



Contents

| | |
|---|----|
| Politics..... | 3 |
| Chinese president calls for closer exchanges with Mongolia..... | 3 |
| Shinzo Abe: I had highly productive talks with Mongolian Prime Minister..... | 4 |
| Mongolians to vote in local election..... | 5 |
| Additional polling to take place on October 23..... | 5 |
| Local Election - MPP in the lead..... | 5 |
| Foreign Relations..... | 6 |
| Sergey Manasaryan appointed Armenian Ambassador to Mongolia..... | 6 |
| Ambassador of Belarus Stanislav Chepurnoy meets Deputy Foreign Minister of Mongolia..... | 6 |
| Economy..... | 6 |
| Why Chinese Money Is not the Answer to Mongolia's Economic Woes..... | 6 |
| IMF 'rescue' team to arrive in Mongolia..... | 8 |
| Debt belongs to the people, not the government..... | 9 |
| Mongolia to receive Polish government loan..... | 11 |
| IPI rises against last year..... | 11 |
| Export decreases to USD 3.3 billion and import decreases to USD 2.4 billion..... | 11 |
| NAMBC delegation meets President Elbegdorj and other officials to discuss economic cooperation..... | 12 |
| Business..... | 13 |
| Premier asks Japanese entrepreneurs to invest in Mongolia..... | 13 |
| President Ts.Elbegdorj receives NAMBC delegation..... | 14 |
| Banking..... | 14 |
| XacBank proudly becomes an Accredited Entity of the Green Climate Fund..... | 14 |
| Mining..... | 16 |
| China's Steelmakers the Relative Winners in Coking Coal Surge: Russell..... | 16 |
| Aspire Mining sees potential for economic open pit coking coal mine..... | 17 |
| Bayan Khundii, Mongolia: 123m grading 1.32g/t Au from 20m depth (BKD-60)..... | 19 |
| PM visit: Will Tavan Tolgoi project continue?..... | 19 |
| Government appoints members of EMC Board..... | 20 |
| Oil & Gas..... | 20 |
| MNT 12 billion saved on imported energy..... | 20 |



| | |
|---|----|
| Energy | 21 |
| Mongolia to sell electricity to China..... | 21 |
| Japan co-operates on Mongolian solar power project | 21 |
| Aviation | 22 |
| MIAT bans 'Samsung Galaxy Note7' on all flights | 22 |
| Railway..... | 22 |
| Tavantolgoi-Gashuunsuhait railway construction will continue next year | 22 |
| Agriculture | 23 |
| Grain harvest tripled this fall | 23 |
| Construction | 23 |
| HPI in Ulaanbaatar as of September | 23 |
| Ulaanbaatar..... | 24 |
| UB will cooperate with Busan on decreasing air and soil pollution | 24 |
| Company News | 24 |
| Done deal: Centerra Gold buys Thompson Creek for \$1.1 billion..... | 24 |
| Oyu Tolgoi signs a major contract for underground development with Dayan Contract Mining..... | 25 |
| TerraCom signs 5.5 year Mongolian 'offtake' coal deal | 26 |
| O.Odbayar appointed vice director of Erdenes Mongol | 26 |



Politics

Chinese president calls for closer exchanges with Mongolia

BEIJING, Oct. 18 (Xinhua) -- Chinese President Xi Jinping on Tuesday called for more concrete exchanges with Mongolia in terms of governance and interaction between the two ruling parties.

Xi made the remarks while meeting with Miyegombo Enkhbold, chairman of the Mongolian People's Party (MPP) and chairman of the State Great Hural, Mongolia's parliament.

Hailing the sound momentum of China-Mongolia ties, Xi said both countries have placed great focus on each other when developing their respective foreign policies.

The Communist Party of China (CPC) and the Chinese government have pursued relations with Mongolia from a strategic standpoint and with a long-term perspective, he said, vowing to enhance coordination and cooperation with the country to boost bilateral all-round strategic partnership.

Xi urged the two sides to maintain high-level exchanges, deepen political party exchanges, properly handle sensitive issues and support each other on issues regarding respective core interests and major concerns.

Enkhbold, who is on his first China trip since taking office in July, spoke highly of the Belt and Road Initiative and China's friendly diplomacy toward its neighbors.

"[China has] provided guidance for deepening bilateral ties, maintaining regional peace and stability and boosting cooperation with countries along the Belt and Road," he said.

The Belt and Road Initiative, proposed by Xi in 2013, refers to the Silk Road Economic Belt and the 21st Century Maritime Silk Road. It will be a trade and infrastructure network connecting Asia with Europe and Africa along the ancient trade routes.

Enkhbold said that the parties of Mongolia, though they may hold ideological differences, all agree to enhancing ties with China.

The MPP values its friendly ties with the CPC and expects closer exchanges, he added.

Enkhbold attended an annual dialogue between the CPC and various parties of the world, held in Chongqing Municipality in southwest China last week.

He said the dialogue was an important sharing platform for parties to discuss how to innovate global economic governance.

Later on Tuesday, top legislator Zhang Dejiang met with Enkhbold. Zhang pledged to further strengthen cooperation between China's National People's Congress and State Great Hural.

Enkhbold said Mongolia is ready to enhance parliamentary links with China.



Shinzo Abe: I had highly productive talks with Mongolian Prime Minister

October 17 (gogo.mn) The Prime Minister of Mongolia J.Erdenebat paid an official visit to Japan during Oct 12-14.

During his visit, the Prime Minister paid courtesy calls on the Speaker of House of Representatives of the National Diet of Japan, Mr Tadori Oshima, and Speaker of House of Councillors, Mr Chuichi Date.

On Oct 13, Prime Minister Erdenebat has attended the Mongolia-Japan Trade and Investment Forum and gave insight into the investment environment and business opportunities in Mongolia. The forum was attended by representatives of 50 Mongolian companies and 240 Japanese companies.

During the forum, following companies and investors have signed cooperation documents.

- Energy Resource LLC and Sumitomo Corporation have signed Memorandum of Understanding on coal sales and marketing cooperation.
- "Tsagaan Chuluut" consortium and Suzuki shoukai have signed Memorandum of Cooperation.
- Dry Milk LLC and Pirsai have signed exclusive distribution agreement.

On that day, Prime Minister gave interview for Nikkei newspaper and met with authority of Japan-Mongolia friendship community.

On Oct 14, Prime Minister has had an official talk with his Japanese counterpart Shinzo Abe to conform the contents and line of actions, to be realized in frames of the Mongolia-Japan Strategic Partnership. Following the Prime Ministers made press briefing.

Mongolian Prime Minister J.Erdenebat:

"I am delighted that my first foreign visit has started from the closest partner of our country.

Our two countries have agreed to take our relations to a new stage by initiating cooperation in politic, economy, culture, education and humanitarian wide range of sectors while strengthening our mutual trust. We are aiming to expand the cooperation between private sectors. I thanked Japanese Prime Minister Shinzo Abe for expressing his readiness and willingness to support the implementation of our medium and long-term development objectives. We have set to develop new medium-term program 2017-2021 in frames of the Mongolia-Japan Strategic Partnership. We, Mongolians will support and cooperate with Japan within the international and regional level".

