and Omnogobi aimags each; three- mandated are Arkhangai, Bayan-Olgii, Bayankhongor, Ovorkhangai, Selenge, Tov, Uvs, Khovd, Khovsgol, Khentii, Darkhan-Uul and Orkhon aimags each.

Ulaanbaatar city's Bayangol district constituency will have four mandates, Bayanzurkh and Songinokhairkhan districts-six mandates each. Meanwhile, constituencies of Baganuur and Sukhbaatar districts merged, obtaining four mandates. Constituency of Bagakhangai district merged with Khan-Uul district, and the Nalaikh district's constituency--with Chingeltei district. All these constituencies will have four mandates each.

Foreign Trade

Japanese cars to be freed from customs tax

May 10 (news.mn) In the framework of the "Economic Partnership Agreement" between Mongolia and Japan, 5700 types of Mongolian goods and 9300 types of Japanese goods will be exempted from the custom taxation. This new measure will take effect from 7th June 2016.

From this date, the import taxes on Japanese cars will also be exempted. It should, however, be noted that only applies to cars which have been in Japan for no more than three years; cars which have been on the road for 4-6 years will carry a tax reduction – older vehicles will face no such exemptions.

The annual balance of trade between the two countries is estimated at around USD 300-500 million; this represents 3%-4% of Mongolia's total international trade. Under the new "Economic Partnership Agreement", it is expected that this percent will increase by 50%-60%, over the next two years.



More mutton for China to be shipped in June

May 10 (news.mn) Under an agreement with China, high-quality Mongolian meat is being exported from several western provinces. The first shipment of 16 tons took place in February 2016 via the Burgastai border crossing. The only company holding the export license is "Mon Tuva" LLC. According to the Ministry of Food and Agriculture, in April 2016, this company exported 56 tons of mutton and goat meat at Burgastai into China.

As we have reported, all is not well at Burgastai – there are capacity problems and the crossing is not open all the year round. Currently, it operates only on even-numbered months. The June consignment will take place, but the exact volume has not been specified, since this depends on Chinese requirements – which as yet need to be confirmed.

Chinese initiative to stimulate Mongolian imports

May 12 (news.mn) Erlian, also known as Ereen and Erenhot, is a small Chinese town of 75,000 people, in Inner Mongolia. It is, also an extremely important place, because it is the first Chinese town on the Trans-Mongolian Railway: all trains from UB to Beijing pass through Erlian. Located only a few kilometers from Zamin Uud, it is a thriving commercial center.

China is establishing a special "Trade Zone for People of the Border" and is making Erlian a hub in the zone. On Tuesday 10th May, in the context of this decision, special tax discounts other incentives for Mongolian entrepreneurs were officially introduced.

The Chinese Trade Zone provides Mongolian entrepreneurs with the possibilities to sell Mongolian goods which have met the basic requirements. In the first phase, sheep wool and cashmere products and leather goods which are handmade or have minimum or medium technical preparation are allowed onto the Chinese market.

The Chinese initiative also provides the chance to export Mongolian goods which are equal in value to CNY 8000 without tax - once. The 74,000 square meter building of the "Trade Zone for People of the Border" will be finished later this year. Mongolian entrepreneurs interested in participating in the zone should be registered to the Mongolian Chamber of Commerce.

Q1: balance of trade figures

May 12 (news.mn) The following economic data on the first quarter of 2016 has been released:

During the 1st quarter of 2016, total Mongolian foreign trade was estimated at USD 1.5 billion which is a reduction of 12.4% on the first quarter of 2015; exports were USD 959 million and imports were USD 599.1 million. As a result, Mongolian foreign trade generated USD 359.9 million.



The export of copper concentrate reached 412,800 tons (an increase of 33%) and a cost of USD 481.5 million (a reduction of 6%). Also, during this period, gold exports reached 2.9 tons (an increase of 18%) and a cost of USD 11.3 million (13.6%). The volume of iron ore, coal and crude oil did not fall, the income, however, was lower – this being the result of deflated world prices.

Mongolia has exported some 1000 tons of meat

May 13 (gogo.mn) As of April 2016, Mongolia has exported approximately 1000 tons of meat. Specifically, most of the exported meat was of horse meat reports the Ministry of Food and Agriculture.

This spring Mongolia has started to export mutton and goat meat to China through Burgastai port and 'Mon-Tuva' company has exported 16 tons in Feb and again 56 tons in April. Besides China, Russia also is purchasing large amount of horse meat.

