STRATEGICALLY SIGNIFICANT MINERAL DEPOSITS OF MONGOLIA

Berlin, 2011
Agenda:

- About Erdenes MGL
- Strategic Deposits
- Oyu tolgoi copper & gold deposit
- Tavan tolgoi fossil coal deposit
- Shivee ovoo brown coal deposit
Erdenes MGL’s mandate

- Represent the Government interest in strategic deposits;
- Hold mineral licenses of and develop deposits explored with governing funds;
- Manage assets in deposits of strategic importance upon the approval from the Parliament and Cabinet;
- Select strategic investors in above deposits;
- Provide advisory services

- 100% state-owned

Established in February 2007
ERDENES MISSION AND VISION

- Our mission is to maximize the benefits of the mining sector for people of Mongolia and contribute to the development of the country.

- Erdenes corporatizes the state participation in the minerals development.

- The long term vision of the company is based on a successful example of entities that progressed from state owned enterprises to become the world’s top mining companies listed on the largest stock exchanges.
# LIST OF STRATEGIC DEPOSITS

<table>
<thead>
<tr>
<th>No</th>
<th>Deposit name</th>
<th>Type of mineral</th>
<th>Location</th>
<th>Reserves &amp; Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tavan tolgoi</td>
<td>Fossil coal</td>
<td>Umnugobi, Tsogttsetsii</td>
<td>6,420 million tonnes coal</td>
</tr>
<tr>
<td>2</td>
<td>Nariin sukhait</td>
<td>Fossil coal</td>
<td>Umnugobi, Gurvantes</td>
<td>125.5 million tonnes coal</td>
</tr>
<tr>
<td>3</td>
<td>Baganuur</td>
<td>Brown coal</td>
<td>Ulaanbaatar, Baganuur</td>
<td>600 million tonnes coal</td>
</tr>
<tr>
<td>4</td>
<td>Shivee Ovoo</td>
<td>Brown coal</td>
<td>Gobisumber, ShiveeGobi</td>
<td>646.2 million tonnes coal</td>
</tr>
<tr>
<td>5</td>
<td>Mordai</td>
<td>Uranium</td>
<td>Dornod, Dashbalbar</td>
<td>1,104 tonnes at 0.119% U₃O₈</td>
</tr>
<tr>
<td>6</td>
<td>Dornod</td>
<td>Uranium</td>
<td>Dornod, Dashbalbar</td>
<td>28,868 tonnes at 0.175% U₃O₈</td>
</tr>
<tr>
<td>7</td>
<td>Gurvan bulag</td>
<td>Uranium</td>
<td>Dornod, Dashbalbar</td>
<td>16,073 tonnes at 0.152% U₃O₈</td>
</tr>
<tr>
<td>8</td>
<td>Tomortei</td>
<td>Iron</td>
<td>Selenge, Khuder</td>
<td>229.3 million tonnes at 51.15% Fe</td>
</tr>
<tr>
<td>9</td>
<td>Oyu tolgoi</td>
<td>Copper, gold</td>
<td>Umnugobi, Khanbogd</td>
<td>2.7 billion tonnes of ore, 25.4 million tonnes of copper, 1028 tonnes of gold</td>
</tr>
<tr>
<td>10</td>
<td>Tsagaan suvarga</td>
<td>Copper, molybdenum</td>
<td>Dornogobi, Mandah</td>
<td>10.64 million tonnes oxides at 0.42% Cu and 0.011% Mo, 240.1 million tonnes sulphides at 0.53% Cu and 0.018% Mo</td>
</tr>
<tr>
<td>11</td>
<td>Erdenet</td>
<td>Copper, molybdenum</td>
<td>Orkhon, Bayan-Ondor</td>
<td>1.2 billion tonnes at 0.51% Cu and 0.012% Mo</td>
</tr>
<tr>
<td>12</td>
<td>Burenkhaan</td>
<td>Phosphor</td>
<td>Khubsugul, Alag-Erdene</td>
<td>192.24 million tonnes at 21.1% P₂O₅</td>
</tr>
<tr>
<td>13</td>
<td>Boroo</td>
<td>Gold</td>
<td>Selenge, Bayangol</td>
<td>24.5 thousand tonnes at 1.6g/tonn Au</td>
</tr>
<tr>
<td>14</td>
<td>Tomortein ovoo</td>
<td>Zinc</td>
<td>Sukhbaatar, Sukhbaatar</td>
<td>7.7 million tonnes at 11.5% Zn</td>
</tr>
<tr>
<td>15</td>
<td>Asgat</td>
<td>Silver</td>
<td>Bayan-Ulgii, Nogoonnuur</td>
<td>6.4 million tonnes at 351.08g/tonn Ag</td>
</tr>
</tbody>
</table>
# Oyu Tolgoi Deposit Overview