Japanese Prime Minister Shinzo Abe:

"I view the fact that the Mongolian Prime Minister chose Japan as the first visiting destination as the head of government represents the strong and close relations of our two countries. I am delighted to meet again three months later, the ASEM meeting which was held in Ulaanbaatar city in July, 2016.

Because Mongolia cherishes democracy, human rights and freedom to be its core values, Japan proclaims Mongolia as a strategic partner. For the same reason, I have visited Mongolia for three times. Today I had highly effective and productive talks with



the Mongolian Prime Minister. We have agreed to develop a new program of bilateral relations during the meeting held in last July, which will act as the "Google map" or the "roadmap" of our cooperation. Our opinions concerted today in forwarding the preparation of the mentioned program. I am confident the bilateral ties will broaden with mobilization of the program".

Mongolians to vote in local election

October 18 (news.mn) The polling for the elections of the people's representatives for the 'soum khurals (district councils) and municipal councils will be taking place on October 19th between 7.00 a.m. and 22.00 p.m. In the elections for the soum khurals, six political parties and a coalition group have nominated their candidates.

The six political parties have also nominated candidates for the municipal councils. The eligible candidates received their certificates on September 27th and the campaign was officially launched on October 1st.

Parliament approved a MNT 13.9 billion budget for the local election. A total of 15,209 candidates from the 330 soums of Mongolia's 21 provinces and the 9 districts of Ulaanbaatar have been registered for a total of 7006 seats.

Additional polling to take place on October 23

Ulaanbaatar, October 21 (MONTSAME) The polling for the elections to citizens representatives khurals of soums and city districts was held on October 19. Voter turnouts were insufficient in 135 out of the total 1,765 electoral constituencies and in some constituencies the number of votes for candidates equaled, reported the General Election Committee on Thursday.

The additional polling and re-run of elections will be held at these constituencies on October 23 and 29, involving all the citizens who did not cast votes on the due polling day.

Local Election - MPP in the lead

October 21 (news.mn) On 19th of October, Mongolians voted for the election of the people's representatives to the 'soum khurals' (district councils) and municipal councils. According to the preliminary results, the Mongolian People's Party (MPP) has won in more than 200 soums of 21 provinces, however, the Democratic Party (DP) has taken seats in over 100 soums. A total of 15,185 candidates from 330 soums in the country's 21 provinces and from the nine districts of Ulaanbaatar registered to compete for 7299 seats; 710 were independent candidates and 4530 were women.

A total of 2.6 million Mongolians were registered to vote in the local election, however turnout was very poor. More than 20 thousand staff were involved in the election which cost MNT13.9billion.

In June's general election, the MPP won a landslide victory, taking 65 out of 76 seats in the State Great Khural (parliament).



Foreign Relations

Sergey Manasaryan appointed Armenian Ambassador to Mongolia

YEREVAN, OCTOBER 21, ARMENPRESS. President of Armenia Serzh Sargsyan on October 21 signed a decree on concurrently appointing Sergey Manasaryan (Ambassador to China) Ambassador Extraordinary and Plenipotentiary to Mongolia (residence in Beijing), press service of the Presidential administration told "Armenpress".

Ambassador of Belarus Stanislav Chepurnoy meets Deputy Foreign Minister of Mongolia

October 20 (mfa.gov.by) On October 20th, 2016 Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus to Mongolia Stanislav Chepurnoy met with the Deputy Minister of Foreign Affairs of Mongolia Mrs. Batmunkh Battsetseg.

The main topic of the meeting was the bilateral agenda, including the exchange of the highest and high level visits, holding of session of the Joint Belarus-Mongolian Commission on trade and economic cooperation, consultations between the Ministry of Foreign Affairs of the Republic of Belarus and the Ministry of Foreign Affairs of Mongolia. The sides discussed the prospects of developing of the Belarusian-Mongolian interaction in political, economic and legal fields, as well.

Economy

Why Chinese Money Is not the Answer to Mongolia's Economic Woes

October 20 (The Diplomat) Earlier this month, the Finance Minister and Central Bank Governor of Mongolia traveled to Washington. D.C. to hold initial discussions with the IMF regarding a loan to ease the country's fiscal pressure. The details of Mongolia's request to the IMF are not publicly available, but the discussion centered around an amount of up to \$1.5 billion. The IMF is now reviewing the request and will be sending a technical team to Mongolia for further evaluation.

But there are senior-level voices within the Mongolian government that are against the country pursuing the IMF route, believing that IMF financing will come with too many strings attached. These voices are advocating that the country instead look to China for



money that they believe would be easier and cheaper. But what these Mongolian government officials seem not to realize – and what many other countries have learned the hard way – is that Chinese money comes with just as many strings attached. The strings are less obvious, but they are ultimately more insidious and would damage Mongolia's economic and geopolitical prospects.

Mongolia is facing a 2016 budget deficit of 20 percent of GDP. The overall debt burden, meanwhile, has reached around 200 percent of the country's total GDP. Much of this debt has been accumulated during the past few years. Mongolia's economy is heavily dependent upon exports of key commodities like copper and coal. When prices for those commodities began to slump in 2012, Mongolia's growth slowed from a high of 17 percent in 2011 – when it was the fastest-growing economy in the world – to a low of 2.3 percent in 2015. This slowdown hit the country's balance of payments and put a tight squeeze on the government's budget.

In the mid- to long-term, Mongolia's debt is more than manageable. The country will see a dramatic spike in its capital inflows over the coming years as commodities prices begin to recover. Indeed, just this year alone, coal prices increased 150 percent and copper prices have also stabilized, recording modest gains for 2016 after a multi-year slide. Meanwhile Oyu Tolgoi, the country's largest copper mine (and by many accounts the second largest copper deposit in the world), is now embarking on Phase 2 of its development – a \$5 billion capital expenditure (capex) program to develop the underground portion of the mine. This capex program will in and of itself provide a lift for the country's economy over the coming years, independent of the actual revenues the mine generates from its mineral exports once it is fully up and running. Indeed, by 2018 analysts project that Mongolia will see GDP growth of around 7 percent and by 2019 growth should be back in double-digit territory.

But in the near-term, Mongolia's ongoing balance of payments deficit poses challenges. Growth is likely to remain anemic in 2016 and 2017. At the same time, some of the debt incurred by the Mongolian government to close its fiscal gap over the last few years comes due very soon. In fact, in March of 2017 – just five months out – Mongolia must repay \$580 million to lenders on a bond that was issued by the Development Bank of Mongolia. And in May 2018, it must repay another \$500 million for the Chinggis Bond, which is held by a variety of institutional investors around the world.

What Mongolia needs, then, is bridge financing to allow it to comfortably weather the next couple of years.

But Chinese financing would do much more than that. Several Mongolian news outlets have published articles suggesting that China may be offering up to \$4 billion of debt relief. That kind of indebtedness would give China tremendous political and commercial leverage over Mongolia; and as China has demonstrated time and again in countless markets across other parts of Asia as well as in Africa, it does not hesitate to use that leverage to its advantage.

