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## *Politics*

### **S.Zorig murder case goes to court**

November 15 (news.mn) On October 2<sup>nd</sup> 1998, the Mongolian Minister of Infrastructure and one of the heroes of the country's peaceful transition to democracy, S.Zorig, was brutally murdered. Even after 18 years of ongoing investigations, the case has still not been solved. Various people have been detained, most notably Zorig's wife B.Bulgan; she was released from prison on 9<sup>th</sup> September after having been held incommunicado since November 2015. The basis for her detention was allegedly connected with her presentation of false evidence in the initial hearings. Two possible suspects have been in detention since 2015. According to an official source, Mongolian prosecutors have transferred the case of S.Zorig's murder to the Primary Court of Ulaanbaatar's Sukhbaatar District.

### **Prime Minister receives ambassadors**

November 15 (Prime Minister J.Erdenebat received European Union member countries' ambassadors on Nov 14 and about 30 ambassadors have attended the meeting. At the beginning of the meeting, the Prime Minister highlighted that Mongolia has been actively trying to develop relations and cooperation with other countries after implementing independent foreign policy in the early 1990s. Within the framework of this goal, Mongolia has implemented the policy of "third neighbor" and strengthened the relations and cooperation with the European Union and its member countries in all sectors. The European Union is Mongolian major trade partner and the biggest investor.

He added that the Government aims to overcome economic difficulties by stabilizing the economy in short period, ensuring growth, supporting social sectors and improving living condition of the residents. In regards, the Government developed program on overcoming economic difficulties and stabilization. Also, we are making negotiations with foreign partner countries and International Monetary Fund.

Foreign investment in Mongolia has declined due to commodity prices have fallen on the world market. However, our internal factors have affected more. We consider that the Government instability and bureaucratic state institutions caused the drop in foreign investment. The Government is taking specific actions to restore trust in investors. Thus, the Prime Minister requested ambassadors to attract investment through various measures.

Moreover, he noted that the Government has established the Investors' Rights Protection Committee in order to provide the protection to investors, create favorable conditions for cooperation within the law and prevent potential risks.

Mongolia plans to build oil processing, copper smelting and coal processing plants. The Government is working to attract foreign investment to this major projects.



## Former Speaker to lead Mongolian DP

November 17 (news.mn) The 48<sup>th</sup> meeting of National Consultative Committee of the Mongolian Democratic Party (DP) was held yesterday (16<sup>th</sup> of November). Top on the agenda was the issue of who should lead the troubled party. According to "caretaker" G.Erkhembayar, former MP and Parliamentary Speaker Z.Enkhbold would stay on as leader of the party until successor is chosen. The next DP convention will be held on 6<sup>th</sup> of October.

Z.Enkhbold resigned as party leader following the crushing defeat of the Mongolian Democratic Party (DP) in the election. The DP retained only nine seats in the 76-seat Great Khural (Parliament), in the election, which took place on 29th June.

## Former Prime Minister denies offshore allegations

November 17 (news.mn) On Thursday (17<sup>th</sup> of November), the State Great Khural (parliament) discussed the appointments of several new Mongolian ambassadors, members of National Human Rights Commission of Mongolia and Constitutional Court, which had presented by Cabinet. Former Prime Minister S.Bayar, has been proposed as Ambassador of Mongolia to the United Kingdom. During the meeting, S.Bayar spoke regarding offshore allegations. He said "I don't have an offshore account. I think that politicians should not own offshore accounts. I abide by the law and am fully prepared to be investigated regarding the offshore allegations."

An online database published by the International Consortium of Investigative Journalists (ICIJ) as part of the Panama Papers investigation includes 49 results for Mongolia. One of the Mongolian offshore account holders listed is 'a certain' S.Bayar. So far, there has already been once case of mistaken identity regarding Mongolians linked to the Panama investigation.

S.Bayar was Prime Minister of Mongolia and General Secretary of the Mongolian People's Party from 2007 to 2009. He resigned his position as PM due to health reasons.

## *Dalai Lama Visit*

## Dalai Lama preaches in Mongolia, risking China's fury

November 19 (ctvnews.ca) ULAANBAATAR, Mongolia - The Dalai Lama has preached to thousands of supporters in Mongolia, on a visit set to test the country's ties with China, its powerful neighbour.



It was the first appearance in five years in the heavily Buddhist country for the exiled Tibetan spiritual leader, who Beijing has condemned as a separatist. Saturday's visit comes as Mongolian leaders are seeking a \$4.2 billion loan from Beijing to pull it out of a deep recession.

China's Foreign Ministry strongly urged Mongolia on Friday to deny the Dalai Lama a visit for the sake of a "sound and steady" development of bilateral ties.

Mongolia Buddhism is closely tied to Tibet's strain and traditionally reveres the Dalai Lama, who made his first visit to the country in 1979.

## **Dalai Lama Arrives in Ulaanbaatar, Mongolia**

November 19 (voatibetanenglish.com) The Dalai Lama arrived at the Chinggis Khaan International Airport, Ulaabatar, Mongolia after concluding his Japan visit on a high note around 4:15pm local time on November 18, 2016.

Tibet's spiritual leader was received at the airport by the abbot of the host monastery Gaden Tehkchen Ling along with monks, officials of the monastery, and a representative of the Indian Embassy in Ulaabatar.

The Chinese Foreign Ministry Spokeman, Geng Shuang, during a regular press briefing warned the Mongolian government and said, "Do not allow the Dalai Lama to visit. Do not support or facilitate the separatist activities of the Dalai clique." Shuang urged the country to keep the bigger picture of maintaining stable development of the bilateral relations in mind.

Telo Rinpoche, the Dalai Lama's representative to Moscow, in response to the press briefing, said that Mongolia is an independent country and does not need to fear China, and that it is China that depends more on Mongolia for natural resources. He added that the 81 year old Nobel Laureate is expected to stay till November 23, where he is scheduled for teachings, public talks, and debates on Buddhism and Science.

## **China orders neighbouring Mongolia to scrap Dalai Lama visit**

November 18 (thestar.com) BEIJING—China on Friday demanded its northern neighbour, Mongolia, scrap a visit by the Dalai Lama, labelling the exiled Tibetan spiritual leader a separatist who seeks to alienate Chinese-controlled Tibet from Beijing. The 81-year-old monk is starting a four-day visit to predominantly Buddhist Mongolia on Friday evening. His visit is being described by his hosts as purely religious in nature and no meetings with officials are planned.

Despite that, China's Foreign Ministry reiterated its rigid opposition to all foreign travel by the Dalai Lama, who has been based in India since fleeing Tibet during an abortive uprising against Chinese rule in 1959.

The Dalai Lama is a "political exile who has long been engaging in splitting China activities in the name of religion with the aim of alienating Tibet from China," ministry spokesman Geng Shuang said.



"We strongly demand that Mongolia, for the purpose of maintaining the general picture of a sound and steady development of bilateral ties, earnestly stick to its commitment on Tibet-related issues, does not allow the visit by the Dalai Lama and does not provide any form of support and convenience to the Dalai Lama clique," he said.

Mongolia's herding and resource-centred economy is heavily dependent on China and the country is currently in negotiations for a \$4.2 billion loan from Beijing to help pull it out of a deep recession.

Mongolian Buddhism is closely tied to Tibet's strain and traditionally reveres the Dalai Lama as a leading spiritual figure. The Dalai Lama made the first of his eight visits to Mongolia in 1979, when the country was still under Communist rule.