## Reserves
- 2.7 billion tonnes of ore
- 25.4 million tonnes of copper
- 1028 tonnes of gold, 5144 tonnes of silver

## Location
- 600 kilometers south of capital city, Ulaanbaatar
- 80 kilometers to Chinese border

## Investor
- Erdenes MGL LLC
- Ivanhoe Mines Ltd.
- Rio Tinto International Holdings Ltd.

## Infrastructure
- All infrastructure issues (electricity, railroad, roads, water, etc.) need to be addressed

## Mine Details
- Open pit and underground mines
- Potential mine life of minimum 50 years at 55 tonnes/year of ore processing capacity
OYU TOLGOI INVESTMENT AGREEMENT

Investment Agreement concluded in October 6th, 2009.

Benefits:

- Biggest mining project in Mongolia will be implemented
- Economic growth from the substantial revenue sources
- Regional infrastructures will be developed in Gobi region
- Create large number of new jobs
TAVAN TOLGOI DEPOSIT OVERVIEW

- **Reserves**
  - 6.4 billion tonnes of coal, of which:
  - 1.8 billion tonnes of coking coal
  - 4.6 billion tonnes of thermal coal

- **Location**
  - 540 kilometers south of capital city, Ulaanbaatar
  - 270 kilometers to Chinese border
  - 400 kilometers to the nearest railway station

- **Infrastructure**
  - All infrastructure issues (electricity, railroad, roads, water, etc.) need to be addressed
TAVAN TOLGOI DEPOSIT OVERVIEW

- **Mine capacity:**
  - 15-30 million tonnes of coal per year.
  - Over 3500 full time jobs

**Infrastructure development plan:**
- Processing plant
- Power plant: 600 MW
- Thermal power plant: 100 MW
- Water: building a pipeline from Balgasyn ulaan nuur to Tavan Tolgoi.
- 3000 project workers required
ERDENES TAVAN TOLGOI – LISTING IPO

1st quarter of 2012 Planning list
Erdenes Tavan Tolgoi company IPO
international stock market
SHIVEE OVOO DEPOSIT OVERVIEW

**Reserves**
- Indicated: 564 million tonnes of brown coal
- Inferred: 82 million tonnes of brown coal

**Location**
- 260 kilometers south of Ulaanbaatar
- 20 kilometers to the nearest city of Choir

**Infrastructure**
- Located right on the rail line
- Paved road access to Ulaanbaatar
- Access to electricity
SHIVEE-OVOO PROJECT OVERVIEW

- The current project “Shivee-ovoo” was established in 1990.
  - 90% state owned, 10% traded on Mongolian Stock Exchange
  - Connected to main power grid system and railway
  - Capacity: up to 2 million tonne per year (1.45 million mined in 2008)
  - Currently operating on 901 A mining license, 91 hectare field
  - Supplies coal used by power plant No 3 and 4 of Ulaanbaatar city

- Ministry of Mineral Resources and Energy of Mongolia, Erdenes MGL and State Grid Corporation of China are planning an integrated project that comprises a large mine-mouth coal-power complex and an electricity transmission system to export electricity to China.
  - Shivee-ovoo coal mine: 20 million tonnes of coal per year
  - Power plant: 8x600 MW
  - Transmission line: 660 KV
  - Project Investment required: approximately 5 billion USD
Thank you...

Erdenes MGL LLC