Out of some 60 meat factories in Mongolia only half of them have license to export meat. Mongolian National Chamber of Commerce and Industry reports China, Russian Federation, South Korea and United Arab Emirates are Mongolia's meat export markets. Although in the first quarter of 2016, Russia and China were the main buyers of meat.

In regards to price, 1 kg frozen beef to Russia is being exported at 7-9 US dollars and to China at 4 US dollars.

Disease and domestic industry standard plays an important role in meat export. Recently, China's Specialized investigation authority determined the west region as disease free region and enabled to export mutton and goat meat from Mongolia.

Source: Bloomberg TV Mongolia

Economy

\$287 million investment program for Mongolia

May 13 (newshour.com.bd) ADB confirmed its assistance program for Mongolia in 2016 at \$287 million, comprising concessional loans from its own and market-raised sources, and grants.

A priority this year is a major investment in the Ulaanbaatar electricity transmission and district heating network and a landmark project to support people with disabilities to find jobs and improve their living standards. In addition, a grant will be provided to help communities become more resilient to future disasters. This follows recent assistance from ADB's Asia Pacific Disaster Response Fund to help the country cope with the impact of the 2016 dzud.



In the year to date, ADB has already approved three loans, including one to strengthen the governance and management capacity of state-owned assets manager, Erdenes Mongol. Other loan assistance has been committed to improve border crossing points at Zamyn-Uud, Altanbulag and Bichigt and to provide wastewater treatment plants in Arvaikheer, Dalanzadgad, Sainshand, and Tsetserleg.

New investments will build on existing assistance, amounting to \$953 million, which includes 23 loans, 12 grants, and 35 technical assistance projects. Projects under way include modernization of ger areas in Ulaanbaatar, construction of water and sewerage systems across Mongolia, connecting isolated western Mongolia with neighbors through an international standard highway, supporting agribusinesses, improving health services, and skills development programs to boost job opportunities.

In Mongolia, ADB approvals amounted to \$305.5 million in 2015, including 4 sovereign loans for \$275 million, trade financing totaling \$8 million, 2 grant projects for \$6 million and 16 technical assistance grants totaling \$16.5 million. Total approvals amount to \$2 billion since the country joined ADB 25 years ago.

ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, ADB in December 2016 will mark 50 years of development partnership in the region. It is owned by 67 members—48 from the region. In 2015, ADB assistance totaled \$27.2 billion, including cofinancing of \$10.7 billion.

Mongolia set to pay \$70m to end Khan mine dispute-source

May 13 (miningweekly.com) ULAANBAATAR - Mongolia is ready to deliver a \$70-million payment to Toronto-listed uranium miner Khan Resources, a government source said, wrapping up a seven-year dispute that tarnished the country's reputation as a hot mining destination. The resource-rich country that relies on China to buy nearly all of its resources is settling disputes with miners one by one to help revive foreign investment after four years of economic decline. Mongolian Prime Minister Chimed Saikhanbileg has repeated the slogan "Mongolia is open for business" on visits around the world in the hopes rebooting the economy, which the Asian Development Bank projects will grow just 0.1% this year. "We want to show that we're trying to improve our relationships and reputation," said a Mongolian government source. He said \$70 million had been deposited into an escrow account for payment to Khan Resources on Monday. The source asked not to be named as the transaction had not yet been completed. Mongolia's Ministry of Finance was not immediately available for comment. Last year, a Paris tribunal ordered Mongolia to pay about \$100-million to Khan Resources as compensation for canceling its uranium-mining licences for the the Dornod uranium project in 2009 and handing it over to Russia's ARMZ. At a meeting during a major mining conference in Toronto in March, Mongolia and Khan came together and settled on a payment of \$70-million. The dispute with Khan Resources wraps up just as Rio Tinto and its partners are set to resume work on a \$5.3-billion expansion of the Oyu Tolgoi copper mine following a three-year delay due to disputes with the Mongolian



overnment. Investors are also keeping close watch on the Gatsuurt gold mine in Mongolia, where Centerra Gold Inc has waited seven years for mining rights.

Info given on EPA to business people

Ulaanbaatar, May 9 (MONTSAME) The Mongolian Ministry of Foreign Affairs hosted Sunday presentation on Economic Partnership Agreement (EPA) to enter in force for representatives of business circles and the private sector.

The Foreign Minister of Mongolia L.Purevsuren and the Ambassador of Japan to Mongolia Takenori Shimizu made the opening remarks at the meeting which was attended by some 30 representatives from the Mongolian National Chamber of Commerce and Industry (MNCCI) and the Union of Exporters of Goods to Japan.