## *Foreign Relations*

### **Ambassadors of EU member-states to Mongolia assembling**

Ulaanbaatar, November 15 (MONTSAME) The VIII Meeting of the Ambassadors of EU and Its Member States to Mongolia is being held in Ulaanbaatar on November 14-16. In the margin, Minister of Foreign Affairs Ts.Munkh-Orgil received the ambassadors at the State House on Tuesday.

Present were 27 resident and non-resident ambassadors, including the Ambassador Extraordinary and Plenipotentiary of the European Union to Mongolia, Mr Hans Dietmar Schweisgut.

The Foreign Minister briefed the ambassadors on policy objectives of the Government of Mongolia, gave his views on the current level of cooperation between Mongolia and EU, implementation of EU Development Cooperation in Mongolia and opportunities for drawing more investment to Mongolia from the EU member states, and discussed about the future perspectives of Mongolia-EU relations.

The Ambassadors are to pay courtesy calls on President Ts.Elbegdorj and Prime Minister J.Erdenebat and hold meetings at the permanent representative offices of international organizations in Ulaanbaatar.

### **Visa-free 'diplomatic' travel begins between Japan and Mongolia**

November 15 (news.mn) The visa-free travel agreement between the governments of Japan and Mongolia comes into effect from today (15<sup>th</sup> of November). Mongolian diplomatic passport holders can now travel without a visa to Japan for up to 30 days. However, diplomatic passport holders should carry official documentation with them at all time confirming that they are travelling in connection with their work. The Ministry of Foreign Affairs warns that 'If they use their diplomatic passports for personal purposes,



they could be denied entry'. In this case, they should apply for Japanese visas in accordance with the standard procedure.

Ordinary Mongolian passport holders are able to travel to Japan for 15 days without a visa once every three years.

The Mongolian government has discussed visa-free travel agreements for diplomatic passport holders with 25 countries.

## **Mongolia will accede to the Asia-Pacific Trade Agreement**

November 16 (gogo.mn) Mongolia expressed its interest in acceding to Asia-Pacific Trade Agreement (APTA) in 2009 and applied tariff concessions on 377 items.

The APTA, previously named the Bangkok Agreement, signed in 1975 as an initiative of ESCAP, is a preferential tariff arrangement that aims at promoting intra-regional trade through exchange of mutually agreed concessions by member countries. APTA has five members namely Bangladesh, China, India, Republic of Korea, Lao People's Democratic Republic and Sri Lanka. ESCAP functions as the secretariat for the Agreement.

APTA member countries account more than 60 percent of Mongolian foreign trade turnover, more than 90 percent of export and 30 percent of imports. By acceding the APTA, Mongolian products to be exported are able to enjoy tariff concessions with an average of 40 percent in the Chinese and South Korean markets.

The draft law on accession to APTA was discussed and supported by the Government of Mongolia on Apr 20, 2015. However, the accession has delayed due to the Government of Mongolia issued a resolution on Mar 28, 2016 to increase custom duties of some imported goods, such as wooden door and window.

Mongolia mainly imports wooden door and window from China and South Korea. As of 2015, total imported wooden door and window reached US\$ 5.6 million and Mongolia was projected to earn US\$ 1.1 million from import and custom duties. However, the custom revenue was declined by US\$ 330 thousand by offering tariff concessions of 30 percent on these items. But the revenue loss can be fully recovered as tariff concessions on Mongolian products, such as coal will save US\$ 9.6 million to the country, considered by the Government of Mongolia.

The coal, main export commodity of Mongolia will enjoy tariff concessions of 30 percent while coking coal export expects to be offered tariff concessions of 50 percent.

In addition, investment to Mongolia from APTA member countries will be increased while it will show positive impact on the economy.

Moreover, Mongolia is exploring the possibility of establishing free trade agreements with China and South Korea. The implementation result of APTA will be significant in assessing the opportunities and risks of free trade agreements to be established with these countries.

The draft law on accession to APTA will be finalized by the Government of Mongolia.



## **'ASEM Day' to be marked in October**

November 17 (news.mn) The Mongolian 'State Great Khural' (parliament) has backed a draft decree for 'ASEM Day' initiated by President Ts.Elbegdorj. The 'ASEM Day' celebration is aimed to stress the importance of the Asia-Europe Meeting which was held earlier this year in Ulaanbaatar. The President has proposed to mark 'ASEM Day' on 1<sup>st</sup> of March every year. Parliament, however, has decided to move the day to 17<sup>th</sup> of October as there are many celebration on March.

Mongolia hosted the 11th Asia-Europe Meeting (ASEM) on 15-16 July, 2016. Leaders of more than 50 Asian and European countries participated in the event. ASEM leaders celebrated 20th anniversary of the meeting with a traditional Nomadic Naadam in Ulaanbaatar.

## *Foreign Trade*

### **External trade balance resulted in surplus**

Ulaanbaatar, November 14 (MONTSAME) In October, Mongolia traded with 157 countries. The overall trade turnover amounted to USD 6,994.6 million, of which 3,726.2 million was constituted by exports and 2,768.4 million – by imports.

The overall trade turnover decreased by USD 595.8 million or 8.4 percent compared to that for the last year. In specific, exports fell by USD 200.5 million or 5.1 percent and imports –by 395.3 million or 12.5 percent.

The external trade balance rose to USD 957.7 million against the same period of last year, by USD 149.8 million.

### **Ministry of Food and Agriculture reports on meat exports**

November 17 (UB Post) The Ministry of Food and Agriculture reported that 5,100 tons of meat have been exported in 2016 so far.

Due to three disease outbreaks, the Chinese government imposed a temporary ban on the import of Mongolian meat. This negatively affected meat exports according to the Ministry.

Chinese authorities paid a working visit to Mongolia and exchanged views on future meat exports and food safety requirements. Meat exporters such as Zavkhan Group noted that discussions about meat exports need to held at the governmental level in order to revive trade. Currently, China's temporary ban is still in place.

Minister of Food and Agriculture P.Sergelen paid a working visit to Russia to propose increasing the amount of meat exported to Russia. The Ministry reported that it was



working to improve the legal environment surrounding meat exports. P.Sergelen highlighted that the Ministry was in the process of amending the livestock health law, bringing veterinary hospitals up to international standards, and drafting a bill on the conservation of animal genetic resources.

Current data shows that the agricultural sector has accounted for 13.7 percent, or 3.7 trillion MNT, of the GDP. Agricultural exports total 332.2 million USD, or 7.1 percent, of the nation's overall exports.

## *Economy*

# **Mongolia's economy shrinks in first nine months as it discusses bail-outs**

November 15 ([indianexpress.com](http://indianexpress.com)) Mongolia's economy shrunk in the first nine months of the year, stoking concern on annual growth that could contract for the first time since the global financial crisis while it weighs bail-out options from agencies such as the IMF and partner countries. The cash-strapped Asian nation has taken a beating from the sluggish market for coal, a major export, as well as sapped investor appetite in a country whose economy is reliant on Chinese consumption. With sovereign-backed bond repayments due as soon as next year, Mongolia's leaders have met with representatives of the IMF, China and Japan for crisis relief. Gross domestic product contracted 1.6 percent from January to September compared with the same period last year, Mongolia's national Statistical office on Tuesday.

