

# ASPIRE MINING LIMITED

Fast-tracking the World Class Ovoot Coking Coal Project



Investor Presentation

March 2019

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Assumptions have been made by the Company regarding, among other things: the price of coking coal, the timely receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the completion of a feasibility study for the Nuurstei Project on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

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### *Competent Person Statements – Oovoot Early Development Project (OEDP)*

The technical information contained in this presentation in relation to the JORC Code (2012) compliant Ore Reserves and JORC compliant Mineral Resources for the Oovoot Early Development Project is reported in the Company's ASX announcement dated 28 February 2019.

The Company is not aware of any new information or data that materially affects the information included in this presentation. All material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.

### *Competent Person Statements - Oovoot Coking Coal Project*

The technical information contained in this presentation in relation to the JORC Code (2012) compliant Ore Reserves and JORC compliant Mineral Resources for the Oovoot Coking Coal Project is reported in the Company's December 2013 Quarterly Activities Report released to ASX on 31 January 2014.

The Company is not aware of any new information or data that materially affects the information included in this presentation. All material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.

### *Competent Persons Statement – Nuurstei Coking Coal Project*

The technical information contained in this presentation in relation to the JORC Code (2012) compliant Ore Reserves and JORC compliant Mineral Resources for the Nuurstei Coking Coal Project is reported in the Company's ASX Announcement dated 13 April 2016.

The Company is not aware of any new information or data that materially affects the information included in this presentation. All material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

# INVESTMENT CASE SUMMARY

- 1 255Mt total Reserve flagship premium “fat” coking coal project (Ovoot) in Northern Mongolia
- 2 Pre-tax NPV<sub>10</sub> of US\$586m based on a 9.2 year truck/rail solution using just 15% of total Reserves; extended 12.5 year case improves pre-tax NPV<sub>10</sub> to US\$758m
- 3 2<sup>nd</sup> quartile producer on the global CFR China seaborne metallurgical coal cost curve (Wood Mackenzie) with C1 cash costs to Chinese border of US\$81/t
- 4 Favourably low capital intensity relative to comparable global metallurgical coal projects, with significant production expansion potential
- 5 OEDP DFS and decision-to-mine targeting 3Q this year, first production targeting 1H 2021
- 6 Emerging “fat” coking coal shortage – Fenwei estimates 16-22Mtpa annual shortfall to 2025 in China alone
- 7 Ovoot-spec coal has averaged ~US\$195/t over the past 2 years in Tangshan, China (current spot price of US\$209/t)
- 8 Leading ASX pure-play metallurgical coal developer – significant re-rating anticipated

# ASSET OVERVIEW AND LOCATIONS

## Key Information

<b>FLAGSHIP PROJECT</b>													
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## Asset Locations



## JORC Reserves<sup>1</sup>

Reserves				
Deposit	Proven	Probable	Reserves	
Ovoot Open Pit	-	247.0	247.0	
Ovoot Underground	-	8.0	8.0	
<b>Total</b>	<b>-</b>	<b>255.0</b>	<b>255.0</b>	

## JORC Resources<sup>1</sup>

Resources				
Deposit	Measured	Indicated	Inferred	Total
Ovoot Open Pit	197.0	46.9	9.2	253.1
Ovoot Underground	-	25.4	2.6	27.9
Nuurstei	-	4.7	8.2	12.9
<b>Total</b>	<b>197.0</b>	<b>77.0</b>	<b>20.0</b>	<b>294.0</b>

# COMPANY SNAPSHOT

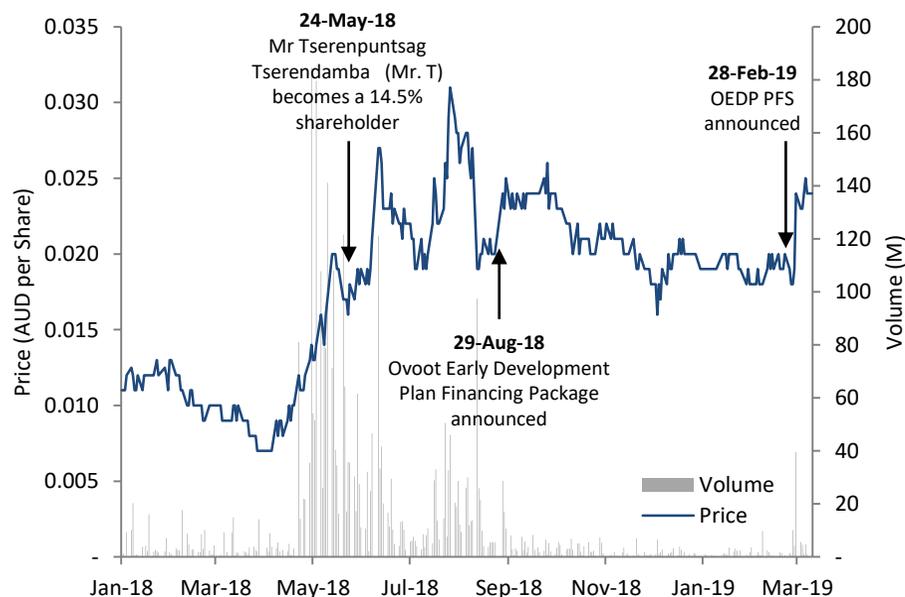


Director	Position
David Paull	Executive Chairman
Gan-Ochir Zunduisuren	Executive Director
Bat-Amgalan Boldbaatar	Executive Director
Neil Lithgow	Non-Executive Director
Hannah Badenach	Non-Executive Director
Alex Passmore	Non-Executive Director
Achit-Erdene Darambazar	Non-Executive Director

Capital Structure	Units	Undiluted	Fully Diluted
Share Price <sub>(14-Mar-19)</sub>	# M	0.024	0.024
Shares on Issue <sup>1</sup>	AUD/sh	3,326.5	4,195.0
<b>Market Capitalisation</b>	<b>AUD M</b>	<b>79.8</b>	<b>100.7</b>
Cash <sub>(30-Dec-18)</sub>	AUD M	15.4	28.0
Debt <sub>(30-Dec-18)</sub>	AUD M	-	-
<b>Enterprise Value</b>	<b>AUD M</b>	<b>64.4</b>	<b>72.7</b>

Liquidity <sub>(LTM)</sub> = \$65 million

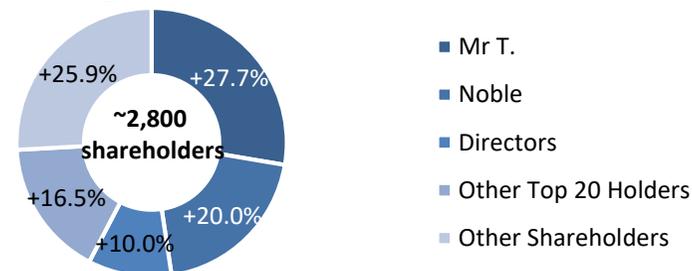
## 12 Month Share Price Performance



## Research Coverage

Research Coverage	Latest Report
Argonaut	7-March-2019
Patersons	14-March-2019
Sentinel	15-March-2019