Indeed, China's offer must be understood within the context of its "One Belt, One Road" policy. As part of that policy, China is seeking to advance its own commercial and strategic interests across the Asian landmass. In the case of Mongolia, this means making sure that any financing China provides would be used to finance infrastructure that would serve the needs of the Chinese economy, such as transit corridors for



Chinese goods, and it would require Chinese that Chinese companies receive the contracts to construct that infrastructure. It also means China will make sure that its state-owned-enterprises receive preferential access to Mongolia's attractive mineral assets. And China may even use its leverage to put limits on Mongolian relations with the United States and Europe, in an effort to undermine Mongolia's "third neighbor policy" – which refers to the country's strategy of maintaining good relations with the United States and Europe as a hedge against the country's two actual neighbors, China and Russia.

The IMF financing, on the other hand, would more squarely address Mongolia's current needs. At approximately \$1.5 billion, the package would relieve significant fiscal pressure over the next two years. Yes, it would come with some strings attached: specifically, the IMF would require belt-tightening steps to reduce government spending and increase government revenues. But these would be prudent steps for Mongolia to take in any event, and the IMF could serve as a convenient scapegoat in the event that any of the measures are not popular with the Mongolian public. The IMF financing package would also do much to bolster investor confidence – particularly private sector investors and international financial institutions like the EBRD, all of whom are concerned that a bail-out provided by China would make it more difficult for non-Chinese firms and organizations to operate in Mongolia.

To be sure, Mongolia need not put all of its eggs in the IMF basket. There is no harm in pursuing a solution in which an IMF package serves as the main form of relief, while countries like South Korea and Japan provide supplemental financing. China could, in a limited way, also play a role in such a diversified financing solution – so long as it does not serve as the linchpin.

But if Mongolia wants to avoid making the same mistake as some of its peer nations in other parts of Asia and Africa, the IMF loan should be at the center of its efforts.

Alexander Benard is CEO of Schulze Global Investments, a private equity firm focused on frontier markets with an office in Mongolia. He is the author of a [Foreign Affairs article](#) on U.S.-China competition across frontier markets in Asia and Africa.

IMF 'rescue' team to arrive in Mongolia

October 17 (news.mn) Mongolia has requested a rescue loan from the International Monetary Fund (IMF) as it faces an escalating battle to plug the gap in its public finances. Mongolia's finance minister, B.Choijilsuren met IMF officials in New York earlier this month.

A team from the IMF will visit Ulaanbaatar on Thursday (20th of October) to carry out discussions with the finance minister and the president of the Central Bank of Mongolia. Mongolia has been struggling to control its budget deficit, honour its international payments, and curb the severe depreciation in its currency following the global commodity price rout. This year, the Mongolian budget deficit plummeted to 20 per cent of GDP and currently faces around \$2bn in public and private debt next year.

Analysts had suggested to reduce the budget deficit and to stop long term loans.



Debt belongs to the people, not the government

October 18 (gogo.mn) William Deming (1900-1993), who fully reinvented quality control systems, saw the management process of institutions through four different components, and suggested that improvements can be achieved by effectively managing and controlling those components. The components are *plan*, *do*, *check*, and *act*, which are known as the PDCA cycle.

In a democracy, the government is an institution that is established by the political party who has gathered the most support in public elections. The political party appoints its people to government positions for executive roles and to serve in the judicial branch of government.

If we look at the work that the Mongolian government has been doing through the Deming lens, the first two components of institutional management (plan and do) are very weak, the third component (check) is not really done, and the fourth component (act) is non-existent.

Although the government is supposed to check itself and fix its problems, media is often the independent mechanism that provides oversight of all aspects of the work the government is doing and informs the public. Such oversight and reporting is also done by informed individuals, who are sometimes actively engaged in non-governmental organizations (NGOs) and civil society. However, what we are seeing more of in Mongolia today are people who know how the government works and what has to be done in order to reap personal gains while working for the government. We call these people politicians.

GOVERNMENT WITHOUT OVERSIGHT

Politicians today own the media and are able to depict themselves to the public in any way they want. Given our weak civil society and NGOs that are not truly independent, Mongolia has not had the chance to evaluate what has been happening, verify what is true and false, and resolve problems. Mongolia's legislative, executive, and judicial branches of government have been weakening, and – in some instances – they are indistinguishable from each other due to each of them serving a single political group.

For example, let's have a look at how Mongolia's state budget works. The planning stage relies on guesses and incredibly rough estimates, and are based on the wish lists of politicians, as opposed to scientific data. This is the reason why Mongolia amends its state budget three times a year now.

The decision makers do not care whether budget expenditures actually benefit society and the Mongolian people. The only interest they pursue is what gains they can make from the state budget. This is revealed through public tenders, where the state's decision makers ensure that the final outcome is to their advantage. They also receive rewards in exchange for appointing people to different positions. These are acts of corruption. When uncontrolled, corruption can grow into a cancer for society. Corruption has become normal in our country. Mongolia's growing debt and penalties from international courts keep reminding us how large the corruption has grown.

The Mongolian people still do not understand that the government's debt actually belongs to citizens rather than the government. Every time the economy goes into



decline, we learn that taking out loans domestically or internationally, and giving them fancy names such as “Chinggis” and “Ugudei”, do not solve the problem. The people understand this because our purchasing power declines as the tugrug weakens. Today we are struggling with an insufficient number of schools and kindergartens, and developing respiratory diseases because of polluted air in winter. It makes everyone wonder why we are unable to solve these problems and get out of this situation.

WHY CORRUPTION IS GROWING

Mongolia actually has the financial capacity to resolve these issues. However, the capital required to do so is being stolen by a handful of people who hide behind their political parties. They are never held accountable for their unlawful actions. Moreover, these people continue working for their personal gain and controlling others.

When a penalty is imposed on our government due to the operations of state-owned companies, every Mongolian pays for it. We pay the penalties because the government does not have its own money; all of the government's financial capital comes from the mandatory taxes we pay and the fees the government collects from mining exports and the import of goods. Any payment the government makes is actually paid by the people. For example, when the government withdrew Canadian company Khan Resources' mining license and transferred it to a different company, the International Court of Arbitration ruled against the government and imposed a penalty of 100 million USD. We, the people, paid this penalty this summer. Furthermore, the private Mongolian company Just Group borrowed 120 million USD from Standard Bank with a guarantee from state-owned Erdenet Mining Corporation. They were not able to pay off the debt. Mongolian media reported that after a long dialogue with the International Court of Arbitration, it was ruled that Erdenet Mining Corporation would be responsible for paying 170 million USD, the loan plus interest payments and legal fees. Bloomberg reported that, despite claims by the Executive Director and the Chairman of Erdenet Mining Corporation that their signatures were forged, it was established by the court that the signatures were genuine.

PEOPLE PAY FOR THE GAINS GOVERNMENT OFFICIALS COLLECT

There is a trend in Mongolia where people who have not committed any illegal actions end up paying for the unlawful gains made by those who steal from public funds and are never held accountable. Since they have already received their share of the profits, the senior officials in government don't really do anything to those who have been convicted, or make them pay for what they stole. Those who end up behind bars get out after a while or they're pardoned.