Mongolian full-year GDP has grown every year since 2009, when growth was hit by the 2008/9 global economic crisis. The government has projected 1.3 percent GDP growth this year while the IMF is projecting zero growth. Mongolia's new government under Mongolian People's Party Prime Minister Jargaltulga Erdenebat has struggled to control a downward spiraling currency and a balance of payments crisis since being elected into office last June. Mongolia's best prospect is its mining sector, with gold, coal and copper being its chief commodities for export to neighbouring China. Many investors are hoping for a revival with key projects such as Rio Tinto's Oyu Tolgoi copper mine going forward and a new government in power promoting foreign investment.

"It takes a while for (the) Mongolian economy truck to speed up again," said Dale Choi, an analyst for Mongolian Metals & Mining. "FDI is not yet improving." The \$6 billion underground expansion at Rio Tinto's Oyu Tolgoi copper mine began construction last May after two years of delay because of disputes on taxes and costs. While some observers have worried that risks may beat out rewards, Deutsche Bank on Monday published an upbeat analysis following a visit to the mine. "Oyu Tolgoi is the definition of a Tier 1 asset," it said in a report. Deutsche Bank increased its valuation of the mine by 5.3 percent to \$5.9 billion and predicted that production would commence six months ahead of schedule in 2019. Although the project will keep a steady flow of foreign investment during the next five-to-seven years of construction and Rio says the



mine will eventually be responsible for 30 percent of the economy, direct benefits for Mongolia will be delayed. According to a 2009 investment agreement, investors must recoup their original investment costs before Mongolia can collect on dividends for its 34 percent shareholding in the mine.

## The dollar stabilizes at 2560 tugrik

November 14 (gogo.mn) As of Nov 14, the commercial banks are trading US dollar at 2464-2484 Tugrik (MNT) while the currency exchange centers are selling dollar by 2560 Tugrik.

Nevertheless, the dollar stabilized after reaching its record high against tugrik. The Bank of Mongolia (BoM) has announced to supply dollar to the market, if foreign currencies rise sharply. In regards, the BoM hold irregular auction on Nov 11 and received bid offers of MNT 2450 for US\$ 72.4 million respectively. The BoM accepted bid offers of USD in a closing rate of MNT 2450.

## 2017 state budget approved

November 14 (UB Post) Parliament approved a draft of the 2017 state budget, 2017's state budget framework, the 2017 budget for the Social Insurance Fund, and an overview of fiscal policy from 2018 to 2019. According to the 2017 state budget, revenue is expected to be 23.3 percent of GDP, expenditure is expected to be 32.3 percent of GDP, and deficit is expected to be 9.1 percent of GDP.

Cabinet expects to reach economic growth of three percent in 2017 by moving forward on mining megaprojects. The Government of Mongolia says that taxes will not be increased, to help create stability in the tax environment. Cabinet is aiming to improve infrastructure in the mining sector and to generate budget revenue by developing construction and investment to accelerate megaprojects.

The state's administrative expenses (salaries and other asset expenses) will be cut by one percent in 2017. Changes to administrative regulations have also been proposed, including allowing administrators to have more flexible authority concerning spending, and allowing them more authority in making hiring and firing decisions to encourage more efficient expenditure and more effective public service.

Funds to promote health, sports, arts, and culture have been included in the 2017 and welfare and education programs did not see significant budget cuts. People 65 years and older will be eligible to receive 50,000 to 200,000 MNT (depending on their age) as financial aid during Tsagaan Sar and the Naadam festival, and 20.5 billion MNT has been budgeted to provide seniors with financial assistance.

The 89.5 billion MNT has been budgeted for a onetime payment of retirement allowances for employees and officers retiring from the public sector to maintain their welfare aids.

The state will provide 104.5 billion MNT to finance student loans, and 14.5 billion MNT has been budgeted for scholarships for students who have been accepted to the world's top universities. Nine billion MNT has also been included in the 2017 budget for the operational and training costs of private and public polytechnic colleges. Cash allowances in the amount of 161.5 billion MNT will be distributed to targeted groups of



children in 2017. Five billion MNT for childcare has been allocated in the 2017 budget of the Ministry of Labor and Welfare Protection to help continue childcare service programs.

The salaries of state prosecutors will be increased with state budget funding of 9.5 billion MNT, and the budget of the Constitutional Court included an additional 341.8 million MNT for salary increases for judges in 2017. According to the 2017 budget, the state will only fund critical projects in education and healthcare, and repairs for heating pipes requiring upgrades in Ulaanbaatar will be funded. The operating expenses of state organizations will be cut from 10 to 100 percent, depending on their duties.

Expenditures for a number of statefunded programs and events will be reduced by 410 billion MNT. The state will not fund any new construction projects through concession agreements in 2017. Parliament approved reducing the quantity of domestic bonds issued, subject to budget deficit, and says it will promote economic growth by ensuring the effective spending of foreign loans and aid, and funding only cost effective projects. A measure to reduce interest expenses to 2016 levels by using more optimal methods of debt control was also approved by Parliament.

## **Strong US dollar falters against Mongolian tugrik**

November 15 (news.mn) Following weeks of an increasing strong dollar against the Mongolian tugrik, the greenback is showing signs of faltering. Three days ago the US dollar rate stood at MNT 2720; it has now dropped to MNT 2500. Currency exchange centres in Ulaanbaatar are currently selling US dollars for MNT 2460-2470.

## **National CPI slightly goes down**

Ulaanbaatar, November 15 (MONTSAME) In October 2016, the national consumer price index across the country decreased by 0.7 percent compared to the previous month, and by 0.1 percent compared to the same period of 2015 and the beginning of 2016.

This slight drop reflected the decrease of 2.3 percent in prices of food and non-alcoholic beverages, 1.7 percent in prices of transport, 1.1 percent in prices of housing, water, electricity and fuels.

Last month, the national consumer price index for urban consumers decreased by 1.2 percent compared to the previous month, by 1.1 percent from the beginning of the year and by 0.8 percent from the same period of 2015.

This 0.8 percent fall was caused by the decrease of 2.8 percent in prices of food and nonalcoholic beverages, 2.4 percent in prices of housing, water, electricity and fuels and 1.6 percent in prices of transport.



## NSO reports on the economy for the first 10 months of 2016

November 16 (UB Post) On November 14, the National Statistics Office (NSO) reported on the social and economic performance of the country for the first 10 months of 2016.

The NSO highlighted that budget expenditure and debt incurred surpassed 2016 budget revenue, resulting in a budget deficit of 2.32 trillion MNT. The total expenditure and debt incurred by the government reached 6.81 trillion MNT, a 1.40 trillion MNT increase compared to 2015.

According to NSO analysts, the reason for the increase in debt is mostly attributed to a 758 billion MNT increase in operational expenditure, a 138 billion MNT increase in capital expenditure, and a 442 billion MNT hike in loans issued compared to 2015. Since the NSO published a report on the economy in September, budget deficit has increased by 268.7 billion MNT.

The NSO reported that average household income was 853,300 MNT, a 84,400 MNT decrease compared to 2015. Analysts highlighted that average salary earnings have declined by 28,000 MNT and agricultural income fell by 37,700 MNT, citing these declines as the two main reasons for the decrease in average household income. NSO analysts also reported that average household expenditure has reached 962,000 MNT, a 10,400 MNT decline compared to last year.

According to the NSO's Q3'16 labor study, the eligible workforce of the country has reached 1.26 million people, with 681,400 men and 581,800 women. The number of registered unemployed has reached 118,800, with men accounting for 72,700 and women 46,100. The unemployment rate in Q3 reached 9.4 percent, which is a 3.1 percentage point increase compared to last year, and a one percentage point decrease compared to Q2'16.