## Shareholding



**“Mongolian Shareholders now make up 33% of Aspire shareholders”**

*A true Australian / Mongolian joint venture*

# LEADING STRATEGIC PARTNERS

## Partnerships highlight Ovoot's strategic value and its status as a Priority One Belt One Road project

<p><b>Mr. Tserenpuntsag</b></p>	<ul style="list-style-type: none"> <li>▶ Successful Mongolian businessman with a track record of building large scale Mongolian businesses</li> <li>▶ Owner of / built the largest internet service provider in Mongolia, exclusive Mongolian distributorship of Pepsi and significant shareholding in Mongolia's largest satellite TV business</li> <li>▶ Aspire's largest shareholder with a 27.7% interest to provide strategic and financial support which will materially de-risk delivery of the OEDP</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Aspire's second largest shareholder, 20% shareholder in Northern Railways</li> <li>▶ Marketing and logistics alliance partner with 65% Ovoot coking coal marketing rights</li> <li>▶ Manages a diversified portfolio of essential raw materials and integral in the flow of bulk commodities between Mongolia and China</li> </ul>
 <p><b>中国葛洲坝集团公司</b> CHINA GEZHOUBA (GROUP) CORPORATION</p>	<ul style="list-style-type: none"> <li>▶ Large Chinese SOE and one of the world's largest construction companies</li> <li>▶ MOU with Aspire and two subsidiaries of China Railways Corporation to advance the development of the Erdenet to Ovoot railway and for investment into Northern Railways</li> </ul>
 <p><b>中铁二十局集团有限公司</b> CHINA RAILWAY 20 BUREAU GROUP CORPORATION</p>  <p><b>中铁第一勘察设计院集团有限公司</b> ..... www.fsd.com.cn</p>	<ul style="list-style-type: none"> <li>▶ Wholly owned subsidiaries of China Railways Construction Corporation, one of the world's largest rail engineering construction firms</li> <li>▶ China Railway 20 Bureau Corporation Group (CR20) and China Railway First Survey and Design Institute Group Co Ltd (FSDI) are Joint EPC contractor in relation to Northern Railways rail project</li> <li>▶ CR20 and FSDI are supporting Northern Railways to progress completion of necessary financing, specialist design and construction for the Erdenet to Ovoot railway</li> </ul>
 <p><b>国家开发银行</b> CHINA DEVELOPMENT BANK</p>	<ul style="list-style-type: none"> <li>▶ Financing partner in relation to Northern Railways</li> </ul>

# OVOOT PROJECT OVERVIEW



## Globally significant premium coking coal project located in Northern Mongolia

- ▶ Second largest coking coal JORC Reserve, third largest including the non-JORC compliant, Government owned Tavan Tolgoi Mine
- ▶ Ovoot 2012 PFS previously confirmed the project's potential to deliver up to 10Mtpa of washed high quality "fat" coking coal over a 20+ year mine life (pending a rail solution)<sup>1</sup>
- ▶ While large scale development requires a rail solution, a smaller scale early development option with road access has been identified (OEDP)
- ▶ OEDP PFS confirms a compelling strategy to unlock value at Ovoot by delivering up to 4Mtpa of washed, saleable "fat" coking coal via a trucking solution to the existing rail head at Erdenet<sup>2</sup>
- ▶ Delivered washed coal will offer significant "value in use" benefits to customers including an ability to upgrade non-coking coals in a blend

### Ovoot Project Highlights

<b>Ownership</b>	100% Aspire Mining Limited
<b>Location</b>	Khuvsgul, north-western Mongolia
<b>History</b>	Acquired EL in 2010 Major new discovery 2010 - 2012 Mining License granted in August 2012
<b>Sunk Capital</b>	>US\$50m on project development studies
<b>Tenement Area</b>	51.4km <sup>2</sup>
<b>Coal Type*</b>	High Quality Coking Coal ("Fat" Coking Coal)

### Ovoot PFS Stage Development Alternatives

Scenario	OEDP Base <sup>1</sup>	OEDP Extended <sup>1</sup>	Rail <sup>2</sup>
<b>JORC Resources</b>	281Mt	281Mt	281Mt <sup>1</sup>
<b>JORC Reserves</b>	36.8Mt	53.8Mt	255Mt <sup>1</sup>
<b>Steady State Production</b>	4Mtpa	4Mtpa	10Mtpa
<b>Estimated Yield</b> (Saleable coal - 10% moisture)	88%	86%	73%
<b>Estimated Mine Life</b>	9.2	12.5	21.0

# FEB 2019 OEDP PFS HIGHLIGHTS



**Aspire is set to be transformed into a significant long term coking coal producer**

<b>About the OEDP</b>	<ul style="list-style-type: none"><li>▶ OEDP involves mining a relatively low ash, low strip ratio and high yielding “fat” coking coal from a starter pit that sits within the existing 255Mt Reserve (Ovoot Project Reserve)<sup>1</sup></li><li>▶ Washed coal to be delivered via a 560km special purpose haul road that will be constructed to connect to a rail head at Erdenet</li><li>▶ Washed coal will then be delivered on the Mongolian rail network that has confirmed available capacity for the OEDP coal through to the Mongolian/China border crossing of Erlian to Chinese end customers</li></ul>
<b>Base Case</b>	<ul style="list-style-type: none"><li>▶ Utilises a 36.8Mt JORC Reserve (OEDP Reserve) carve out from the Ovoot Project Reserves and supports an initial 9.2 year mine life whilst development of the planned Erdenet to Ovoot Rail connection continues in parallel</li><li>▶ Steady state 4.0Mtpa of washed, saleable “fat” coking coal over an initial 9.2 year mine life (representing c.15% of the Ovoot Project Reserves)</li><li>▶ Rapid 24 months payback from commercial production</li></ul>
<b>Extended Case</b>	<ul style="list-style-type: none"><li>▶ OEDP Extended Case highlights the attractive economics associated with a longer life continuation of the OEDP</li><li>▶ Increases mine life to 12.5 years based on 56.7Mt of coking coal being mined with no additional upfront capex (and still only reflects mining 22% of the Ovoot Project Reserves)</li></ul>

**Aspire considers the OEDP could feasibly be extended into a multi decade haul road-based operation upon completing additional studies should a rail connection ultimately not occur**

# FEB 2019 OEDP PFS HIGHLIGHTS (CONT.)



Highly attractive financial outcomes confirmed based on an initial 9.2 to 12.5 year coking coal operation producing 4.0Mtpa saleable coal