Only a few examples have been shared here. It is hard to guess how many others there are because the media does not tell us everything, since they are being paid not to talk about specific issues. Unless we tackle corruption, Mongolia will never be able to get rid of poverty, solve the air pollution problem, or achieve flourishing development.



Mongolia to receive Polish government loan

Ulaanbaatar, October 18 (MONTSAME) The sides have been negotiating to establish an intergovernmental agreement on export loan of EUR 50 billion in the near future, said the State Secretary of the Ministry of Foreign Affairs, D.Davaasuren on Tuesday. He added the Mongolian foreign policy prioritizes bilateral relations with the two neighbors -Russia and China, and then accents the ties with highly-developed countries of the West and East and our "third neighbors".

IPI rises against last year

Ulaanbaatar, October 20 (MONTSAME) The industrial production index (seasonally adjusted) stood at 137.4 (2010=100) in September, indicating increase of 2.4 percent compared to the same period of the previous year and 5.0 percent compared to the end of 2015.

However, it decreased by 7.5 percent compared to the previous month. This drop was entailed by decrease of 7.6 percent in production index of mining and quarrying sectors. The output in construction and capital repair works reached MNT 1153.4 billion for the first 9 months of 2016, of which MNT 1131.9 billion (98.1%) were performed by local construction entities while MNT 21.5 billion (1.9%) – by foreign entities. The output fell down by MNT 348.6 billion (23.2%) from that of the same period of 2015. This decrease reflected the drop of MNT 329.9 billion (22.6%) in the output by domestic construction entities.

Export decreases to USD 3.3 billion and import decreases to USD 2.4 billion

October 20 (gogo.mn) As of Sep, 2016, Mongolia has engaged trade with 155 countries and total turnover of foreign trade has reached to USD 5.7 billion. Export is USD 3.3 billion in initial three quarters which is 5.9% less than previous year, and import decreased to be USD 2.4 billion.

Import and export decrease of Mongolia in initial three quarters of 2016 shows that economic activation is falling down. Copper concentrate and knit product trade mainly influenced on export decrease and copper concentrate export decreased by USD 441.8 million. In contrast, coal export grew up by USD 76.9 million.

As of September, diesel fuel import fell down by USD 126.5 million and petrol import decreased by USD 69 million which influenced on import decrease. As of import, its 59% consist of mineral product, machinery, equipment, electronic appliance and vehicle parts. Particularly, 28.8 thousand sedans were imported as of initial 9 months of 2016 which equals to USD 181 million, 12.5% higher than previous year. Import increase from Japan and Japan Yen exchange rate increase influenced on quantity and monetary amount growth. 33.5% of total import was made from China, 25.1% from Russia and 8.9% from Japan.



Since implementation of Mongolia-Japan partnership agreement, import products from Japan to Mongolia have increased. Furthermore, foreign trade equation increased by USD 200.7 million and reached to USD 884.8 million.

NAMBC delegation meets President Elbegdorj and other officials to discuss economic cooperation

October 21 (UB Post) President of the North America-Mongolian Business Council (NAMBC) Steve Saunders and his accompanying delegation were received by President Ts.Elbegdorj and other government officials to discuss how to expand their relations and cooperation, and the directions and tendencies of future cooperation.

The main purpose of the NAMBC is to boost investment and economic cooperation between the U.S., Canada, and Mongolia. NAMBC was the first business organization established to build a bridge between Mongolia and the North American region, and has helped to increase Mongolian international trade and develop investment.

The NAMBC delegation met with State Secretary of the Ministry of Foreign Affairs D.Davaasuren to discuss economic cooperation. D.Davaasuren introduced the Government of Mongolia's plan to restore its credibility with foreign investors and entrepreneurs, and to encourage them to pursue their interests in Mongolia. He stated that creating a suitable legal and regulatory environment for foreign investors and entrepreneurs in Mongolia is important. The NAMBC delegation said they hope that Mongolian investment will increase and that they will continue to collaborate with Mongolia.

The delegation also met with Chairman of the Mongolia-U.S. Parliamentary Group G.Zandanshatar, delving into ways to attract foreign investment to Mongolia.

Saunders pointed out that the new Mongolian government seems to be working actively, and said that the key to attracting foreign investment is ensuring government stability and having a vision for the future. Mongolia needs to pay attention to creating a favorable investment environment and ensuring transparency, Saunders added.

G.Zandanshatar highlighted Mongolia's efforts to increase investment. "Mongolia has an immense amount of resources and opportunities to attract foreign investors. I'd like to highlight that Mongolia is already paying a great deal of attention to bringing stability to the nation and creating a favorable business environment. Our main target is not just developing mining, but to comprehensively develop agriculture and boost export volume," he said.

Finishing their meeting, Steve Saunders invited G.Zandanshatar to attend the NAMBC's forum scheduled to take place in Washington, D.C., in April 2017.



Business

Premier asks Japanese entrepreneurs to invest in Mongolia

October 17 (UB Post) Mongolia and Japan's Prime Ministers held a joint news conference on Friday, after their official meeting held to strengthen bilateral relations between their two countries.

Prime Minister J.Erdenebat highlighted that the visit to Japan was his first trip abroad since being appointed in July. He noted that his meeting with Prime Minister Shinzo Abe took place in terms of mutual understanding, trust, and kindness.

J.Erdenebat pointed out that Japan has assisted Mongolia in strengthening democracy and adopting a free market system, and that Mongolia will work with Japan in global and regional arenas. J.Erdenebat said that Mongolia is concentrating on developing its strategic partnership with Japan, which exists in the same geographic region and stands by the same principles as Mongolia. He said that the sides agreed to kick off cooperation in a wide range of issues, including politics, the economy, culture, education, and humanitarian concerns, by building mutual trust and taking bilateral relations to a new level.

The Prime Minister added that his visit focused on strengthening business relations and people-to-people relationships. Prime Minister J.Erdenebat emphasized that the sides also agreed to implement a new midterm program for the development of the strategic partnership between the two countries, from 2017 to 2021, and they discussed the projects being implemented for the program.

Prime Minister Shinzo Abe emphasized that Japan considers Mongolia a strategic partner because Mongolia upholds democracy, freedom, and human rights. He noted that the PMs held a very effective, meaningful, and important meeting. Abe added that they agreed to devise a new program for relations between the two countries during the 11th ASEM Summit, which took place in Ulaanbaatar in July.

Prime Minister Abe said that the program is a road map to determine directions for cooperation, and that the sides agreed to expedite a draft of the project.

Prime Minister J.Erdenebat also addressed the attendees of a Mongolia-Japan trade and investment forum being held in Tokyo. He told the forum's attendees that the Government

of Mongolia is concentrating on providing macroeconomic stabilization and seeing economic recovery. Prime Minister J.Erdenebat stressed that Mongolia is ready to collaborate with Japanese entrepreneurs and investors by creating a sustainable environment for investment in Mongolia.

J.Erdenebat pointed out that Mongolia and Japan's free trade agreement and economic partnership agreement are significant to creating a sustainable environment for taking Mongolia and Japan's trade, investment, and economic relations to a new level; reducing taxes on exports step by step; diminishing trade barriers; and increasing the use of innovative technology.