## *Business*

### CJ Foodville Opens 2 Tous les Jours Stores in Mongolia

November 16 ([businesskorea.co.kr](http://businesskorea.co.kr)) CJ Foodville announced on November 15 that Tous les Jours has opened two stores in Ulan Bator, the capital of Mongolia, one by one within 15 days. This is the first achievement after the company signed a master franchise (MF) contract with a Mongolian company in May. It is meaningful in that it is the first local bakery to establish a shop in Mongolia.

With the opening of the two stores, Tous les Jours has secured a bridgehead to introduce a Korean brand in the Mongolian market in where local brands dominate and become a global brand in Central Asia. The bakery's two Mongolian stores have opened in a core business district in Ulan Bator. The first store is located at the center of the



streets lined with fancy restaurants and pubs. A CJ Foodville spokesman said, "It was 23 degrees below zero on the opening day, but we had more than 2,000 customers and generated over 10 million won (US\$8,562) in sales. We could feel welcome."

The second store has opened on the first floor of the Shangri-La Mall next to the Shangri-La Hotel which hosted the Asia-Europe Meeting (ASEM) in July. It attracted twice the number of customers it expected on the opening day. As the store is located at the mall linked to the five-star hotel in Ulan Bator, Tous les Jours will be able to raise its status as a premium bakery.

Tous les Jours, which has the largest number of stores in other countries among domestic bakery brands, conducts business with the most successful and efficient ways through a MF contract, in which a company hands over control of the franchising activities in the country to a local business partner and receive a percentage of revenue and royalty from its partner. Tous les Jours has its first franchising business in the United States in 2009. In China, the company directly manages stores in large cities while letting its Chinese partners open outlets in 11 provincial areas and districts under the MF contract. In Cambodia, the Philippines and Malaysia, Tous les Jours stores were also set up under the MF, with those in Vietnam and Indonesia directly operated by CJ Foodville.

As of November 15, CJ Foodville operates 270 Tous les Jours stores in eight countries – China, the U.S., Vietnam, Indonesia, Cambodia, the Philippines, Malaysia and Mongolia.

## **Norway-Mongolia Friendship Community organizes business forum**

Ulaanbaatar, November 14 (MONTSAME) L.Munkhbaatar MP has attended a business forum of the Norway-Mongolia Friendship Community, which has taken place in Oslo. The business forum aimed at boosting business cooperation and drawing more investment to Mongolia through various projects.

He presented some information on the current political, social and economic situation and foreign policy of Mongolia.

The business forum was attended by the Ambassador Extraordinary and Plenipotentiary of Mongolia to the Kingdom of Norway Z.Altai, Minister-Counsellor E.Bulgan, Economic Advisor B.Battsetseg and the head of the Norway-Mongolia Friendship Community Rolf Amundsen.

## **Mongolia to privatise six state-owned enterprises**

November 14 (news.mn) The Mongolian Parliament (State Great Khural) has approved the proposal for the 2017 budget presented by the cabinet. One of the key features of the proposal, which was submitted on Thursday (10<sup>th</sup> of November), is the plan to privatise six state-owned enterprises valuing a total of MNT159.6billion, namely:

- The State Bank for MNT 75billion



- The Mongolian Stock Exchange for MNT 20billion
- Orgil Sanatorium Resort for MNT 7billion
- Telecom Mongolia for MNT 7.6billion
- Erdenet Bulgan electric distribution network for MNT 30billion.

According to the Deputy Minister of Finance, 70% of state-owned enterprises are operating at a loss.

## *Mining*

# **Kincora Copper Outlines Strategy for Tier 1 Copper Porphyry Asset in Mongolia**

November 18 (investingnews.com) Kincora Copper (TSXV:KCC) outlined its ongoing activities and exploration strategy for its Tier 1 Copper Porphyry Asset in Mongolia, the the Bayan Tal Igneous Complex.

As quoted in the press release:

The workshop identified priority targets and built out a pipeline of regional prospects focused on the following key attributes:

1. Scale: Kincora's portfolio supports the advancement of potential Oyu Tolgoi and Tsagaan Suvarga (Devonian) analogues, and/or traditional gold rich finger type porphyries. Exploration activities currently are focused on replicating systematic and proven techniques that have been successful at other similar profile targets, including the Tier 1 copper-gold discoveries that the Technical Team has prior experience with.

2. Shallow targets: The focus is targets on the margins of half grabens and/or uplifted fault blocks where outcrop or subcrop provides a geological window to support integration of geophysical datasets to de-risk exploration.

3. Multi-target, multi-stage pipeline with exploration ongoing:

Priority #1 target: Confirmed Devonian ("Oyu Tolgoi style") stratigraphy at the Bayan Tal Igneous Complex ("BTIC"), including 18m @ 0.66% CuEq down hole on the margin of the interpreted system. This is one of the most significant untested Complexes in the Southern Mongolian belt with multiple drill ready targets supporting a candidate for a new Tier 1 porphyry discovery.

Priority #2 target: "Brownfield" exploration along strike to the Tsagaan Suvarga ("TS style") open pit development project within the TS Massif porphyry system. Field work is refining near surface drill targets.

Pipeline: Extensive ground magnetics, detailed mapping, regional and local geochemistry, petrography, whole rock geochemistry with fertility analysis, and age dating are ongoing to advance a portfolio of high quality, ranked exploration targets across the district level portfolio developing additional drill targets and areas for systematic exploration in spring and summer of 2017.



Sam Spring, President & CEO, commented: "Location, team and targets are the key ingredients for a successful exploration play. Since closing the IBEX transaction we have started outlining key positive developments on these fronts that differentiate and position Kincora well moving forward, with systematic exploration advancing our targets up the value curve.

We are excited by the targets identified at Bayan Tal, which is an extensively mineralized system, with distal copper-gold porphyry returned along its southern margin. Recent activities have confirmed similar Devonian stratigraphy to Oyu Tolgoi, the first target since with such attributes that we are aware of. Advancements in geology and geophysics support multiple drill ready targets at Bayan Tal, which is one of the best candidates for a new Tier 1 porphyry discovery in the Southern Gobi.

Considerable exploration efforts have been ongoing since the IBEX deal was first announced and conclusion of multiple ongoing activities are expected to support a unique pipeline of other targets across the dominant landholding between and on strike from the two mines in the belt. We look forward to providing these results, outlining refined drill targets and areas for systematic exploration for the 2017 field season".

## **Mining restarts at TerraCom's BNU coal mine in Mongolia**

November 18 ([worldcoal.com](http://worldcoal.com)) TerraCom Ltd has recommenced mining operations at its Baruun Noyon Uul (BNU) metallurgical coal mine in the South Gobi Mongolia.

This follows from an announcement last week reporting that a binding long-form definitive offtake agreement had been executed with a wholly-owned subsidiary of the Kingho Group, one of the largest private coal companies in China, for a 5.5 year offtake of hard-coking coal produced from the BNU coal mine, which provides for an estimated 7.5 million t of coal sales.

TerraCom has been implementing an alternative supply chain for its BNU coal mine in 2016. According to the company the Kingho offtake agreement was the final piece on the implementation of this initiative and the company is excited about recommencing mining operations to capitalise on the strong metallurgical coal market.