## OEDP Base & Extended Case Outputs

Physicals	Units	Base Case	Extended Case
Waste Mined	M Bcm	167.7	253.6
Strip Ratio (incl. pre-strip)	Bcm/t	4.3	4.5
Coal Mined (Mt)	Mt	36.8	53.8
Average Yield (10% moisture)	%	88	86
Coal sold (net of 2% loss)	Mt	31.6	45.2
Life of Mine	Years	9.2 years	12.5 years
Operating Costs	Units	Base Case	Extended Case
Mine	USD/t	31	33
Trucking	USD/t	32	32
Rail + Border Charges	USD/t	18	18
C1 Cash Costs	USD/t	81	83
<b>Total Cash Costs</b>	<b>USD/t</b>	<b>100</b>	<b>102</b>
Sustaining Capex	USD M p.a.	3.0	3.0
Valuation	Units	Base Case	Extended Case
Pre-tax NPV <sub>10</sub>	USD M	586	758
Pre-tax IRR	%	43.7	44.5
Pre-tax Payback	Months	24	24

## Key Assumptions

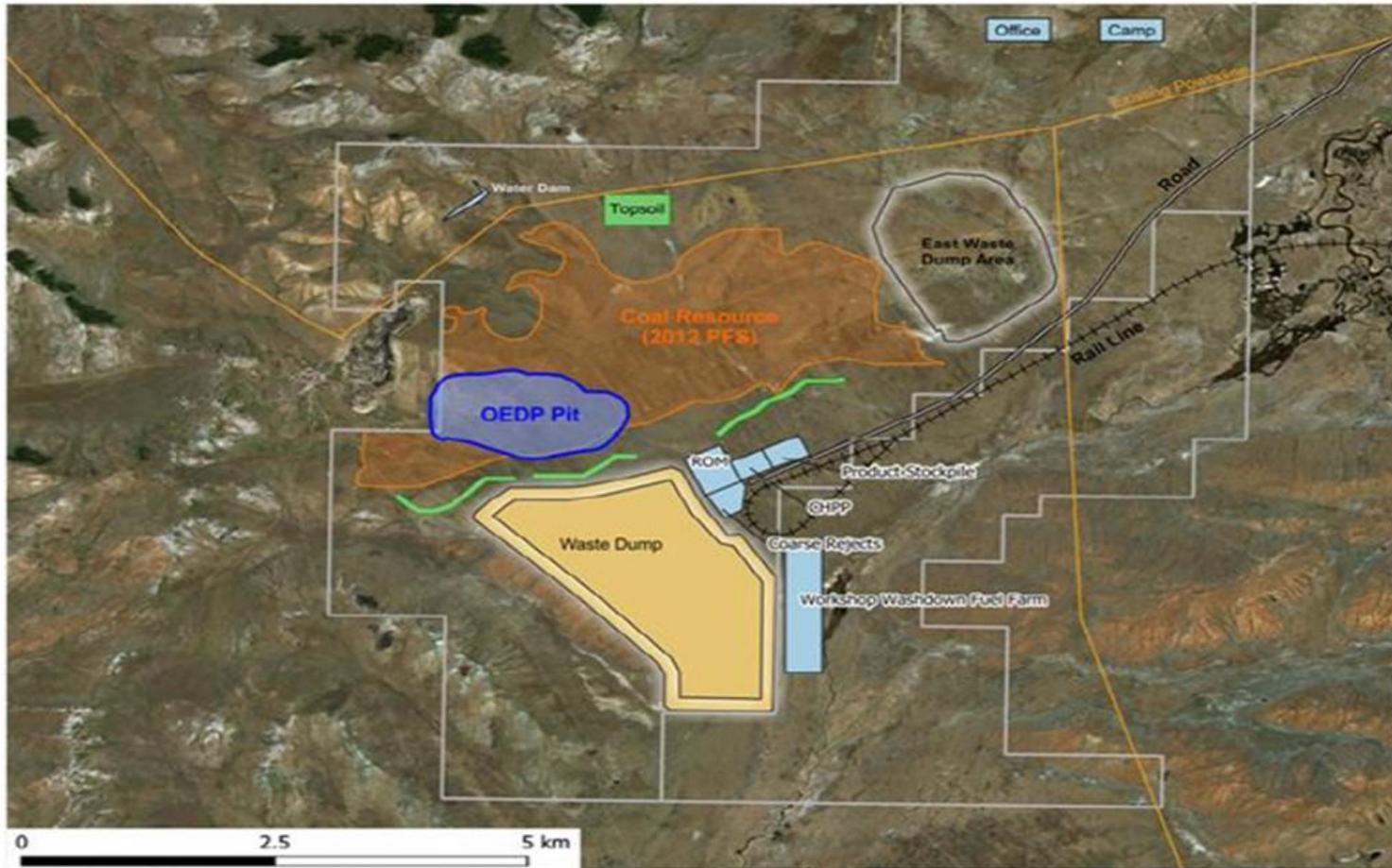
Assumption	Units	OEDP
Coking Coal Price	USD/t	150
Exchange Rate	MNT:USD	2,600
Exchange Rate	RMB:USD	6.8

## Capital Expenditure

Capex Item	USD M
CHPP Plant	37
Onsite Infrastructure	10
Offsite Terminals and Blending Facility	16
<b>Mine Processing &amp; Infrastructure</b>	<b>63</b>
Waste pre-stripping	47
<b>Total Mine Capital</b>	<b>110</b>
Road	165
<b>Total Capex</b>	<b>275</b>

# OVOOT PROJECT OUTLINE

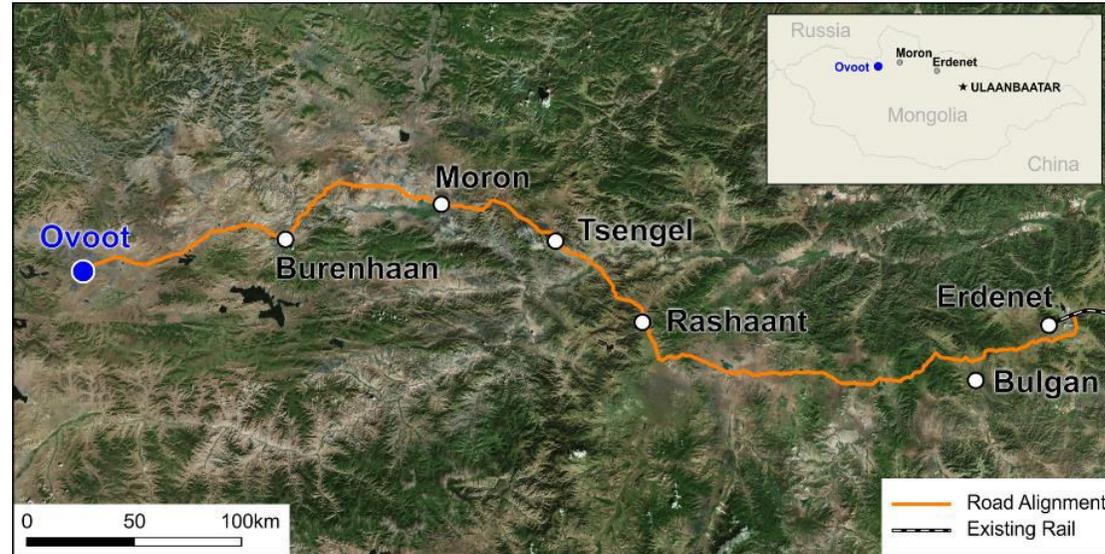
100% ownership of a major coking coal basin