During the event, the parties exchanged notes on the EPA which was established between Mongolia and Japan.

To enter into force on June 7, 2016 or in 30 days after the exchange of the notes, the EPA will enable both countries to augment the bilateral trade, reciprocal flows of investments, services and products and to encourage the people-to-people contacts.

The EPA is important for Mongolia to join the regional economic integration, to introduce Japanese investments and know-how, to export goods to the Japanese market and other countries, and to benefit from joining the production network and the economic connectivity.

In accordance with the EPA, the Mongolian side will exempt 5,700 kinds of Japanese goods from import tax, whereas the Japanese side will do the same for 9,300 kinds of Mongolia-made products, providing Mongolia softer tariff conditions.

Budget deficit: MNT 663.6 billion

May 13 (news.mn) According to the report on the state budget for April 2016, the total income of the balanced budget has been registered with a deficit of MNT 663.6 billion. In other words, the deficit is a result of income of 89.1% and expenditure of 78.1%.

In total, 89.1% had been received; 10.9% still remains to be received.

It was 1.2% (MNT 20.7 billion) lower than April 2015. Tax revenue accounts for 88.5% of the budget income; the remaining 11.5% balance comes from non-tax sources.

Business

Offshore accounts of Mongolians revealed

May 10 (gogo.mn) The International Consortium of Investigative Journalists (ICIJ) releases secret offshore accounts of world leaders at 3 am yesterday.

An official website of Panama papers shows 49 search results for Mongolia.



Previously, rumor spread among the people that Mongolian four citizens including Ulemj Ishjamts Damjin, Janchiv Oyungerel (Executive Director of Petrovis LLC), Damdin Tsogtbaatar, Suhbaatar Batbold are connected to Batu Mining Limited which has an offshore account in Panama papers.

According to the Panama papers revealed yesterday, names of Damdin Tsogtbaatar and Suhbaatar Batbold have not found.

Moreover, offshore accounts of Chuluudai, a son of City Mayor and City Governor E.Bat-Uul, former MP D.Batbayar and Kyokushyuzan D.Batbayar have revealed.

Borkhuu Delgersaikhan, General director of Dorniin Gobi LLC and Ochirsuh Yansanjav have connected to one entity named Wisdom International Holdings.

B.Delgersaikhan is expected to nominate from Mongolian People's Party at 2016 Parliamentary election from Dornogobi aimag while Ya.Ochirsukh was working as the Minister of Finance during 1999-2000.

There are 10 offshore entities related to Mongolia while the first of them was established in 1997.

Also following offshore accounts are linked to British Virgin Islands, Hong Kong, Singapore and Malaysia.

In addition, two Mongolians with U.S citizenship have been found. They are Bayar Badamhand and Nandin. According to the search, they are connected to one entity.

Business firms' ability to manage people weakest trait

May 12 (Mongolian Economy) Mongolian Management Association organised the "National Top Managers Consultative Meeting" on its 25th anniversary. During the consultative meeting, the organization presented the results of its study of business firms' management capacity – one of the biggest works they have undertaken in connection to the anniversary. The study used methodology developed by the World Federation of People Management Associations, and such a study was conducted for the first time in Mongolia.

The purpose of the study was to determine the managerial characteristics of enterprises and administrative bodies, influential factors and works to do in order to improve managerial capabilities.

According to the results of the three-month study involving over 200 organisations, the ability to manage and lead people was the weakest aspect of organisations.

The results show that the management capacity of Mongolian organisations is of medium to upper-medium performance in this indicator.

Also during the meeting, awards for "Outstanding Manager" were given to people who led by their skills and results. The awards were given to the former Director of the State Bank, D.Batsaikhan, in the banking and finance sector; Executive Director of APU Ts.Erdenebileg in the industrial sector; Director of Landex LLC U.Gerelmaa in the trade and service sector; and Rector of the Mongolian State University of Agriculture, Dr. T.Kheruuga.



About 160 people have been awarded this honour of "Outstanding Manager" throughout its history, and 70 of them were also awarded the national merit of Mongolia after receiving the award for outstanding manager.

Czech companies are here to do business: “Expo Mongolia 2016” exhibition

May 12 (news.mn) The Embassy of the Czech Republic in Mongolia is working actively to support Czech companies which will be participating in the “2016 Expo Mongolia” exhibition; this is one of the initiatives taking place in the framework of the project to support economic diplomacy, currently being implemented with finance from the Czech Ministry of Foreign Affairs.