## **How Booming Coal Is Reigniting Mongolian Growth**

November 15 ([fronteranews.com](http://fronteranews.com)) When Mongolia's new government swept into power last summer, one of its first actions was to declare the country in the grips of an economic crisis. Now, with winter temperatures dipping 20 below freezing, there's a surprisingly warmer glow.

The International Monetary Fund has been making positive noises about a financial program while China and even Japan appear supportive. In fact, China has already eased the funding squeeze by expanding Mongolia's borrowing capacity in currency swaps by \$1.5 billion.



But the Chairman of the Mongolian People's Party, Miyegombo Enkhbold, wants more. Specifically, Enkhbold – who is also Chairman and Speaker of the State Great Hural, Mongolia's parliament – has asked China for a loan. The terms? The government wants to pay no more than 2% in annual interest over a period of 20 years.

This target looks fairly aggressive considering the country's bonds are yielding closer to 8.5%. Yet China hasn't dismissed the proposition. Instead, Xi Jinping last week called for more concrete exchanges between the two nations' ruling parties. The President was reported as saying – and the language is important here – that China has pursued relations with Mongolia from a “strategic standpoint and with a long-term perspective.” He vowed to “enhance coordination and cooperation with the country to boost bilateral all-round strategic partnership.”

So what does that all mean? Roughly translated, China is happy to provide funding – but only if it is tied to meaningful projects and closer economic cooperation.

Fortunately, China just so happens to have a deeply meaningful and strategic interest in Mongolia – namely, the largest undeveloped coking coal mine in the world. State-controlled China Shenhua and its consortium partners Mongolia Mining Corp. and Japan's Sumitomo are the only entities with an approved tender to develop the Erdenes Tavan Tolgoi mine. All they're waiting for is approval from the government of Mongolia.

### **Mega projects**

There's every reason to expect Mongolia to give its consent to development. In concert with securing external funding, Mongolia needs to present a credible budget for 2017. This is key to the IMF's decision on terms and conditions for assistance. The government isn't taking any chances. While discussions with the IMF are still underway, an official budget proposal has just been approved. Notably, it includes sizeable projected revenue from the development of Erdenes Tavan Tolgoi.

According to several comments from the Ministry of Finance in local media, the extra revenue will come from the mine itself as well as from the construction of a railway to boost deliveries. The two developments, the Prime Minister said recently, go hand in hand as “one project” to build sustainable revenue. “Five to six mega projects will be started by next spring,” beginning with the Tavan Tolgoi mine, railway and power station, said Jargaltulgyn Erdenebat.

### **Right time**

The timing could hardly be better. The biggest commodity bull market has to date provided Mongolia with only moderate benefits. One reason is that, without a rail track to take its coal to China, Mongolia has to rely on more expensive and less efficient trucks. Another is that the coal itself fetches less because it's unwashed. While premium hard Australian coking coal prices have rocketed 250% since April to over \$300 per ton, Mongolia's unwashed variety fetches just \$32. These cheap supplies crowd out any private local producer seeking higher prices.

This isn't the way the coal industry was meant to work. The government's “one window” policy mandates all coal companies to officially agree a single price. The unwashed coal is also anathema to the government's mantra of value-added exports.

Unsurprisingly, the new administration has begun tackling these issues. Last week, Prime Minister Erdenebat instructed coal exporters to adhere to “one window.” Discussions followed between Erdenes Tavantolgoi JSC, Energy Resources LLC and Tavantolgoi JSC on agreeing a single price, local media reported. The companies will



most probably be compelled to have their coal washed by Mongolia Mining Corp., driving incremental revenue for MMC and power to raise the average selling price for Erdenes Tavan Tolgoi coal.

### **Dizzying growth, again**

For an old industry, momentum as building fast. MMC earlier this month received creditor support for a debt restructuring, allowing it to emerge from default and to participate in the consortium bidding to develop Erdenes Tavan Tolgoi. That process is likely to move forward in the next two to three months.

But MMC isn't waiting any longer to take advantage of coal's surge. It recently signed an offtake agreement at \$107 per ton for the month of December. Had Mongolia achieved this price rather than \$32 on its approximately 30 million tons of coal production this year, GDP would have been \$2.25 billion higher.

So what prospect does 2017 hold? It doesn't take Herculean assumptions to expect that through improvements and reform, Mongolia's coal companies can collectively produce 40 million tons next year. At an average price of \$105 per ton, that would represent more than \$4 billion in economic activity for the sector – or an increase of over \$3 billion compared with an estimated \$960 million for 2016. For Mongolia's \$12 billion economy, this would mean a 25% jump in GDP, returning the economy to the type of dizzying growth rates seen last decade.

### **Win-win**

The most important byproduct of a crisis is the opportunity for change. For investors, the scale of the opportunity is typically dictated by the rate of change. Central to the investment case for Mongolia is the approval of the MMC/ Shenhua/ Sumitomo consortium to develop both the Erdenes Tavan Tolgoi mine and rail to China. This will lift both coal volume and prices, and carry Mongolia's economy with it.

With 65 of the 76 seats in Parliament, the ruling MPP has the power to make the sweeping changes required to rehabilitate the coal industry and unleash economic growth.

For the government, one further key benefit could follow. Most of Mongolia's 3 million citizens hold shares in Erdenes Tavan Tolgoi that were allocated in 2012. The value of those shares could appreciate significantly if managed through the consortium with a railway to China. Engineering economic recovery while at the same time boosting the value of these shares adds up to a win-win opportunity too good to let slip – particularly with presidential elections approaching next year.

## **Copper prices increase**

November 14 (UB Post) Since November 10, the market price for copper rose by 600 USD on the London Metal Exchange (LME), to become 5,635 USD per ton.

Economists have reported that the increase is beneficial to commodity exporting countries such as Mongolia. According to the LME, this is the highest surge in the last year. The market price of copper had reached 4,700 USD per ton in Q4 of 2015. Currently, countries are selling copper for an average of 4,700 USD per ton.

According to the Financial Times, copper has had its best week in five years. Many analysts have attributed the surge to the election of president-elect Donald Trump on November 8.



It is said that the increase is largely a reaction to the sliver of Trump's victory speech in which he addressed rebuilding U.S. infrastructure.

## Mongolia makes up 11 percent of China's coal import

Ulaanbaatar, November 16 (MONTSAME) Coal price has doubled against the same period of last year to reach USD 103.7 per ton. As of September 2016, Mongolia made up 11 percent of the total coal import of China, Mongolia's main coal consumer.

Mongolia's coal export reached its peak in 2011, having constituted 47 percent (USD 2.3 billion) of the country's annual export. The economy grew by record 17.3 percent that year. In 2011, Mongolia supplied 26 percent of China's coal import.

### *Oil & Gas*

## Petro Matad taps into Mongolian oil field containing up to 23bn barrels

November 16 (digitallook.com) Shares in **Petro Matad** soared on Wednesday as the oil explorer said it had tapped into a large oil field in Mongolia, which contains between nine and 23bn barrels of oil.

The company updated its estimates of undiscovered petroleum resources following interpretation of new and previously acquired data sets in Blocks IV and V.

The data coverage in the company's acreage revealed 12 basins and this is likely to increase as more work program activities are undertaken in the future, to find potential hydrocarbon volumes within the acreage.

Using the play and basin analysis method on six high-grade basins the company has estimated there to be about 90bn barrels of oil in the upper Jurassic-Lower Cretaceous play, which is the proven and producing petroleum system in Mongolia.