Now fast tracking into production via the OVOOT Early Development Plan (OEDP)

# OVOOT ROAD AND RAIL PATH TO MARKETS

Construction of a 560km surface stabilised haul road enables Aspire to expedite production at Ovoot



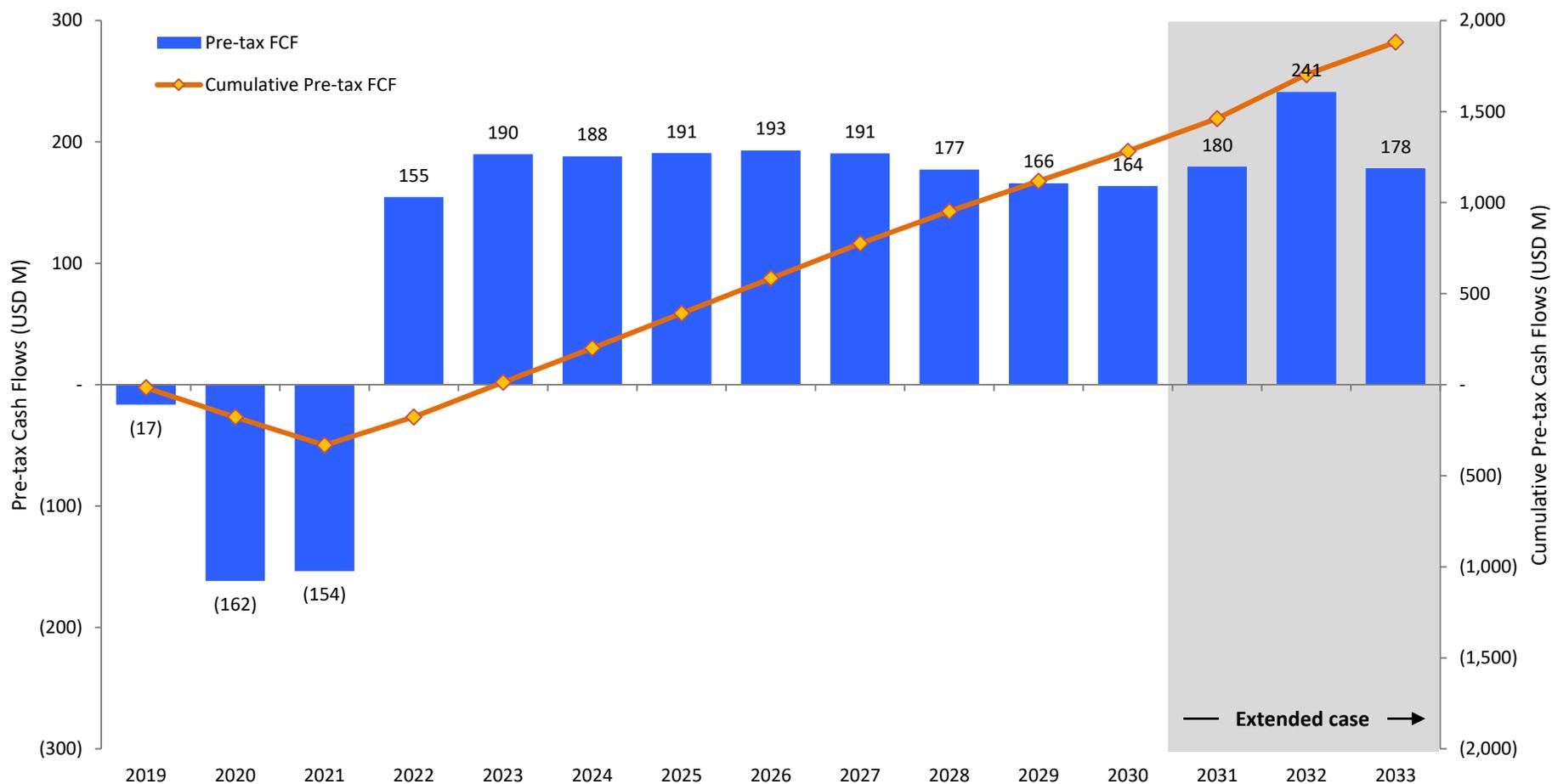
- ▶ 12 month option to acquire a 10 hectare rail siding adjacent to the Erdenet Rail Station. Siding can be developed into a stockpile area that could support a substantial coal terminal
- ▶ Existing rail infrastructure can deliver up to 4Mtpa of rail capacity to transport shipments north to Russia and/or south to China
- ▶ Russian Rail tariff discounts mean new markets are open to Mongolian coal
- ▶ Opportunity for Aspire to participate in joint venture to fund road alongside 3<sup>rd</sup> party groups
- ▶ OEDP to facilitate market acceptance of Ovoot coal prior to a potential rail expansion to unlock the full Ovoot Project

**OEDP Road development is highly complementary to delivery of future rail**

# PRE-TAX CASH FLOWS

OEDP to average US\$185m p.a. in pre-tax cash flows<sup>1</sup> with LOM totals for the Base and Extended Cases at US\$1.3b and US\$1.9b respectively

Projected Annual and Cumulative Pre-tax Cash Flows<sup>1</sup> (Extended Case)