The Embassy of the Czech Republic in Mongolia will have a pavilion at the exhibition, which will take place on 23rd-25th May. During the event, the Czech co-operation and development projects currently being implemented in Mongolia will be introduced at the pavilion.

As part of the event, the Embassy will also be organizing private one-to-one meetings for those wishing to meet the Czech companies with a view to possible cooperation. These meetings will take place at the Executive Excellence International Business Center on 24th May. Those hosting the event will be available to assist with establishing business contacts and transportation to this venue. Detailed information can be found at Commerce_ulaanbaatar@mzv.cz and by phone (tel.: 321886 /24/).

The Embassy of Czech Republic considers that this exhibition will be a great opportunity for new Czech companies to enter the Mongolian market. The exhibition will also provide an opportunity for Czech organizations, which have been implementing long-term projects in the fields of energy, agriculture, forestry, water, geology and environmental protection to discuss their plans for future co-operation with their Mongolian partners. All Czech companies which are interested in deepening their economic and commercial co-operation are welcome to participate.

We would therefore like to invite all Mongolian companies to visit pavilion A26 during the Expo Mongolia 2016 Exhibition at the Buyant Ukhaa sport complex.

Embassy of the Czech Republic in Mongolia

Banking

Shinhan Card to Provide Big Data Consulting for Golomt Bank of Mongolia

May 12 (businesskorea.co.kr) On May 11, Shinhan Card held a signing ceremony for Code9-big data consulting with Golomt Bank of Mongolia in Seoul.



The signing ceremony was attended by Shinhan Card president Wi Sung-ho, Golomt Bank president Ganzorig Ulziibayar, etc. Golomt Bank, which is one of the largest banks in Mongolia, currently has a total asset of 2.2 trillion won along with 113 branches.

According to their agreement, Shinhan Card is to provide big data consulting with regard to the Mongolian bank's credit card business. The South Korean credit card company is planning to concentrate on customer segmentation methodology such as the Code9, data mining and analysis algorithms and the like in that the Mongolian credit card market is still in its early stage.

The cooperation between the two companies marks the first case of financial big data consulting service export from the South Korean financial sector. Shinhan Card is expecting that it will become a chance for it to find out if its big data analysis models work well in global emerging markets.

Mining

Xanadu Mines Ltd: Broker maintains Speculative Buy, increases price target

May 10 (Proactive Investors) [Xanadu Mines Ltd \(ASX:XAM\)](#) is the subject of a research report from Bell Potter. The broker retained its Speculative Buy rating and increased its forward valuation of the company.

Here is a summary of the report:

Oyut Ulaan also has consistent gold-rich mineralization

XAM's Oyut Ulaan Project, which is located about 260km east of Kharmagtai, has only had rather sporadic exploration over the past few years as most of XAM's effort has rightly been directed at Kharmagtai.

Consistently good exploration results at Oyut Ulaan, particularly over the past three months have considerably elevated its status to a highly attractive project. Successive drilling and related exploration programs at Oyut Ulaan have shown that it contains significant copper-gold mineralisation associated with broadly similar porphyries and related skarn, breccia pipe and stockwork systems to Kharmagtai. Recent trenching and surface sampling at Oyut Ulaan has identified extensive and consistently high grade gold mineralisation in a large epithermal gold vein zone called the Bavuu Zone that geophysics indicates is within a major zone about 4.5km long and 300m wide.

XAM plans further systematic, cost-effective surface exploration at Oyut Ulaan to define prioritized drilling targets.

Drilling underway again at Kharmagtai with dual focus

Drilling has resumed at Kharmagtai with the dual aim of increasing the shallow high grade (circa 0.8% - 1% copper equivalent) copper-gold porphyry mineralisation (that already contains a Resource of over 2 million ounces of gold) and also evaluating the increasingly significant epithermal gold mineralisation.



XAM's drilling will target a fourth shallow gold-rich porphyry copper centre and potentially viable near surface low grade epithermal gold targets that could potentially represent a separate, modest scale gold "starter" project.

The epithermal gold mineralisation may be low grade but it is still potentially very attractive given its nature and the low cost environment in Mongolia.

Copper price recovering, gold price moving up decisively

Major copper production cutbacks announced at the end of 2015 have helped to get the market back into better balance, which has resulted in the copper price rebounding by 16% from its low in January 2016.

We continue to believe the medium and longer term supply/demand fundamentals for copper will remain tight, leading to firmer prices.

The gold price has recently moved up very decisively, rising to a 15-month high of over US\$1,300 per ounce in response to weakness in the US dollar and the market's perception that the US will keep interest rates at current levels for a more extended time given subdued growth there.

