



Commitment by the Government of Mongolia to Foreign Investors

HIGHLIGHTS

Government officials have acknowledged the investors' need for a stable and transparent legal environment

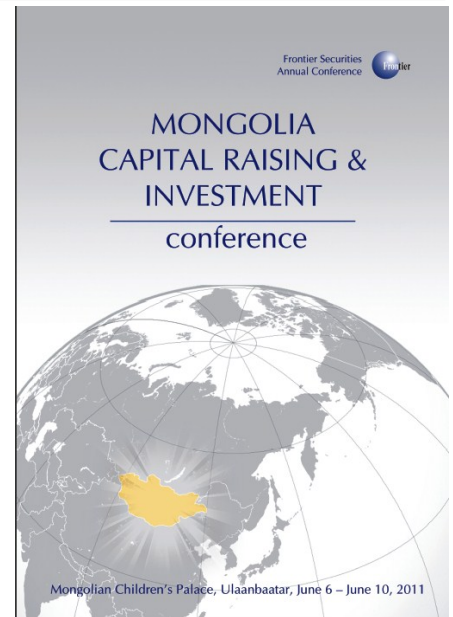
Mr. He Dashdorj Zorigt, Minister of Mineral Resources and Energy, told the attendance about the commitment made by Mongolia's government to foreign investors.

He emphasized that officials were aware of the importance of stability and transparency from the investment community perspective. He notably precised that the 68% windfall profits tax was repealed at the beginning of the year as a demonstration of this understanding. The adoption of the New Fiscal Responsibility Law last year was also a sign of credibility sent to the local and international community about the nature of the government's intention in this respect. Further in line are the Concessions Law adopted in 2010 and the likely debate about a new integrated budget law that could help locking in prudent fiscal policies.

Mr. Zorigt harked back to the temporary ban on the issuance of new mining exploration licenses decided by President Tsakhia Elbegdorj last April. Such a decision, which was instigated by numerous conflicts of interest present in the mining sector, has been extended by the Parliament until the end of the year. It is expected that by that time, the country will be equipped with an enhanced framework through the amendment of the Mineral Law.

Finally, Mr. Zorigt further stressed the importance of mining and infrastructure in the country's economy. He underlined the need to develop the energy sector (installed capacity to be doubled from short- to mid-term) and even the possibility to export such energy at some point, notably to China.

With respect to railway infrastructure, the government's strategy is to expand it nationwide so as to benefit from more bargaining power with its neighbors when negotiating exports prices.



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ABOUT MR. HE DASHDORJ ZORIGT



As part of the current Mongolian government, Mr. Zorigt acts as the Minister of Mineral Resources and Energy since 2008. Before, Mr. Zorigt used to be the Executive Director of Erdenes MGL LLC. From 2004 to 2007, he was head of United Policy and Regulation on behalf of the Ministry of Trade and Industry. Earlier, he also worked as Head of Policy Department and Regulation, Economic Cooperation, on behalf of the Ministry of Finance in 2004 and as first secretary at the Ministry of Foreign Affairs prior to 2004.

Mr. Zorigt graduated in Chinese Studies and Political Studies at Moscow College of International Relations in 1994. He further holds a Master of International Relations from National University of Australia and a Master of Law from Kyushu University of Japan.

ABOUT MONGOLIA EXPERT SERIES

This year's conference, titled "Mongolia: Capital Raising and Investment" was the fifth edition of its kind to be organized by Frontier Securities. Having grown year on year in terms of importance since 2007, this conference has become a major event for anyone interested in exploring the latest developments in Mongolia's business environment from key direct sources. The focus of this last edition, held in the context of a robustly growing economy and booming mineral exports, encompassed the dynamics of capital raising from the viewpoint of the Mongolian government and local private sector by way of privatization and/or bond issue. It further provided the global investors community (266 Mongolian and foreign entities covering 19 countries were represented) with some relevant and up-to-date insights about the numerous opportunities offered by a wide array of sectors in the country, the most prominent of which being the mining sector.

The conference has gathered more than 500 prominent industry leaders and government officials from organizations such as Foreign Investment and Foreign Trade Agency, State Property Commission, Ministry of Road and Transportation, MonAtom, Erdenes MGL, Mongol Bank, Government of Mongolia, Ministry of Mineral Resources and Energy, Mongolia Development Bank, National Development and Innovation Committee, TDB Mongolia, Prophecy Resource Corp, Mongolian Mining Corporation, South Gobi Energy Resource as well as various professionals from international financial markets, including; Citigroup, J.P. Morgan, CICC, BOC International, Ipreo, Moody's Investors Service, Hogan Lovells, Jones Day, Minter Ellison, Quam Asset Management, American Appraisal, BMI Technical Consulting (Resources) Ltd, etc. In addition, senior managers from MSE Mongolian Stock Exchange, Hong Kong Stock Exchange, Korea Exchange, London Stock Exchange, and Tokyo Stock Exchange have featured in our conference and shared their knowledge and insights regarding IPO and capital raising with broad audience of our conference.

Mongolia Expert Series is one of the in-house research report of Frontier Securities which utilizes the information collected during the Frontier Securities' Annual Conference. We hope the series will provide genuine insight into Mongolian investment environment, as well as various capital raising opportunities present for Mongolian companies.