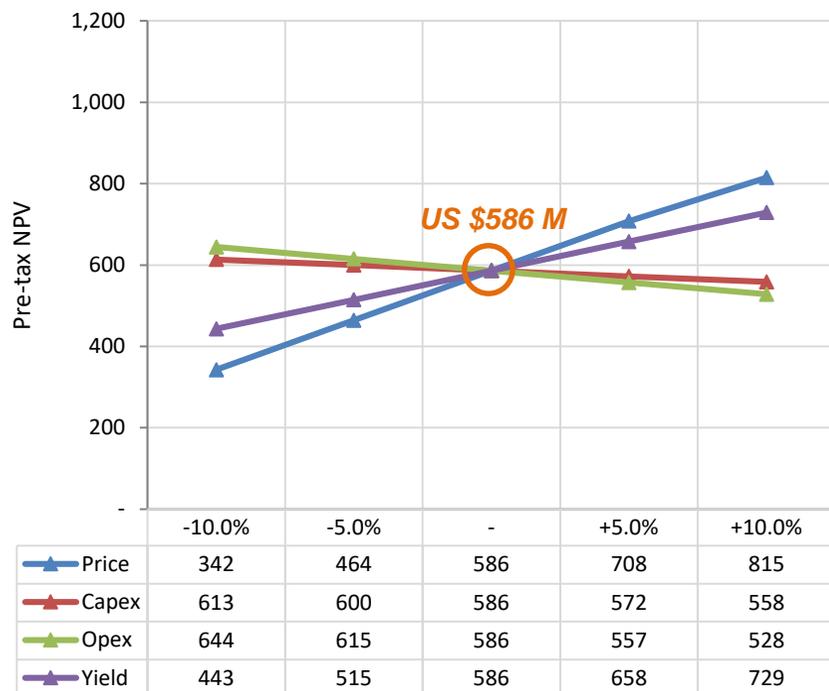


# SENSITIVITY ANALYSIS

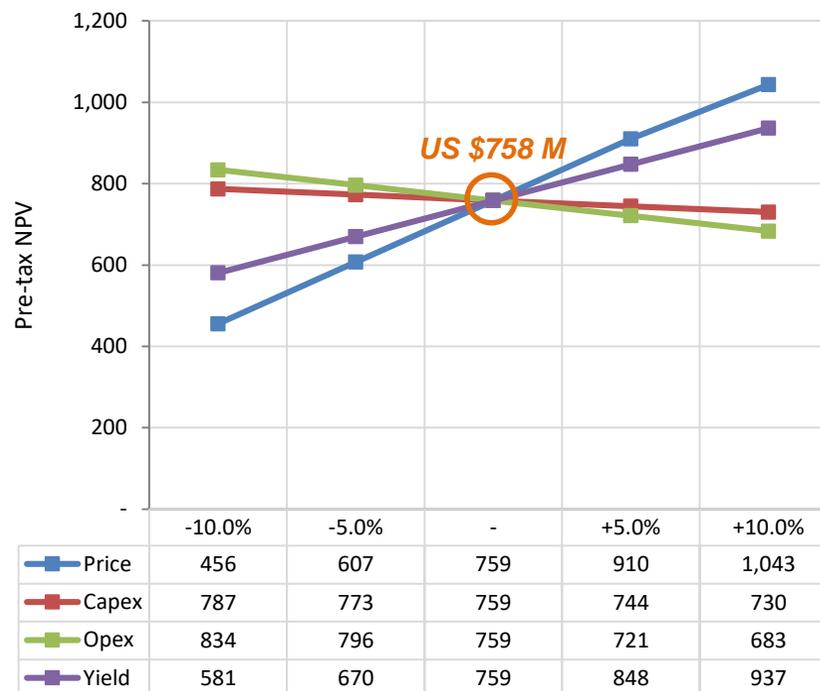
Outstanding Base Case economics with unleveraged NPV<sub>10</sub> (pre-tax) of US\$586m with an IRR of 43.7%

OEDP Pre-Tax NPV Sensitivities (USD M)

OEDP Base Case



OEDP Extended Case

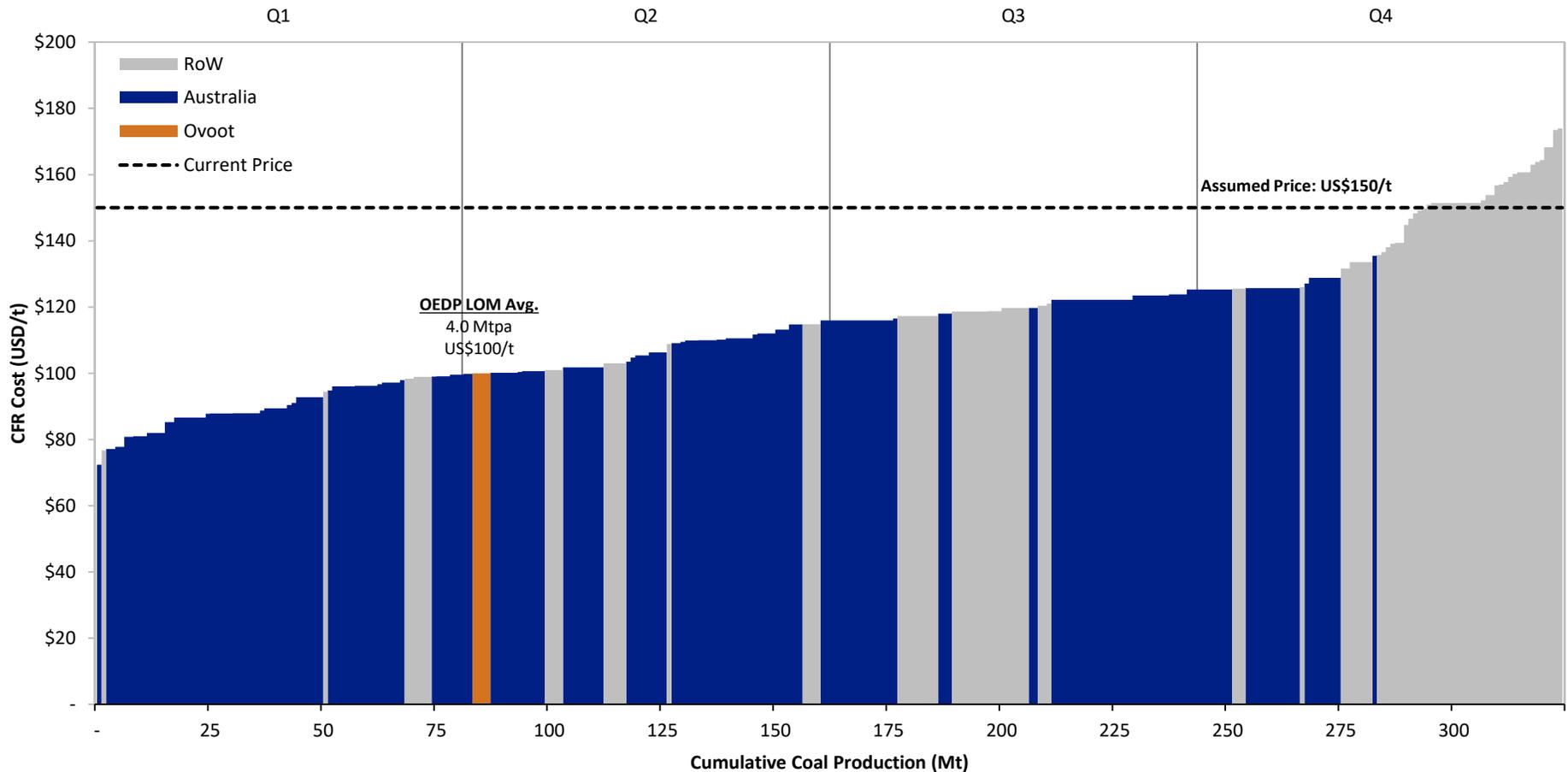


Extended Case delivers an unleveraged NPV<sub>10</sub> (pre-tax) of US\$758m with an IRR of 44.5%

# FUTURE LOW COST COKING COAL PRODUCER

OEDP Base Case will position Aspire as a significant 4.0Mtpa coking coal producer in the 2<sup>nd</sup> quartile of the global cost curve