Gold's steep rise in recent days suggests there is a renewed interest in the metal from traders and investors in preference to other forms of investment.

Investment thesis: Spec. Buy, Valuation \$0.51/sh (prev. \$0.35)

Further significant gold exploration results at Oyut Ulaan in particular over the past three months have confirmed its similarity to the gold-rich nature of the highly mineralised porphyry district at Kharmagtai.

Impressive recent results means both districts now host various styles of copper-gold and gold mineralisation that warrant further evaluation, particularly as the occurrences of gold mineralisation show potential to become potential "starter" projects in their own right.

We have revised our equity diluted valuations of XAM to incorporate XAM's effective increase to 76.5% of Kharmagtai; enhanced gold potential at Oyut Ulaan; and reduced dilution of increased share price on an assumed equity raising over the next year. Our 12-month forward valuation is raised by 46% to \$0.51/sh.

Speculative Buy recommendation retained.

Could this revelation send Rio Tinto plc soaring?

May 9 (fool.co.uk) Today I'll be taking a closer look at global mining giant **Rio Tinto** ([LSE: RIO](#)), and asking whether last week's major news announcement could be a catalyst for significant share price growth for this **FTSE 100** blue-chip.

Mongolian adventure

The Anglo-Australian miner revealed on Friday that along with its partners, the Mongolian government and Turquoise Hill Resources, it has approved the next stage in the development of the world-class Oyu Tolgoi copper and gold mine in Mongolia. The development of the underground mine will start later this year following the approval of a \$5.3bn investment by the partners, and the recent granting of all necessary permits. First production however isn't expected until 2020.



It's anticipated that the underground mine will have a copper grade 1.66%, three times superior to that of the existing open pit. Oyu Tolgoi is expected to produce more than 500,000 tonnes of copper a year, compared with the current 175,000-200,000 tonnes, but that won't happen until 2027 when the underground mine is fully ramped up. There should also be benefits from significant gold by-products, with an average gold grade of 0.35 grams per tonne.

The existing open-pit mine at Oyu Tolgoi was completed in less than two years, and on schedule, with 440,000 tonnes of copper having been sold since production began in 2013. 95% of the 3,000 strong workforce is Mongolian, and with over \$1.4bn in taxes, fees and other payments having been paid to the Mongolian government, the project has certainly benefitted the local economy.

Time to buy?

No doubt the underground mine expansion is an exciting project and will be a great asset to Rio, the Mongolian government and its people over the long term. But with production not due to be fully ramped up until 2027, Rio's bottom line won't get the extra boost it needs for quite some time. If there are any problems with the expansion project, it will mean extra delays and extra costs, and investors might not see the benefits for a few decades!

Rio's shares have performed well since the start of the year, gaining 14% during the last three months alone, but are still 33% lower than a year ago. With regards to the medium-term outlook, I feel the shares are still too expensive at present levels, trading on 21 times forecast earnings for this year, falling to 18 for the year ending December 2017.

Rio's fortunes are of course highly geared to the price of commodities, but present estimates suggest to me that the shares are overvalued and too risky for growth investors uncomfortable with higher levels of risk. Furthermore, I think income seekers could also find better rewards elsewhere as the dividend yields are no better than average for a FTSE 100 blue-chip.

What next?

If you're still looking to make life-changing sums of money from shares, then you'll want to know about this **FREE** Guide from the experts at The Motley Fool UK, who've released their [**10-Step Guide To Making A Million In The Market.**](#)

To get your instant copy of this **100% FREE Exclusive Guide**, simply [Click HERE.](#)

Don't miss out, [**Get Your Guide To Making A Million In The Market HERE.**](#)

Bilal Mohamed has no position in any shares mentioned. The Motley Fool UK has recommended Rio Tinto. We Fools don't all hold the same opinions, but we all believe that considering a diverse range of insights makes [us better investors.](#)



Oil & Gas

Could Petro Matad Limited Gain Strength? The Stock Reaches 52-Week Low

May 13 (hintsnewsnetwork.com) The stock of Petro Matad Limited (LON:MATD) is a huge mover today! The stock decreased 3.33% or GBX 0.12 on May 13, hitting GBX 3.62. About 2.18M shares traded hands or 14.74% up from the average. Petro Matad Limited (LON:MATD) has declined 6.45% since October 9, 2015 and is downtrending. It has underperformed by 9.87% the S&P500. The move comes after 7 months negative chart setup for the GBX 10.74 million company. It was reported on May, 14 by Barchart.com. We have GBX 3.26 PT which if reached, will make LON:MATD worth GBX 1.07 million less.