The volume of potentially trapped oil ranges from nine to 23bn barrels of stock oil initially in place, assuming trapping efficiencies of 10% to 25%.

Further potential exists in the deeper Permian-Jurassic play, which is analogous to the prolific systems in the western Chinese basins.

The remaining of six basins, which have sparse data on, will be the focus of future seismic work to determine their potential.

Shares in Petro Matad rose 27.85% to 3.87p at 1305 GMT.



## *Agriculture*

### **Contract signed for construction of Bulgarian greenhouse in Mongolia**

November 16 (freshplaza.com) In the last days of the "Borisov 2.0" cabinet, the Bulgarian Minister of Agriculture Desislava Taneva will spend approximately 1.7 million Lev (about 868,771 Euro) to build a greenhouse for the production of tomatoes, cucumbers and peppers in the Mongolian capital Ulan Bator.

The exact value of the project is estimated at 1.4 million Lev, VAT excluded, but after accrual of taxes the amount is closer to 1.7 million Lev. According to the technical specifications of the contract, the greenhouse will have an area of 5,000 square metres. The facilities will not serve to grow exotic vegetables or fruits, but traditional Bulgarian products: 40% tomatoes, 30% peppers and 30% cucumbers.

The project has been described as high-tech, with a greenhouse that will withstand temperatures between -50 and +40 degrees Celsius, being thus tailored to the Mongolian climate.

According to earlier statements by the Bulgarian authorities, the greenhouse is a pilot project that Bulgaria will try to run on the Mongolian market.

### **Mongolian and Norwegian reindeer herding communities to cooperate**

Ulaanbaatar, November 14 (MONTSAME) L.Munkhbaatar MP is visiting Kautokeino village of Norway at the invitation of the Association of World Reindeer herders. During the visit, the sides signed a Memorandum of Understanding on Cooperation in improving livelihoods of reindeer herders and providing more opportunities to children from the reindeer herding families to study with scholarships in Norway and other Scandinavian countries.

The students are able to choose various fields for majoring such as reindeer farming, biological and traditional knowledge, food culture, linguistics and English language studies. Also, in accordance with the MoU, the sides decided to launch a TV reality show featuring the lives and businesses of reindeer herding communities.

The authorities agreed to establish sisterhood ties between Kautokieno village and Tsagaannuur soum of Khuvsgul province, and to provide assistance in increasing the population of reindeers in Mongolia by localizing herds of reindeers from Siberia.

In Kautokeino, more than 3,000 "sami" locals are living and herding some 700 thousand reindeers.



## Taiwan expresses interest in importing sea buckthorn

November 14 (UB Post) During a recent meeting with Minister of Food and Agriculture P.Sergelen, Taiwan's Deputy Minister proposed importing large amounts of sea buckthorn from Mongolia. Minister P.Sergelen highlighted that the amount proposed for import is greater than the amount Mongolian exporters could currently supply.

The Ministry of Food and Agriculture recently started the four-year Sea Buckthorn Project. Small and medium-sized enterprises cultivating sea buckthorn will have prioritized access to SME loans in an effort to decrease poverty and to create jobs.

A feasibility study on the export of sea buckthorn cultivated in Uvs Province has been carried out by a French firm, and steps to begin exports to Europe are already underway. A number of businesses are already exporting small amounts of sea buckthorn oil to Japan and the USA.

The Ministry reports that they have received a proposal to organize an international conference on the cultivation of sea buckthorn in 2017.

## About 61 million livestock to be overwintered

Ulaanbaatar, November 15 (MONTSAME) Minister of Food, Agriculture and Light Industry P.Sergelen made a statement at a meeting of the State Emergency Commission, held today. He noted the soums's emergency reserves of hay and fodder were formed with 50.7 percent completion this autumn, which is unsatisfactory for the expectedly harsh winter. The financing for emergency reserves is not available, he added.

Mongolia numbers a total of 153.1 thousand herding households with 60.8 million domestic animals for overwintering. According to a survey on pasture carrying capacity, 80 percent of the total territory of Mongolia has enough capacity to graze the livestock, whereas 20 percent fails. Therefore, 16460 herding households have to move to other lands with better conditions to overwinter their animals totaling 6.9 animals.

## Mongolia to fully cover domestic consumptions of wheat and potatoes

Ulaanbaatar, November 17 (MONTSAME) Preliminary results of this autumn's harvest was presented Wednesday to the Cabinet by the Minister of Food, Agriculture and Light Industry, Mr P.Sergelen. He said Mongolia will cover 100 percent of domestic wheat and potato consumptions.

This autumn, a total of 475 thousand tons of grains, including 460 thousand tons of wheat, 153 thousand tons of potatoes, 93 thousand tons of vegetables, 20 thousand tons of oil plants and 50 thousand tons of soiling crops.



Companies and individuals have prepared fallow in 389 thousand hectares. A total of 45 thousand tons of grains are stored for next year's seeding.

## *Tourism*

### **Ambassador in London holds reception for Mongolian tourism reps to WTM 2016**

Ulaanbaatar, November 14 (MONTSAME) As representatives of Mongolia, the MIAT, Juulchin, Tsolmon Travel, Ailaas Ailuud Project, DMD Mongol, Great Chingis Expedition, Zendmen Travel, New Juulchin and Discovery Mongolia participated in the World Trade Market 2016 exhibition in London, on November 7-9.

During the exhibition, the Ambassador Extraordinary and Plenipotentiary of Mongolia, Mr N.Tulga organized a reception for the representatives of Mongolian tourism sector. The president of Mongolian Travel Association, Mr D.Gantomor extended gratitude to the diplomatic mission in London for their consistent and tangible support for increasing the flow of tourists to Mongolia.

Mr Gantomor had a meeting with the organizers of the Fly Fishing, John Kelly and Clare Zumbini to discuss opportunities for ensuring the presence of Mongolian participants in the next exhibitions and to introduce the environmentally friendly type of fishing in Mongolia.

## *Aviation*

### **Construction process of new airport project is at 99 percent**

November 16 (gogo.mn) The New Ulaanbaatar International Airport, a construction with the biggest foundation in Mongolia is designed with the capacity of up to 3 million passengers per year and have capacity to receive 1500 passengers per hour.

In comparison, the current airport (Chinggis Khaan International Airport, the largest airport in Mongolia) serves about 900,000 passengers per year (2011 figures). Also, the cargo capacity is projected to increase 10-fold.

The new airport is located 52 km south of Ulaanbaatar city center in Sergelen soum, Tuv province. It is also hoped to be an airline hub which connects Europe and East Asia, North America and South East Asia (through the Polar route).



In May 2008, a ¥28.8 billion (US\$385 million) 40-year soft loan agreement at 0.2% interest was signed between the Government of Mongolia and the Japan Bank for International Cooperation to build a new international airport.

Construction started in May 2013, and is expected to finish by January 2017. Currently, the construction process is at 99 percent.

The airport is able to launch 6 planes from its passenger boarding bridges and 13 planes from its field. 5 planes with up to 300 passengers are able to take off at once, reported by the project manager.

The airport expects to receive 3 million passengers by 2024 and 5 million passengers in 2032, according to the economic estimation.

At that time, it is possible to expand the airport by increasing the number of passenger boarding bridges up to 20.

## *Energy*

### **Cabinet permits signing concession agreement on Tsagaansuvarga power supply**

Ulaanbaatar, November 17 (MONTSAME) The cabinet gave permission to the National Development Agency to sign the concession agreement with the Mongolyn Alt Corporation (MAK) on a project on overhead power lines and substation connecting Oyu Tolgoi and Tsagaansuvarga (White Stupa), on Wednesday's regular meeting.