2025 Metallurgical Coal Cost Curve (Mt, USD/t)

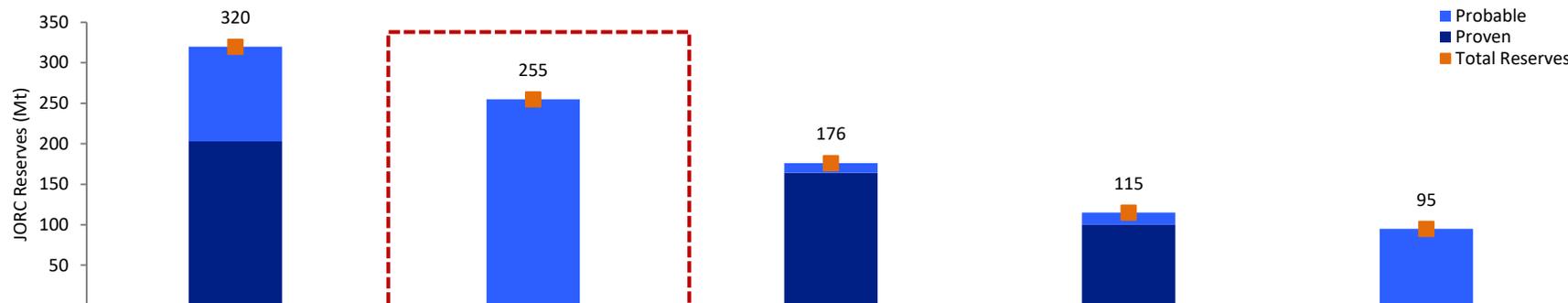


# 2<sup>nd</sup> LARGEST JORC RESERVE IN MONGOLIA



Ovoot already has JORC Reserves of 255Mt, the 2<sup>nd</sup> largest Mongolian JORC Reserve, and 3<sup>rd</sup> largest Reserve including the non JORC compliant Tavan Tolgoi

JORC Reserves of Mongolian Coking Coal Projects<sup>1</sup> (Mt, 100% Basis)



Owner Logo	MONGOLIAN MINING CORPORATION	ASPIRE MINING LTD	MONGOLIAN MINING CORPORATION	SouthGobi RESOURCES	
Project	Ukhaa Khudag	Ovoot <sup>2</sup>	Baruun Naran/ Tsaikhar Khudag	Ovoot Tolgoi	Shine Jinst
Major Owner / Interest (%)	MMC HKSE:975 (100%)	Aspire Mining ASX:AKM (100%)	MMC HKSE:975 (100%)	South Gobi Resources TSX:SGQ (100%)	Gobi Coal & Energy (84%)
Coal Use(s)	Metallurgical, Thermal	Metallurgical	Metallurgical	Metallurgical, Thermal	Metallurgical
Development Stage	Production	Pre-feasibility	Production	Production	Construction
Reserves & Resources As of Date / Code	31-Dec-2016 JORC 2012	31-Jul-2013 JORC 2012	30-Jun-2015 JORC 2012	31-Dec-2016 JORC 2012	15-Nov-2011 JORC 2004
Measured (Mt)	352	197	251	202	-
Indicated (Mt)	217	72	50	100	125
Inferred (Mt)	115	12	30	89	100
<b>Total Resources (Mt)</b>	<b>684</b>	<b>281</b>	<b>331</b>	<b>391</b>	<b>225</b>
Proven (Mt)	203	-	164	100	-
Probable (Mt)	117	255	12	15	95
<b>Total Reserves (Mt)</b>	<b>320</b>	<b>255</b>	<b>176</b>	<b>114</b>	<b>95</b>

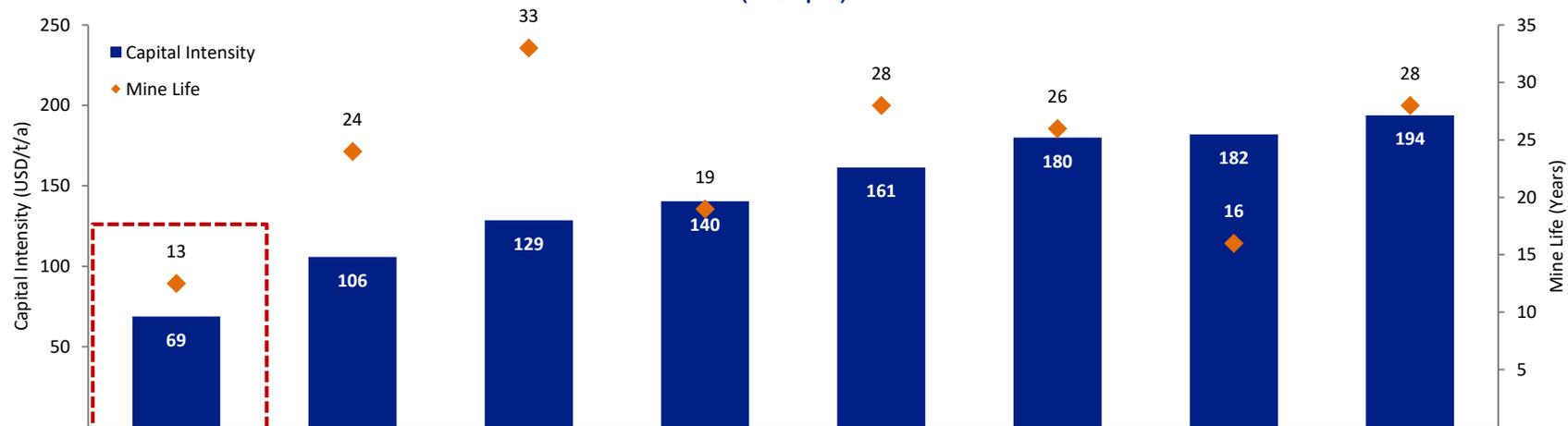
Note 1 : List of comparable projects includes all Mongolian coking coal projects for which a Reserve is reported on S&P Market Intelligence as of 14 March 2019

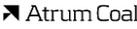
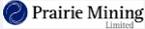
Note 2 : See ASX announcements dated 1 June 2012 and 6 December 2012 in relation to the Ovoot PFS and Ovoot PFS revisions. See also the Company's Quarterly Activities Report for the period ended 31 December 2013 released to the ASX on 31 January 2014. The company is not aware of any new information or data that materially affects the information contained in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

# LOW CAPITAL INTENSITY

OEDP has favourably low capital intensity relative to comparable coking coal projects globally, with significant production expansion potential

Capital Intensities of Recent Coking Coal Development Studies<sup>1</sup> (USD/t p.a.)