He emphasized that pursuing the economic interests of Japan, a leading global economic power, and boosting bilateral trade, Japanese investment, and building trust among Japanese investors are key pieces of Mongolia's economic policy. He said that Mongolia wants to adopt Japan's advanced technology to expand the types of products being exported from Mongolia to Japan, and developing the mineral resources and animal husbandry industries, increasing cost-effective manufacturing.

The Mongolian Prime Minister noted that Japan has invested 262 million USD in Mongolia from 1990 to 2016, and that as of 2015, there were 551 Japanese enterprises conducting business in Mongolia, citing Toyota, Hitachi, Fuji Xerox, Nissan, Kawasaki, Suzuki, and Bridgestone distributors officially operating in Mongolia. He said that collaboration between entrepreneurs, community organizations, and nongovernmental organizations are essential to strengthening relations and cooperation between the two countries.

He pointed out that organizations like the Mongolian National Chamber of Commerce and Industry, Japan-Mongolia Economic Committee, and Japanese University Graduates Association of Mongolia are contributing to developing economic cooperation. The PM thanked the Japan External Trade Organization for greatly contributing to the organization of the forum, and wished for cooperation between Japanese and Mongolian businesses to be like "the best horses", strong and surefooted.

President Ts.Elbegdorj receives NAMBC delegation

Ulaanbaatar, October 20 (MONTSAME) On October 18, the President of Mongolia, Mr Tsakhiagiin Elbegdorj welcomed representatives of the North America - Mongolia Business Council led by Steve Saunders, the President of the organization.

The parties exchanged views on ways of expanding relations and partnership between Mongolia and North America.

The North America - Mongolia Business Council is the first organization to connect Mongolia with North America and played significant role in boosting foreign trade and investment in Mongolia. The business council is committed to support bilateral economic and trade cooperation between Mongolia and the USA, Mongolia and Canada, reports the Public Relations and Communications Division of the President's Office.

Banking

XacBank proudly becomes an Accredited Entity of the Green Climate Fund

October 21 (gogo.mn) The United Nations' Green Climate Fund (GCF) board meeting was held at its headquarters in Songdo, South Korea on October 14th, 2016. During its



fourteenth board meeting, the GCF reached a new milestone with the approval of USD 745 million in funding for projects to help developing nations tackle climate change. In addition to approving these funds, the GCF also added eight new Accredited Entities, including XacBank, thereby making it the first private entity from a developing country to receive accreditation.

The Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways. The GCF will do so by providing support to developing countries to mitigate their greenhouse gas emissions and to adapt to the impacts of climate change through its Accredited Entities. XacBank is not only the first private commercial bank to become accredited in Mongolia, but also worldwide.

With the funding, the Bank has access to preparatory grant funding for projects and programs. XacBank will also be able to give long-term loans with low interest rates to projects organized by the Mongolian government, public and private organizations, as well as provide projects access to a guarantee fund.

On this special occasion, XacBank CEO Mr. Bold commented, "We work by embracing our triple bottom line mission: People, Planet, Profit. In 2009, we created the very first Eco Banking Department in Mongolia's banking sector, thus reducing greenhouse gas emissions and energy usage in cooperation with Micro Energy Credit, and further cooperation with various international organizations such as: FMO, Deutsche Bank, EBRD, IFC, and Global Climate Partnership Fund.

Accreditation from the GCF further legitimizes the core values and mission statement we stand by and demonstrates the contributions we have made towards bettering the environment. In addition to our commitment to the environment, the accreditation shows our integration of global standards in all areas of operations, governance, and social responsibility. Moreover, it is an entrustment given to us for making tangible changes in our region towards slowing down climate change."

Individuals, governments, private and public entities, NGOs of all levels across the world have joined together in combatting climate change. Mongolia joined the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol in 1993 and 1999, respectively. In the past 70 years, our country's average temperature has increased by 2.1 degrees Celsius. Due to climate change, the frequency of natural disaster increased by 1.5 times and the number of fallen livestock has reached 24.5 million, causing billions of MNT worth of damage.

The crisis of climate change is a global responsibility. As such, XacBank sees it as our duty to make a real impact through climate finance. The Bank strives to create a greener, healthier environment for generations to come and will always continue to do so.

www.greenclimate.fund, www.xacbank.mn

The Green Climate Fund (GCF) is a fund within in the framework of the UN Framework Convention on Climate Change (UNFCCC) founded as a mechanism to assist developing countries in adaptation and mitigation practices to counter climate change. GCF was set up by 194 governments party to the UNFCCC, was given the mandate to help keep the planet's atmospheric temperature rise below 2 degrees Celsius. The Fund received pledges of approximately USD 10 billion equivalent in 2014, which has been exceeded.



Mining

China's Steelmakers the Relative Winners in Coking Coal Surge: Russell

October 21 (Reuters) **London.** While no steel maker will be happy with the explosion in coking coal prices, Chinese mills are the best placed to deal with the impact, given they are nowhere near as exposed to spot prices as competitors in the rest of Asia and Europe.

The spot price of premium hard coking coal <.PHCC-AUS=SI> in Australia, which dominates global exports, surged to \$242.90 a tonne on Oct. 20, taking the rally so far this year to a staggering 210 percent.

While only a small percentage of coking coal cargoes are actually sold at the spot price, the quarterly contract price was recently settled above \$200 a tonne and customers of Australia's BHP-Mitsubishi Alliance, the world's largest coking coal exporter, will be paying prices linked to monthly indexes.

Given that about 770 kg of coking coal is required to make one tonne of steel, the more than tripling of prices since this year's rally took off in July will be causing pain for steelmakers, who have not enjoyed nearly as large gains in their products.

However, given Chinese steel makers are far less reliant of seaborne imports than those in Japan, South Korea and Britain for example, their competitive advantage has been increasing.

While domestic Chinese coking coal prices have been rising, they are still well below the seaborne equivalents.

Coking coal futures on the Dalian Commodity Exchange closed on Friday at 1,235 yuan (\$182.69) a tonne.

They are up about 119 percent so far this year, a substantial jump, but only slightly more than half what Australian spot coking coal prices have risen.

Chinese coking coal output rose 7.3 percent to 39.29 million tonnes in September from a year earlier, taking production for the first nine months of the year to 331.74 million tonnes, down 1.6 percent from the same period in 2015, the National Bureau of Statistics said on Oct. 19.

There are two main points to note from this data, firstly that coking coal has largely been spared from the cuts in domestic output that has seen China's total coal output slump 10.5 percent in the first three quarters, and secondly, domestic production accounts for the major slice of China's consumption.

CHINA'S MONGOLIA ADVANTAGE

Coking coal imports were 37.9 million tonnes in the first eight months of the year, according to customs data. This means that it took eight months for imports to reach roughly the same level as one month's domestic output.

While Australia is China's biggest supplier, meeting almost half of import demand, the second biggest source is Mongolia.

This gives Chinese steelmakers a further advantage as coking coal sourced from Mongolia is far less expensive than cargoes from the seaborne market, given



Mongolia's mines have effectively only one buyer for their output, thereby cutting their pricing power.

Mongolia supplied 12.78 million tonnes of coking coal to China in the first eight months of the year, a jump of 51.7 percent from the same period in 2015.