Petro Matad Limited is a Mongolia-based oil exploration company. The company has a market cap of 10.74 million GBP. The Firm is engaged in the production, development and exploration of oil. It currently has negative earnings. The Firm holds an operatorship of three production sharing contracts with the Government of Mongolia.

Import tax on diesel fuel to zero at some borders checkpoints

Ulaanbaatar, May 10 (MONTSAME) In order to make sure the 2016 spring sowing campaign is carried out within a technological period, the cabinet took a decision on Monday to zero import excise tax on 6.5 thousand tons of diesel fuel to be passed through the Sukhbaatar and Ereentsav border checkpoints. The tax exemption period will last until June 20, 2016.

The Minister of Food and Agriculture R.Burmaa is obliged to organize works of delivering the fuel to contracted land farming companies and farmers and to control the actions.

It is expected that this measure will minimize the cost of productions by approximately MNT 190 and will improve finance potential of entities. Domestic supply of wheat and flour is expected to be fully ensured in 2016-2017 owing to the governmental decision.



Energy

Key victory in campaign to save Lake Baikal from Mongolian 'eco-threat'

May 13 (siberiantimes.com) Russian government proposes intriguing solution if Ulaanbaatar halts plans for hydropower dams on the Selenga River.

The World Bank has assured Moscow that it has suspended plans to finance two major projects on the river, which environmentalists fear would cause major damage to the world's oldest and deepest lake.

Funding from the bank was seen as a important to the building of two out of three major dams, one on the Selenenga, and one on the Orkhon River, a tributary.

Greenpeace was among the groups calling on the World Bank to block funding because of the threat to Baikal which contains 20 per cent of the world's unfrozen freshwater.

Director of international cooperation at the Natural Resources Ministry, Nuritdin Inamov, said: 'Colleagues from the World Bank have heard us, and we have received a letter from Washington.

'The World Bank freezes the work on the project and, moreover, at the moment we are preparing the visit of a World Bank delegation to Buryatia and Irkutsk region so the representatives of the World Bank can hear the opinions of local citizens.'

He stressed: 'We are working on this issue with the Mongolian side and the World bank, which is one of the anticipated sources of financing for this work, as well as with representatives of UNESCO and the International Union for Conservation of Nature, which provided assistance in providing an expert assessment.

'A meeting with Mongolian partners in Ulaanbaatar is planned for sometime between 20-29 May in order to impact the Mongolian side's position on the need to conclude work on this project by abandoning it.'

He made clear Russia is ready to offer major assistance to Mongolia in exchange for an abandonment of the hydro schemes.

'We're not just saying no to projects, we're offering options that would make it possible to preserve Baikal, preserve good relations with Mongolia and resolve these energy and economic issues,' said Inamov.

Moscow is offering Mongolia alternative options to supply Russian electricity, he said.

'Russia has excess capacity at power plants. It is possible to increase the capacity of the Gusinozersk-Darkhan power transmission line, a new power line could be built.

'Mongolia could be offered the position of transit country for supplies of Russian electricity to China. This would enable Mongolia to earn cash for transit.' The issue is important because of a fall in the level of water in the lake which is of acute concern to ecologists.

Mongolia has argued that the lowering is for natural reasons and that the construction of a reservoir would make it possible to regulate the outflow of water from the lake. 'Russia is opposed to such an approach, because the natural flow is disrupted,' said Inamov.



The representatives of Greenpeace Russia believe that the position of the World Bank is important also because it can convince the Chinese authorities, who are funding the construction of the hydro project on the Eg river.

The construction has already started. It violates the previous agreement between Russia and Mongolia that the works will start only after the project will be approved by Russian side and will not harm Baikal.

The struggle around the construction of the hydro power plans on the Selenga and Orkhon started in 2012. At the time, the WWF opposed the project as it would undermine the population of sturgeon, omul and other valuable fish species of Lake Baikal.

The conflict worsened in 2014, when Mongolia deported a Russian ecologist, who opposed the construction of the HPP on Selenga. In 2015 Russian Ministry of Natural Resources warned of a devastating impact on the ecosystem of Lake Baikal, which is already facing severe challenges. The position of the Ministry [was backed by President Vladimir Putin](#).

The level of Lake Baikal on 18 April 18 was measured at 455.72 metres, compared with an official minimum acceptable level of 456 metres. It is even lower than the lowest point of last year. In 2015 Baikal water level decreased to 455.86 metres and then started to increase. The forecast for this year is that in late May the level can decrease even more.