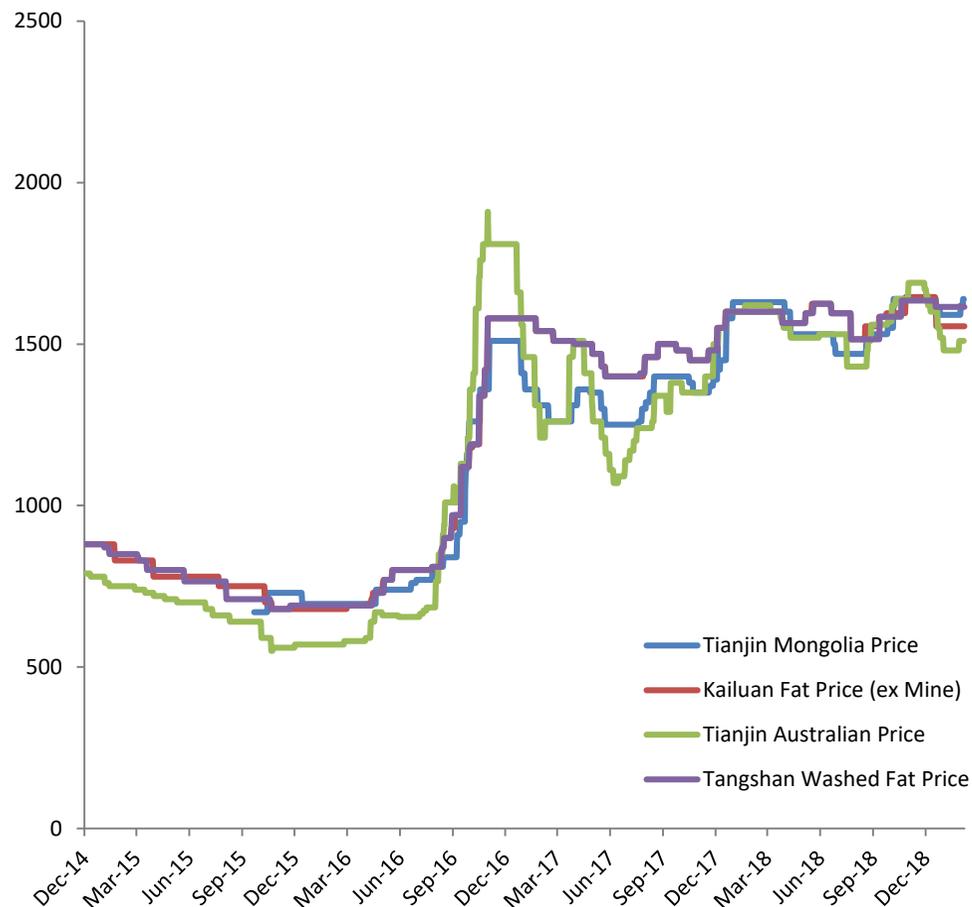
Owners Logos								
Project	Ovoot (OEDP)	Grassy Mountain	Ram River Project	Telkwa	Groundhog	Lochinvar	Crown Mountain	Debiensko
Major Owner / Interest (%)	Aspire Mining ASX:AKM (100%)	Riversdale Res. (100%)	Ram River Coal (100%)	Allegiance Coal ASX:AHQ (50%)	Atrum Coal ASX:ATU (100%)	New Age Expl. ASX:NAE (100%)	Jameson Res. ASX:JAL (50%)	Prairie Mining ASX:PDZ (100%)
Coal Use(s)	Metallurgical	Metallurgical	Metallurgical	Metallurgical	Metallurgical	Metallurgical	Metallurgical, PCI	Metallurgical
Location	Mongolia	Canada	Canada	Canada	Canada	UK	Canada	Poland
Study Level / Release Date	PFS 28-Feb-2019	DFS 13-Dec-17	PFS 31-Mar-2017	PFS 11-Sep-2017	Updated PFS 9-Jun-16	Scoping Update 15-Mar-2017	PFS Update 26-Apr-2017	Restart Scoping 15-Mar-17
Capex Estimate <sup>2</sup> (USD M)	275	476	771	35	142	252	310	504
Target Production (Mtpa)	4.0	4.5	6.0	0.25	0.88	1.4	1.7	2.6
Capital Intensity (USD/t/a)	69	106	129	140	161	180	182	194
Mine Life Estimate (Yrs)	12.5	24	33	19	28	26	16	26



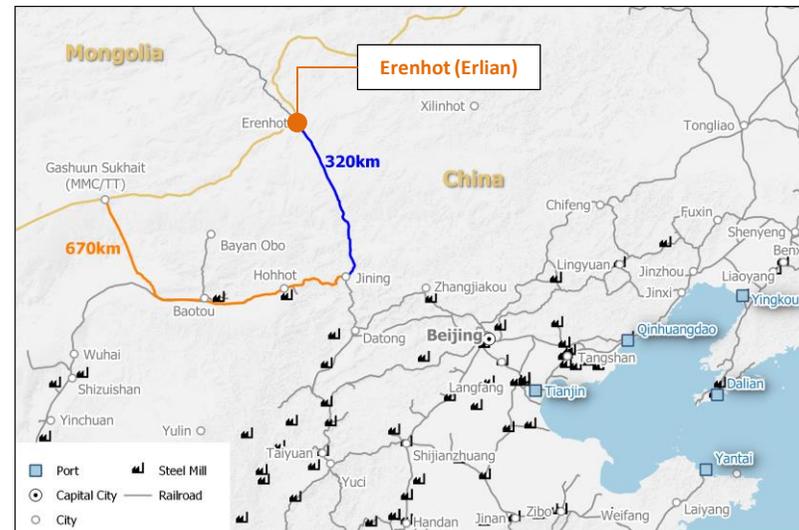
# NO MONGOLIAN DISCOUNT IF LOCATION AND QUALITY COMPARABLE

Prices for coking coal and “fat” coking coal are particularly strong with no Mongolian discount observable

Coking Coal Prices (RMB/t, incl. 17% VAT)



Chinese Border Locations



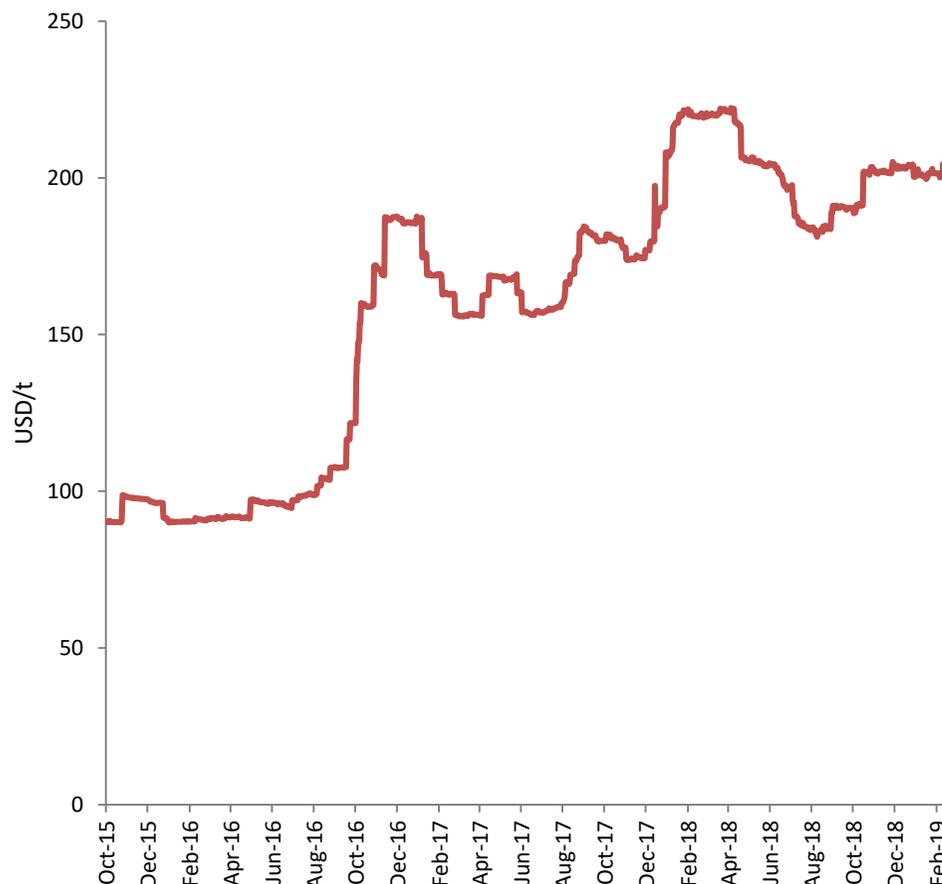
## Case Study: Mongolia Mining Corporation (MMC)