In contrast, imports from Australia were 18.75 million tonnes, a gain of 8.5 percent, numbers that clearly indicate a mounting preference by Chinese steel mills for cheaper Mongolian cargoes.

Customs data for August showed a price of \$93.92 a tonne for Australian coking coal and just \$34.20 for shipments from landlocked neighbor Mongolia.

The numbers for September will be released next week and are likely to show rising prices, but it's extremely unlikely that Mongolian cargoes will have jumped more in percentage terms than those from Australia, thus widening the gap between the two.

Overall, it seems very likely that Chinese steelmakers are now enjoying a coking coal cost advantage not available to their competitors, especially those located in the northeast, close to both domestic and Mongolian mines.

China's benchmark steel rebar contract is up about 46 percent so far this year, a strong gain, but probably one that has been more than offset by the surge in coking coal, and iron ore, where spot prices <.IO62-CNI=SI> have gained 36 percent so far this year.

But while Chinese steel mills are probably seeing their profits being crimped, they won't be suffering to the same extent as many of their global competitors.

This means that cheaper Chinese steel product exports are likely to continue to force their way into global markets, which may promote further calls for protectionist measures from the losers.

It also underscores that given the limited ability of coking coal exporters to quickly ramp up production, any downward move in the price is likely to come from declining steel production cutting demand for the fuel.

Aspire Mining sees potential for economic open pit coking coal mine

October 21 (Proactive Investors) Nuurstei is viewed as a low capital cost starter project which could assist with the development of the much larger Ovoot Coking Coal Project which is 160 kilometres further to the west.

[Aspire Mining](#) Ltd ([ASX:AKM](#)) has completed preliminary pit optimisation work that indicates a large proportion of the current Nuurstei Coking Coal deposit could report to an economic open pit.

Aspire has a 45% ownership in Nuurstei located in Mongolia through its 50/50 Ekhgoviin Chuluu Joint Venture (ECJV) with Noble Group (SGX:N21), which currently has a 90% interest in Nuurstei.

Planning is underway to complete additional drilling to convert deposit tonnes from the Inferred to Indicated categories and to test deposit extensions. The process is underway to convert exploration license to a mining license.

Background



Aspire is the largest coal tenement holder in Mongolia's Northern provinces and is the 100% owner of the Ovoot Coking Coal Project which is the second largest coking coal project by reserves in Mongolia.

The Ovoot project development is dependent on the construction of the Erdenet to Ovoot railway which is being progressed by Aspire's subsidiary Northern Railways.

Production from the Ovoot project can coincide with the commissioning of the Erdenet to Ovoot railway.

Aspire also currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project which has a 12.85 million tonne JORC resource.

Aspire has an option expiring in March 2017 to increase its beneficial ownership in the Nuurstei project from 45% to 90% for US\$1 million and a royalty.

Northern Rail Corridor

Nuurstei is well placed to be an early user of the proposed Northern Railway Project which will service Aspire's Ovoot Coking Coal Project.

Aspire recently commenced the first stage of the rail feasibility study to extend Mongolia's national rail network from the city of Erdenet to its flagship Ovoot Coking Coal Project in Mongolia.

The 547 kilometre extension has recently been included in a new Northern Rail Economic Corridor connecting China and Russia through Mongolia as part of China's One Belt One Road Policy.

Northern Railways has formed a consortium with two subsidiaries of China Railways Corporation to progress the development of the Erdenet to Ovoot railway – China Railways 20 Bureau Group Corporation (CR20G) and China Railway First Design Survey and Design Institute (FSDI).

CR20G is the nominated engineering, procurement and construction contractor and FSDI has been contracted to undertake the bankable feasibility study.

FSDI has commenced the first stage of a bankable feasibility study, which is due for completion by 31 December 2016.

Analysis

Nuurstei is viewed as a low capital cost starter project which could assist with the development of the much larger Ovoot Coking Coal Project which is 160 kilometres further to the west.

While tonnages at Nuurstei are modest, the project presents as a commercial scale pilot project for logistics and market development.

It could also provide commercial scale rail freight cargo's onto the Northern Rail Line to iron out logistical teething problems before the much larger volumes from the Ovoot Coking Coal Project need to be dealt with.

Subject to the completion of a feasibility study, the Erdenet to Ovoot railway may receive priority funding from China's Policy Banks, Sinosure, Asian Infrastructure Investment Bank (AIIB) and funds such as the Silk Road Fund.

The stock is up 400% or 5x year to date trading at \$0.04.

Aspire's inclusion in the Economic Corridor in late June has been a key price catalyst for the stock.



Bayan Khundii, Mongolia: 123m grading 1.32g/t Au from 20m depth (BKD-60)

October 20 (mining-journal.com) Erdene Resource Development (CN:ERD) has made a new discovery at its Bayan Khundii project in southwest Mongolia, hitting gold 170m north of its main Striker Zone.

After more than doubling its original 5,000m drill programme at the asset to 14,000m [earlier this month](#), the company has re-positioned the rig and discovered further consistent gold mineralisation nearby.

The lone step-out hole returned 123m of mineralisation grading 1.32g/t Au from 20m depth. Within this was some very encouraging high-grade sections including 68m at 1.96g/t Au from 24m depth and 30m cutting 2.98g/t Au from 29m depth.

On top of this, the company published six assays in and around the Striker Zone, where it has already defined high-grade mineralisation over a 500m strike length. This included a 90m interval averaging 2.51g/t Au from 36m depth.

Another 12 assays are pending from previous drilling at Bayan Khundii, but with the drill rig set to recommence work later this week, more results will be out by the end of the year.

PM visit: Will Tavan Tolgoi project continue?

October 17 (news.mn) On Saturday (15th of October), Mongolian Prime Minister J.Erdenebat returned from his first official visit to Japan, where the previous day, he held talks with his counterpart Shinzo Abe. During the negotiations, the two sides agreed on a new medium-term implementation programme for the Mongolia-Japan strategic partnership for 2017-2021, setting out a 'roadmap' of actions to be taken by the two countries over the next four years. During the forum, which took place in Tokyo at the same time, Mongolia's 'Energy Resources' signed a memorandum of cooperation with Japan's Sumitomo Corporation.

Prime Minister Erdenebat, currently has a serious task on his shoulders - namely, to save the Mongolian economy. He is seeking loans and financial help from the International Money Foundation (IMF) and other countries to lift Mongolia out of the economic crisis in which it finds itself. It was in this connection, that he made his first foreign visit to Japan, which is one of the country's largest international donors.

Previous prime ministers, when visiting Japan often discussed the export of Mongolian natural resources to third countries. Mongolia, the second largest landlocked country in the world, is rich in natural resources. Almost all Mongolian PMs have visited Japan, however, few of them have concluded official bi-lateral agreements. 'To export Mongolian coking coal to Japan and build a railway network with financial aid from Tokyo, was a topic of conversation, when Su.Batbold, N.Altankhuyag and Ch.Saikhanbileg were prime ministers.

A year ago, the then prime minister, Ch. Saikhanbileg agreed with Japan to build a railway, a highway, a metro, metal processing plants and a power station in Mongolia



under a medium-term strategic partnership programme. None of these, however, has been implemented. Mongolian political disputes scared off Japan investors who were interested in Tavan Tolgoi coal mining project.