The Minister of Finance was assigned to reflect the repayment of the concession cost, USD 32.231 million, partially in the respective year's government budget.

With the implementation of this project, the issue of power supply of Tsagaansuvarga project will be settled, and Mandakh and Khatanbulag soums of Dornogovi (East Gobi) province will be connected to the central power grid system.

## *Ulaanbaatar*

### **'UB Resort' to open at Khui Doloon Khudag**

November 16 (news.mn) A new ski resort is to be opened at Khui Doloon Khudag, 32 km from Ulaanbaatar. The location is best known for the horse racing which takes place in July during Naadam. Designed to provide leisure for the general public and to attract



tourists in the winter season, the 'UB Resort' is being modernised with funding from the Ulaanbaatar City Administration budget. So far, a spot for playing an ice version of the traditional Mongolian game of knucklebones and an ice-skating rink have already opened at Khui Doloon Khudag. The 'Ulaanbaatar City Administration' has promised that the new ski resort will be the most affordable of its kind in Mongolia. When the ski resort opens at Khui Doloon Khudag, the 'Mongol Naadam Complex' will be able to operate throughout the year.

## Company News

### What's in Mongolia Growth Group Ltd After Reaching 52-Week Low?

November 15 (friscofastball.com) The stock of **Mongolia Growth Group Ltd (CVE:YAK)** hit a new 52-week low and has \$0.27 target or 10.00% below today's \$0.31 share price. The 9 months bearish chart indicates high risk for the \$12.99 million company. The 1-year low was reported on Nov, 15 by [Barchart.com](http://Barchart.com). If the \$0.27 price target is reached, the company will be worth \$1.30 million less. The 52-week low event is an important milestone for every stock because it shows very negative momentum and is time when sellers come in. During such technical setups, fundamental investors usually stay away and are careful buying the stock. About 98,556 shares traded hands or 294.44% up from the average. Mongolia Growth Group Ltd (CVE:YAK) has risen 6.00% since October 16, 2016 and is uptrending. It has outperformed by 2.07% the S&P500.

More notable recent Mongolia Growth Group Ltd (CVE:YAK) news were published by: [Businesswire.com](http://Businesswire.com) which released: "Mongolia Growth Group Ltd. Announces the Appointment of Paul Byrne as CEO to ..." on March 03, 2014, also [Seekingalpha.com](http://Seekingalpha.com) with their article: "Mongolia Growth Group: The Way To Play Mongolian Economic Recovery" published on July 20, 2016, [Gurufocus.com](http://Gurufocus.com) published: "Interview with Harris Kupperman of Mongolia Growth Group" on January 15, 2015. More interesting news about Mongolia Growth Group Ltd (CVE:YAK) were released by: [Stockhouse.com](http://Stockhouse.com) and their article: "Mongolia Growth Group Announces AGM Results" published on June 17, 2015 as well as [Seekingalpha.com](http://Seekingalpha.com)'s news article titled: "Mongolia Growth Group Raises Private Funds To Deploy In Country's Real Estate ..." with publication date: November 25, 2011.

Mongolia Growth Group Ltd. is a Canada real estate investment and development company. The company has a market cap of \$12.99 million. The Firm owns commercial investment property assets in Ulaanbaatar, Mongolia. It currently has negative earnings. The Firm operates through two divisions: Investment Property Operations and Corporate.



# Copper experts credited with multiple Tier 1 discoveries join Kincora's team

November 14 (canadanewswire.com)

- *Peter Leaman, former Head of BHPB Mongolia and Regional Exploration Manager SE Asia for PanAust is appointed Senior Vice-President of Exploration*
- *John Holliday, former Chief Geoscientist of Newcrest is appointed Chairman of a newly formed Technical Committee*
- *Peter and John have extensive exploration experience and are credited with the discovery of multiple Tier 1 assets and other economically important porphyries*
- *Plus Minerals LLC, including Imants Kavalieris previously one of the Oyu Tolgoi executive exploration team, appointed Advisor to the Technical Committee*
- *New team joins existing board and management being aligned with shareholder value*
- *A workshop, site visit review and multi-target, multi-stage work schedule has been completed by the Technical Committee ahead of the recently closed IBEX transaction*

VANCOUVER, Nov. 14, 2016 /CNW/ - Kincora Copper Limited (the "Company", "Kincora") (TSXV:KCC), following the recent closing of the IBEX transaction (refer November 7<sup>th</sup>, 2016 press release), is pleased to announce the appointment of Peter Leaman as Senior Vice-President of Exploration and John Holliday as Chairman of the newly formed Technical Committee. The Technical Committee will lead exploration efforts across the expanded portfolio, which following the IBEX transaction has more than tripled in size to over 1,500km<sup>2</sup>, creating the dominant landholding in the Oyu Tolgoi-Tsagaan Suvarga Devonian copper belt, with multiple targets currently being advanced.

A workshop and field visit including Imants Kavalieris of Plus Minerals, appointed an Advisor to the Technical Committee, has been undertaken reviewing the extensive datasets and targets within the consolidated portfolio. Industry leading specialists and geologists with extensive recent experience in the belt, including Mike Woodbury and Tsolmon Amgaa, in addition to the Technical Committee have established a technical program and schedule to advance priority prospects and a regional pipeline of earlier stage targets, which has recently recommenced.

Sam Spring, President and CEO, stated: *"We are extremely excited to have Peter and John joining the Kincora team to lead our exploration efforts. Kincora will benefit from their expertise and previous success in the discovery of gold rich Tier 1 copper porphyries. These appointments and the involvement of such a strong wider team in the development of our work programs further demonstrates technical confidence of further major discoveries in this belt, where Kincora holds a dominant land position, and supports a systematic approach to advancing and testing a number of priority targets. Kincora is also pleased that Peter and John have agreed to be compensated in predominately equity based remuneration packages, joining existing management and board, and aligning them with shareholders, providing exposure to exploration success while reducing cash burn."*



On his new appointment, Peter Leaman noted: *"Having overseen BHPB's copper exploration efforts in Mongolia, including the regional Joint Venture with Ivanhoe, and been involved in a number of similar style copper-gold discoveries globally to which are the focus of exploration in this belt, the consolidated Kincora portfolio is extremely interesting and the Southern Gobi the right address for further Tier 1 discoveries. Extensive datasets for the region have been carefully compiled, and a high level of professional geological understanding and exploration has been applied within the consolidated license portfolio assisting the recent workshop and ongoing field season activities.*

*The conclusion of the workshop has resulted in a technically sound, systematic multi-phase, multi-target work schedule across a regional license portfolio of a scale last seen in the Gobi under the BHP JV, but looking to implement significant advances in exploration techniques since that period. We expect a number of targets to be identified and advanced from ongoing field activities implementing and integrating geophysics, geochronology and geology."*

### **Background**

The Technical Committee has been established to lead Kincora's exploration efforts with Peter Leaman appointed Senior Vice-President of Exploration, John Holliday as Chairman and Sam Spring (Kincora President & CEO), the third member reporting to the Board of Directors.

### **Mr. Peter Leaman**

#### **Senior Vice-President of Exploration, Executive of Technical Committee**

Peter has over 40 years' experience in exploration mostly with BHP Minerals, with a particular focus on Base & Precious Metals, and PanAust Limited, where he was Regional Exploration Manager SE Asia and remains an Exploration Advisor.