Thought to be 25 million years old, Lake Baikal stretches for 650 kilometres (400 miles) through south-eastern Siberia, north of the Mongolian border. It is up to 1,700 metres deep.

KEPCO KDN Signs MOU to Establish 50MW Solar Power Plant in Mongolia

May 13 (businesskorea.co.kr) Korea Electric Power Corporation (KEPCO) KDN announced on May 12 that it has signed an asset management agreement and memorandum of agreement (MOU) with Moshea Eco Energy and Idea Bridge to establish a 50MW solar power plant in Mongolia on the 6th.

Under the agreement, it will set up the largest 50MW eco-friendly clean energy power plant at new airport in Mongolia. The new airport region has been troubled over serious air pollution caused by thermal power plants nearby.

An official from KEPCO KDN said, "Converging the capability and expertise in new electricity ICT technologies, including energy new industry areas, we are planning to expand our global businesses further."



Agriculture

Tax incentive for wheat farmers

May 11 (news.mn) On 9th May, during a regular meeting of the Government, it was decided to nullify the special import tax for the 6500 tons of diesel fuel required for the spring cultivation. This decision, however, is not nationwide – it only applies to border crossings, namely Sukhbaatar and Ereentsav. This measure to help farmers will be in force until 20th June.

The cost of diesel fuel represents 22.2% of the cost of cultivating one hectare. The total cost of Mongolian wheat cultivation is higher than that of its neighbors Russia and Kazakhstan which share a similar climate. The reason for the high costs is that Mongolia imports everything from agricultural equipment to pesticides, fertilizer and fuel oil.

In value terms, the tax window on diesel will reduce the cultivation costs by MNT 190,000, thereby really helping companies and individual farmers alike. The Government considers that due to this decision, Mongolia can meet domestic wheat demand for 2016-2017.

Aviation

Accident: MIAT B738 at Khovd on May 3rd 2016, rejected takeoff due to runway excursion

May 9 (avherald.com) A MIAT Mongolian Airlines Boeing 737-800, registration EI-CXV performing flight OM-7056 from Khovd to Ulaanbaatar (Mongolia) with 90 passengers, was accelerating for takeoff from Khovd when the aircraft went over soft ground creating a huge cloud of dust. The crew rejected takeoff at low speed and stopped the aircraft. There were no injuries, the aircraft received damage.

The aircraft is still on the ground in Khovd a week later.

The airline reported the crew lost directional control at about 60 knots and rejected takeoff. The flight was cancelled due to the necessary maintenance, the passengers were rebooked onto the next two Aeromongolia flights the following morning. An investigation has been opened into the occurrence.

Passengers reported the aircraft was accelerating when it entered a dirt track raising a huge cloud of dust so that they could not see anything outside of the aircraft anymore. Ground observers reported the aircraft was accelerating for takeoff from Khovd when the aircraft disappeared in a huge cloud of dust.

Khovd Airport, located 610nm west of Ulaanbaatar, features a runway 16/34 of 2850 meters/9350 feet length.



Direct flight to be made from Ulaanbaatar to Frankfurt

May 9 (MONTSAME) The Mongolian MIAT national airlines are set to make direct flights from Ulaanbaatar to Frankfurt every Thursday and Sunday starting on June 19.

The direct flight will bring more benefits to passengers since Frankfurt is a hub of European flights affording direct flights to a number of different countries including UK, the United States, Australia and Canada. Moreover, the UB-Frankfurt flight is to be welcomed by Mongolian students who study in European countries who have previously had to take transit flights through Moscow or Seoul. It will help them save money and time.

For your information, the MIAT Airlines announced 30-percent discount for UB-Frankfurt flight which will last until July 7 and will be available for both sides.

Ulaanbaatar

Ulaanbaatar's ASEM streets

May 9 (news.mn) The Asia European Meeting will take place on 15th-17th July in Ulaanbaatar, so the City Administration Office is planning to finish the improvement by 10th-15th June. Therefore, only one month remains to improve the way the appearance of the streets. In total, the city has budgeted MNT 3 billion for making the 13 streets where the ASEM guests will work and stay streets more attractive.

The General City Planning Authority has approved the plans for the improvement of 13 streets; these focus on part of Chinggis Avenue, Olympic Street (where the Shangri-La hotel is located), Genden Street (outside the Wedding Palace), the roads surrounding the National Amusement Park and others.