After visiting Japan in June, Z.Enkhbold (Dem), who was then the influential speaker of the parliament, said, 'We have moved forward in relations between Japan and Mongolia as well as agreed on actions to be taken by both sides over the next five years'. Now, how many of these things have we done? It is important what J.Erdenebat 'does' rather than what he says.

Prime Minister Erdenebat has the advantage of a huge parliamentary majority - his Mongolian People's Party (MPP) took 65 seats in the June election. So, Mongolians believe that the Tavan Tolgoi project will continue under the ruling MPP, which has also promised to support the Gatsuert project.

Government appoints members of EMC Board

Ulaanbaatar, October 20 (MONTSAME) The Agency for State Property Policy and Coordination called a meeting of shareholders of the Erdenet Mining Corporation on October 18. At this meeting, the members who will be representing the government which controls 51 percent of the shares in the EMC Board of Directors were appointed.

The government's rights as the major shareholder will be namely exercised by the deputy chief of the cabinet secretariat U.Byambasuren, State Secretary of the Ministry of Mining G.Nandinjargal, adviser to the chairman of State Property Policy and Adjustment Agency, former MP D.Demberel and head of department of the Ministry of Finance N.Dorjsembed.

The EMC Board has seven members, four of whom are appointed from the government.

Oil & Gas

MNT 12 billion saved on imported energy

October 18 (Mongolian Economy) The government has expressed support for an initiative by the Ministry of Energy to reduce energy shortages in the central and eastern regions of Mongolia. Accordingly, the capacity of Thermal Power Plant III in Ulaanbaatar will increase by 250 MW, improving heating for various areas of the city. The upgrades will also allow for 25-30,000 additional apartments to be heated, and furthermore, the move will save MNT 10-15 billion in domestic energy costs by reducing energy imports from Russia. From recent experience, Mongolia was able to save MNT12 billion by reducing energy imports from Russia by 44 million kilowatts.



Furthermore, a power plant with a capacity of 10 MW to be commissioned near the end of this year is currently under construction in Khongor soum, Darkhan Province.

Energy

Mongolia to sell electricity to China

October 18 (gogo.mn) Mongolia is to sell electricity to China. Prospects for future Mongolia-China shipments of energy equipment have improved now that the head of China's largest power distributor, State Grid, has told Mongolian government leaders that China is ready to buy electricity.

Strengthening energy cooperation and promoting development of a cross-border power grid to serve Northeast Asia were discussed during the recent talks in the Mongolian capital Ulaanbaatar between the head of the Mongolian parliament and Chinese State Grid Chairman Liu Zhenya.

Mongolia and China may work together to supply a regional power grid if they agree to a proposal for a jointly built and operated power plant called Shiwee Owoo. In April, the two sides agreed to study the feasibility of the US\$12 billion construction project, which would provide 25,000 jobs and take five years to complete.

Moreover, the statement said, without elaborating, that the Mongolian government proposed to establish a Mongolia-China-Russia Infrastructure Research Center to promote cooperation in highways, railways, aviation and energy. Mongolia is building power plants in hopes of weaning itself from the need to import electricity from China and Russia to meet domestic demand, according to a 2015 report by Oxford Business Group. State Grid noted Mongolia is rich in coal, with proven reserves of 152 billion tons that could be tapped to fuel future power stations.

Japan co-operates on Mongolian solar power project

October 21 (news.mn) A Mongolian company, Solar Power International LLC, and Japan's Sharp Corporation and Shigemitsu Shoji Co., Ltd. signed a cooperation agreement for the first large-scale solar power plant enterprise in Mongolia in July.

Construction is underway and the solar power plant is expected to be fully operational by the end of this year. Solar Power International LLC (SPI) estimates, that once generating, the Darkhan 10MW Solar PV plant is expected to reduce greenhouse gas emissions by approximately 14,764 metric tons per year, and to be capable of generating enough electricity for over 20,000 homes,

By introducing Sharp's technology and experience in solar power generation, the company believes that clean energy can be supplied and a reduction of greenhouse gas emission can be achieved in Mongolia, where coal fire power plants are still heavily relied on for energy.



The installed capacity of PV modules for this solar power plant will be 10MW, and the annual expected power generation is 14,182MWh.

Aviation

MIAT bans 'Samsung Galaxy Note7' on all flights

October 18 (news.mn) 'MIAT' Mongolian Airlines has banned 'Samsung Galaxy Note7' on its all flights. This comes after various, potentially serious incidents around the world. 'Samsung Galaxy Note 7' phones have already been banned on all U.S. airline flights after nearly 100 incidents of the devices overheating and, in some instances, bursting into flame and injuring their owners, the US Federal Aviation Administration (FAA) announced Friday. Previously, airlines had been urging travellers not to turn on their phones, pack them in checked luggage or charge them during a flight.

A Samsung phone smoking before a Southwest Airlines flight took off on October 5th, forcing the evacuation of passengers without any injuries. The passenger in question dropped the phone on the floor of the plane, where it burnt a hole through the carpet. The company estimates the recalls will cost it \$5.3 billion.

Railway

Tavantolgoi-Gashuunsuhait railway construction will continue next year

October 21 (gogo.mn) Total operational expenditure of Ministry of Road and Transport is set at MNT 9 billion 540.3 million in 2017. Of which 701.2 million will be funded from projects, which will be implemented by the foreign loan and aid. The Government of Mongolia will finance the remaining operational expenditure of MNT 8 billion 839.1 million.

Total operational expenditure of Ministry of Road and Transport decreased by 3 percent or MNT 325.6 million compared to the 2016 budget. In 2017, the Government has planned to move major rail projects that are stuck. In regards, railways to connect Tavantolgoi to Gashuunsuhait is expected to be commissioned by the end of 2018.

The construction will start to continue from April, 2017. Currently, 51 percent of the Tavantolgoi-Gashuunsuhait railway has completed and it has stuck due to financial issue.



In 2012, ICOM Australia started the railway construction in 2012 on the 1520 mm gauge. However, Government of Mongolia discussed the measurement between two rail lines and decided to construct this railway on the 1435 mm gauge.

Agriculture

Grain harvest tripled this fall

Ulaanbaatar, October 20 (MONTSAME) By the first of October, 292.1 thousand tons of crops, 122.0 thousand tons of potatoes and 69.7 thousand tons of vegetable have been harvested, and 902.0 thousand tons of hay and 19.1 thousand tons of fodder were produced.

Compared to the same period of 2015 the crop harvest increased by 196.7 thousand tons (3.1 times) and that of potatoes by 0.9 thousand tons (0.8%) and vegetables by 16.0 thousand tons (29.9%). The production of gross hay harvest also rose by 110.5 thousand tons (14%), and that of handmade fodder by 0.4 thousand tons (2.1%) respectively.

Construction

HPI in Ulaanbaatar as of September

Ulaanbaatar, October 21 (MONTSAME) Following is the public report on the September 2016 results of the "Housing Price Index" (HPI) research conducted independently by Tenkhleg Zuuch LLC at the request of Mongol Bank.