Peter is a very hands on and target orientated front line leader who has been responsible for project generation, managing mineral exploration programs and regional offices/activities in multiple jurisdictions, resulting in multiple discoveries including the Tier 1 Reko Diq porphyry Cu/Au deposit, Crater Mountain epithermal Au/Ag and Mt. Bini (Kodu) porphyry Cu/Au deposits in Papua New Guinea, amongst others.

Peter managed the BHP Billiton office and exploration teams in Mongolia, which included the joint venture with Ivanhoe Mines (now Turquoise Hill Resources) to explore the Oyu Tolgoi belt for similar deposits, including flying the regional Falcon airborne gravity gradiometer survey, undertaking extensive Induced Polarization (IP) studies and target testing drilling.

Peter is a former Imperial College (M.Sc. mineral exploration) and Leister University (B.Sc. Hons, geology) graduate.

### **Mr. John Holliday**

#### **Chairman of the Technical Committee**

John has over 30 years' experience in metals exploration mostly with BHP Minerals and Newcrest Mining, including the positions of Chief Geoscientist and General Manager, Property Generation and more recently in the junior sector. John was a principal discoverer and site manager of the undercover Cadia and Marsden porphyry Tier 1 gold-copper deposits in NSW, and was a principal geological advisor on the acquisition of many significant projects, including Namosi and Wafi-Golpu.



John has worldwide experience in gold-copper deposit exploration, discovery and evaluation, with extensive experience in exploration and discovery of concealed copper-gold porphyries such as those that the Oyu Tolgoi-Tsagaan Suvarga copper belt is prospective for.

John has a geophysics/geology honours degree from Macquarie University and economics/politics degree from Sydney University. He is a member of the Australian Institute of Geoscientists, the Australian Society of Exploration Geophysicists and the Society of Economic Geology.

### **Plus Minerals LLC**

#### ***Advisor to the Technical Committee***

Plus Minerals LLC, including Ms. Khashgerel Bat-Erdene and Mr. Imants Kavalieris, has been appointed an Advisor to the Technical Committee.

Imants has extensive experience in Mongolia and is recognized as one of the industry's leading copper porphyry exploration geologists, having been involved in the exploration and delineation of the Oyu Tolgoi copper-gold porphyry deposits where he was one of the 6 executive exploration team, and has worked on some of the largest porphyry Cu-Au deposits in SE Asia.

Plus Minerals has considerable experience with both the Kincora and IBEX licenses, having provided consulting services to both entities over recent years, and additionally has a leading knowledge of other existing projects in Southern Gobi region.

#### **Remuneration aligned to shareholders**

In light of the IBEX transaction, increase in regional exploration efforts and current market conditions, the Remuneration Committee of Kincora has undertaken a review seeking to provide competitive packages to retain and attract key executives, align all senior executives/directors to the creation of value for shareholders and minimize the cash overheads of the Company.

As a result of such review Kincora proposes to issue shares to the senior executive management, the technical committee and independent directors of the Company on account of a significant portion of their remuneration under Shares for Services Agreements. In this regard the Company proposes to issue annually shares having a dollar value of up to US\$458,160(CDN\$603,000). Such shares would represent over 70% of the total compensation to be paid to the senior executive management, the technical committee and independent directors of the Company and would be issued quarterly in arrears. The proposed Shares for Services Agreements require TSX Venture Exchange acceptance and, as a condition thereof needs Disinterested Shareholder approval. The Company intends to seek Disinterested Shareholder approval by way of written consent. It is acknowledged that any Shares issuable under the arrangements detailed above shall be issued at a deemed price equal to the greater of (i) the closing price of the Shares on the TSX Venture Exchange on the last trading day prior to the date such Shares are issuable and (ii) the volume weighted average price of the Shares traded on the TSX Venture Exchange for the 5 trading days immediately preceding the date such Shares are issuable, with a minimum deemed price of \$0.05 per Share.

#### ***Background to the IBEX transaction***

- IBEX's portfolio is focused on porphyry targets to the east and south of Kincora's existing licenses with the consolidated landholding now being the dominant position in the Oyu Tolgoi-Tsagaan Suvarga (Devonian) copper belt.



- A large and high quality regional geophysical and surface geochemical dataset supporting various style targets: i. Devonian porphyries; ii. "Traditional" gold rich copper porphyries; and, iii. epithermal and Carlin-style gold deposits.
- Consolidates a regional portfolio in an underexplored but potentially world-class gold rich copper province analogous to exploring the majority of the Northern Chile copper belt from the 1970's.
- Strengthened team with discovery experience and complementary skill sets for exploration through to project development internationally and in Mongolia.
- Fully winterized camp, fleet, permitted landing strip, IT and exploration equipment.
- Kincora has placed 5,895,000 common shares and 2,947,500 warrants at an exercise price of \$0.54 (equal to 1.8 times the price per security of the July 28<sup>th</sup>, 2016, private placement of Kincora) and a term of 24 months into escrow pending re-registration of the IBEX licenses. There is no cash consideration relating to the IBEX transaction.
- It is intended that these Kincora securities will ultimately be held by the shareholders of HPV, the largest of whom are HPX Techco Inc. ("HPX Techco") as to 65.78%, a subsidiary of High Power Exploration Inc., a private company, and GoviEx Uranium Inc., a TSX venture exchange listed company, as to 21.64%.
- HPV will have certain rights to maintain their ownership percentages by participating in further capital raisings and, at a threshold of share ownership, have the right to a board seat.
- A Relationship Agreement with HPX Techco has also been executed which provides Kincora conditional access to HPX's suite of geophysical technologies.

## **Rio Tinto terminates the contract of Energy & Minerals chief executive Alan Davies**

November 17 (gogo.mn) Rio Tinto today terminated the contract of Energy & Minerals chief executive Alan Davies.

The Rio Tinto board reviewed the findings to date of an internal investigation into 2011 contractual arrangements with a consultant who provided advisory services on the Simandou project in Guinea.

The board's decision does not pre-judge the course of any external inquiries into this matter. However, the board concluded that the executives failed to maintain the standards expected of them under our global code of conduct, The way we work. In the circumstances, the board terminated the contracts of both executives.

In accordance with contract termination, neither executive will be eligible for any short-term incentive plan awards for 2016. Rio Tinto will also cancel all unvested incentive plan awards from previous years.

As previously announced, Rio Tinto contacted the regulatory authorities in the United Kingdom, Australia and the United States about the matter and intends to fully



cooperate with any subsequent inquiries. Further comment at this time is therefore not appropriate.

Alan Davies will be replaced by Bold Baatar, who will join the Executive Committee as Energy & Minerals chief executive.

Bold held a number of senior investment banking roles with JP Morgan before taking on chief executive positions with a gold mining company and a diversified investment management business in Mongolia. He joined Rio Tinto in 2013 as Copper International Operations president and is the managing director of Marine and vice president Iron Ore Sales and Marketing.

Rio Tinto chief executive J-S Jacques said "Appointing Bold to run our Energy & Minerals business will add a fresh perspective to the product group. Bold brings broad international and executive experience in a wide range of commercial disciplines. He has a proven track record and will be a great addition to our ExCo, particularly with his strong strategic approach and acute understanding of Asia."

Chief financial officer Chris Lynch has temporarily assumed accountability for the corporate Legal & Regulatory Affairs function. The recruitment process for a new chief legal counsel has commenced.