According to the plan, the lamp posts will be painted; flowers and trees – mostly three-year old spruces and pines – will be planted. Also, the cycle paths will be upgraded.

“Good fence” program approved

Ulaanbaatar, May 10 (MONTSAME) The “Good fence” national program and general procedure of its implementation were adopted at the cabinet meeting held Monday.

This program pursues a purpose to make living conditions for Ulaanbaatar residents of ger areas healthier and safer in a way of boosting house towns equipped with partial and centralized infrastructure system.

The Ulaanbaatar Mayor E.Bat-Uul was tasked to approve norms of constructions, and technical and technological standards for landscape furnishing and engineering infrastructure, and to control the implementation.



In the frames of the program, households will become able to receive a soft-loan of up to MNT 10 million with the five-year term, while the basic payment of loans will be completed in first two years. Up to 50% of the debt can be resolved jointly by the government and localities with help of government funds.

The program aims to help households of the target groups have own engineering infrastructure and improve the living environment for inhabitants of ger areas, and to reduce environmental pollution as well.

Ulaanbaatar promoted at "Seoul Friendship Fair-2016" in Korea

May 12 (gogo.mn) In accordance with Mayor's decree, a team of 20 people from Ub cultural department, Tourism department and Capital city Ub ensemble participated in "Seoul Friendship Fair-2016" which was held in May 5-9 in Seoul, Korea.

"Seoul Friendship Fair-2016" held it's arts play in May 7-8 where Ub ensemble promoted UB city while receiving high appraisal from audiences and won the votes. Ub ensemble play was directed by P.Urnaa, **reports Ub cultural department.**

New branch of Capital Public Service Center established

May 12 (gogo.mn) In hopes to give public service to Songinokhairkhan district citizens, third branch office of Capital public service center (CPSC) is established at Dragon center at 29th khoroo of Songinokhairkhan district. The test running center officially opens on Monday May 16, 2016.

"Dragon" branch CPSC includes:

- 1558 m2 space
- Main service hall
- Self service hall
- Back office
- Conference room
- Bank
- Ceremonial stage
- Server room
- Coffee shop
- Fast food
- Fair trade center
- Monitoring room
- Notary
- Information center
- Waiting halls

Dragon CPSC office has capacity to serve 6720 people and gathered 22 city and rural administration bodies to provide 287 different services.



The office process all issues related land, in order to create centralized land section. Official opening ceremony will take place in May 4, reports the **Press and Public relations department at Mayor's office.**

Ulaanbaatar city to expand cooperation with Erenhot in several areas

Ulaanbaatar, May 13 (MONTSAME) Mayor of Ulaanbaatar E.Bat-Uul received Friday Yao Yongbo, the Party Secretary of Erenhot of China, and shared views on the cooperation between the capital city of Mongolia and the Chinese city.

Expressing his satisfaction with dynamic development of the friendly ties and cooperation between both cities, the Mayor emphasized Ulaanbaatar strives for boosting bilateral collaboration, especially in the areas of tourism, culture, arts, economy and other sectors.

Yao thanked the Mayor of Ulaanbaatar for the audience, and invited him to take part in a forum of the China-Mongolia-Russia economic cooperation that will be held this year in Erenhot. He said the Chinese side is ready to render support to Mongolia for sending delegates and organize a fair of Mongolian goods during the forum.

Erenhot wants to cooperate with Ulaanbaatar in great construction works near the Mongolia-China borders, boosting the tourism industry and encouraging exchanges in the culture, arts and health sectors, Mr Yao pointed out. He believes that the cooperation between Erenhot and Ulaanbaatar will broaden further.

Bat-Uul confirmed his participation in the trilateral forum of economic cooperation in Erenhot, and then invited Mr Yao to attend the 3rd Forum” for Mayors of the cities of North-East Asia to be held on August 4-5 in Ulaanbaatar.

Present at the meeting were E.Battulga, head of the Tourism Division of Ulaanbaatar; B.Battsengel, head of the Division of Culture and Arts; Chai Wenrui, the General Consul of China in Zamyn-Uud city; and other officials.

Company News

Oyu Tolgoi LLC named as top taxpayer of Mongolia

Ulaanbaatar, May 13 (MONTSAME) Oyu Tolgoi LLC has been named as Top Taxpayer of Mongolia for 2015 by the General Authority Department of Taxation and Customs.

In that period, the company paid total MNT 558.9 billion in taxes and fees to the government of Mongolia.

The General Authority Department of Taxation and Customs presented on Thursday “Best Taxpayer award – 2015” to Oyu Tolgoi CEO Andrew Woodley.