The research shows the general index of housing price was at 1.3 percent in September 2016. It shows a decline by 0.2 percent compared to the previous month. The general index dropped by 4.0% compared to the starting period, and by 7.3% compared to the same month of the previous year. Below are the Price index indicators classified by new and old houses.

The new house price index was at 14.4 percent. This shows a growth by 0.3 percent compared to the previous month. The index dropped by 3.9% compared to an earlier period of this year, and by 3.7% compared to the same month in previous year.

The old house price index was at -7.0 percent. This shows a growth by 0.07 percent compared to the previous month. The index dropped by 5.7% compared to the earlier period of this year, and by 10.3 % compared to the same month in previous year.

HPI was calculated by applying Hedonic regression methods and the calculation was based on the information available for 4929 old and new houses offered for sale at the real estate market of Ulaanbaatar for the particular month, reports the Bank of Mongolia.



Ulaanbaatar

UB will cooperate with Busan on decreasing air and soil pollution

October 20 (gogo.mn) J.Batbayasgalan, Deputy Governor Green development and Air pollution Office, reported that he has desire to cooperate with Busan, Korea on issues facing Ulaanbaatar such as air and soil pollution, transportation, infrastructure and garbage.

In August, Suh Buyng-Soo, Mayor of Busan, and other representatives visited in Ulaanbaatar and signed mutual conciliation agreement. Accordingly, working group from Busan, Korea had meeting with Deputy Governor.

Lee Jong-won, the President of Busan Environmental Corporation, and Kim Byong-chu, the President of Pusan Economic Development Agency, said "We used to dig-in our garbage 30 years ago, but garbage decreased since classification. Currently, we are using technology that buries garbage, produces energy and welds. This issue will be carried by representatives of our Environment corporation. Also, we are interested in projects and programs which have possibility of direct implementation, except for big projects with long term. For instance, related to recent direct flight between Ulaanbaatar-Busan, we are searching for possibility to cooperate in sectors of tourism, health and economics."

Press and Public relation office of Governor Office Ulaanbaatar informed that J.Batbayasgalan, Deputy Governor of Green development and Air pollution Office reported "In our action plan of next 4 years, we aim to make Ulaanbaatar to be financial, business and tourism center of Asia. Thus, we are able to cooperate in tourism and other sectors and we will contact you with relevant agencies. I hope you will have good effort on your objectives and we will happy to help you".

Company News

Done deal: Centerra Gold buys Thompson Creek for \$1.1 billion

October 20 (mining.com) Canada's Centerra Gold (TSX:CG) said Thursday it has completed an agreement to buy US-based Thompson Creek Metals (TSX:TCM) in a US\$1.1 billion deal that adds a new large asset to Centerra's growing portfolio.

By acquiring Thompson Creek, a move [first announced in July](#), the Toronto-based miner gets its hands on Mount Milligan, a mine in British Columbia with reserves estimated in 5.7 million ounces of gold and 2.2 billion pounds of copper.



Through the deal, Centerra also reduces its reliance on Kumtor mine in Kyrgyzstan for cash flow, as [the associated risks to such operation](#) have proved a drag on the company's market valuation.

Thompson Creek, meanwhile, gets a lifeline as the Denver-based miner had accumulated a debt of more than \$800 million, coming due between 2017 and 2019 and it didn't seem able to cover it up on its own.

"The acquisition establishes an operating base in Canada – one of the lowest risk mining jurisdictions in the world – which will complement our Canadian-based Greenstone project and provide for further flexibility to expand into the Americas," Scott Perry, CEO of Centerra, [said in the statement](#).

Perry noted the deal also adds to the company's existing project pipeline, which includes Öksüt in Turkey, Gatsuurt in Mongolia, and Greenstone in Canada.

The agreement includes a revision of a metal streaming agreement between Thompson Creek Metals and Royal Gold (TSX:RGL) which partly helped to finance Mount Milligan after Thompson Creek bought the property in 2010. Royal Gold's streaming interest on the mine's gold output will be reduced to 35% from 52.25%, in exchange for the rights to 18.75% of the mine's copper production.

The company said Centerra Thompson Creek common will be delisted from the Toronto Stock Exchange, removed from the OTCQX and deregistered under the Securities Exchange Act of 1934.

Investors reacted positively to the news and Centerra stock climbed more than 5% in early trading in Toronto to Cdn\$6.79.

Oyu Tolgoi signs a major contract for underground development with Dayan Contract Mining

Ulaanbaatar, October 17 (MONTSAME) Oyu Tolgoi today announced the signing of an underground mining and support services contract with Dayan Contract Mining, a joint venture between Hasu Megawatt and Redpath, reported ot.mn on October 14.

Oyu Tolgoi Chief Development Officer, Underground, Marco Pires, said, "This contract is another major milestone as we progress with the underground development and demonstrates our commitment to further strengthening national supply chain and skilled workforce. Dayan brings together the strength of a Mongolian company with international expertise in underground development, and will bring long term benefits by creating world class expertise and capability in Mongolia."

The Underground Mining and Support Services contract entails the sinking of Shaft 2 and Shaft 5 at Oyu Tolgoi. The two separate vertical shafts will reach a total depth of 1,284m and 1,178m respectively. Shaft 2 with 10m diameter is among the largest of its kind in the world. Shaft 5 is for ventilation purpose and has 6.7m diameter.

The contract also includes Underground Development Services, which will cover lateral development, large excavations and mine services of the underground mine; and Mining Support Services, which will cover development and provision of a skilled Mongolian workforce for the underground project.



Dayan Contract Mining Executive Director Bruce Dunlop said "We're pleased to be contributing to Oyu Tolgoi Underground Project, one of the most significant projects in the mining industry today. We look forward to a long partnership with Oyu Tolgoi, building a world class mine and developing a world class national underground workforce."

TerraCom signs 5.5 year Mongolian 'offtake' coal deal

October 18 (news.mn) TerraCom Ltd has signed a binding term sheet for a 5.5 year offtake in regards to hard coking coal, produced from the Baruun Noyon Uul (BNU) coal mine in the South Gobi, Mongolia.

The company signed this deal with a subsidiary of the Kingho Group, which is one of the largest private coal companies in China.

TerraCom says this agreement is for a total of 7.5 million tonnes over the 5.5 year term. The company also says a definitive sales agreement will be developed in the coming weeks, and that payment terms are in USD in the form of 100% irrevocable Letters of Credit.

TerraCom posted a net loss of \$51.8 million on 30th June 2016.

O.Odbayar appointed vice director of Erdenes Mongol

Ulaanbaatar, October 21 (MONTSAME) Under a decision of the Board of Directors of the Erdenes Mongol LLC, O.Odbayar has been appointed the deputy director of the company. He will be in charge of the business development affairs of Erdenes Mongol.

Previously, O.Odbayar worked as the vice president of the Altai Holding, chairman of the Board of Directors of UB Cinema LLC, member of Board of Ard Insurance LLC, adviser to the Prime Minister between 2010 and 2012, and as the third secretary at the Embassy of Mongolia in Beijing between 2005 and 2010.

He graduated from the National Pedagogical University of Kiev in 1988, the Florida Institute of Technology in 1997 and Otgontenger University in 2000.