- ▶ Currently the only exporter of washed coking coal to China
- ▶ Target markets – inner Mongolia, Hebei and Tangshan
- ▶ MMC<sup>2</sup> quotes FOT Prices:
  - ❖ 1H 2018 FOT, GM = US\$141/t
  - ❖ 1H 2018 C&F Hebei = US\$176/t
- ▶ Aspire’s sale point at Erlian is 350km closer to Jining distribution point, the major steel region
- ▶ All else being equal, Aspire’s Ovoot Price at Erlian will be US\$15-\$18/t more than MMC for similar specification products

# PRICE TRANSPARENCY

Seaborne coking coal pricing for Chinese buyers is generally calculated on a USD/t FOB basis with a current Tianjin Spot price of US\$209/t<sup>1</sup>

Tianjin Mongolia Coking Coal Prices (USD, ex VAT)<sup>1</sup>



Coking Coal Pricing (Incl. Delivery to Tianjin)<sup>1</sup> (USD/t)

Ovoot Coking Coal	Low Est.	High Est.
Benchmark Tianjin spot price (ex vat)	209	209
Less: Delivery Costs from Erlian	35	30
<b>Implied FOT Erlian Price</b>	<b>174</b>	<b>179</b>

Comparable Australian Seaborne FOB Pricing (USD/t)

Seaborne Coking Coal	Low Est.	High Est.
Sea Freight	12	10
Port Charges	5	4
Import Fees/Charges	3	3
Trucking Delivery Costs (100km)	5	4
<b>FOB Costs</b>	<b>FOB + 25</b>	<b>FOB + 21</b>
<b>Implied FOB Price</b>	<b>184</b>	<b>188</b>

**Current observable pricing differential between Aspire's net back implied price FOT Erlian vs comparable Australian seaborne FOB pricing is up to US\$10 per tonne**

# INVESTMENT HIGHLIGHTS



1

Uniquely strategic Ovoot Coking Coal Project positioned to unlock the Northern Mongolia mining province

2

One of Mongolia's largest coking coal JORC Reserves comprising 100% Chinese (FM) *"Premium Fat Coal"*

3

Highly experienced Board of Directors supported by key Mongolian shareholders and international partners (China Gezhouba, China Railway Construction, CDB and Noble Group)

4

Near term high value & low cost producer of steady state 4mtpa saleable premium *"fat"* coking coal via the Ovoot Early Development Plan (OEDP)

5

Dedicated rail subsidiary, Northern Railways, holds a 30 year rail concession to unlock future production profile of up to 10Mtpa for >20 years Reserve mine life

6

Positioned as a priority One Belt One Road project

7

Strong coking coal price outlook supported by recent M&A activity

8

Significantly undervalued relative to attractive PFS economics

# CONTACT DETAILS



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# PROXIMITY TO KEY MARKET

Ovoot is ideally located to serve the North Asian coal markets – the largest consumers globally of coking coal



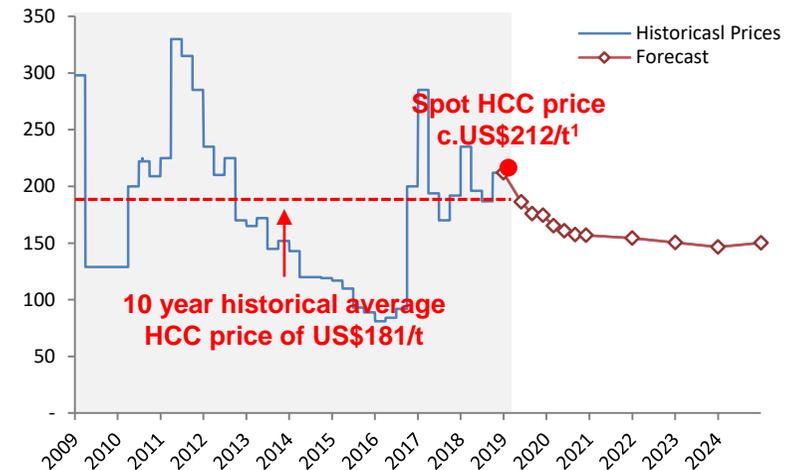
# FAVOURABLE COAL MARKET FUNDAMENTALS

**Supportive macro environment after a five year period of sector-wide downturn / distress underpinned by limited to no reinvestment**

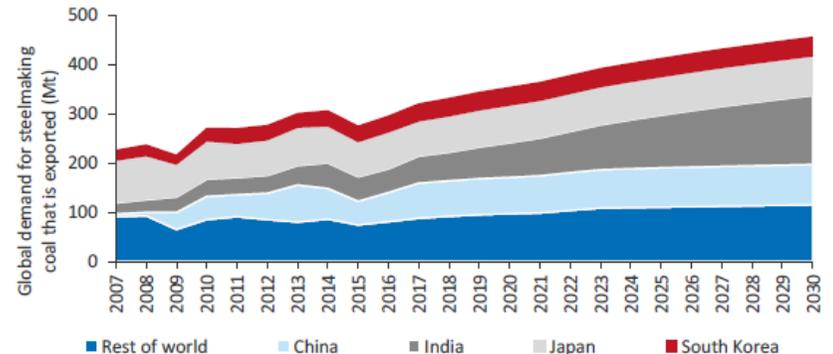
## Key Points

- ▶ Supply pressure across the coal complex which is now underpinning strong metallurgical coal prices
- ▶ Significant coal price increases have supported a surge in M&A activity (predominately for producing assets) that reflects an industry-wide renewal
- ▶ Chinese policy-led supply shock has resulted in a spike in met coal spot prices – current HCC spot price c.US\$212/t
- ▶ Demand for met coal going forward will be strengthened by emerging markets such as India, traditional markets such as Japan and Korea to provide stable demand
- ▶ The listed coal sector is now characterised by a limited pool of cash generative, institutional grade producers and a tail of developers seeking capital to achieve future production
- ▶ Access to capital remains highly selective with traditional bank financing difficult to source and limited equity raisings being completed

## Broker Consensus Forecast (Coking Coal)



## Global Demand for Steelmaking Coal

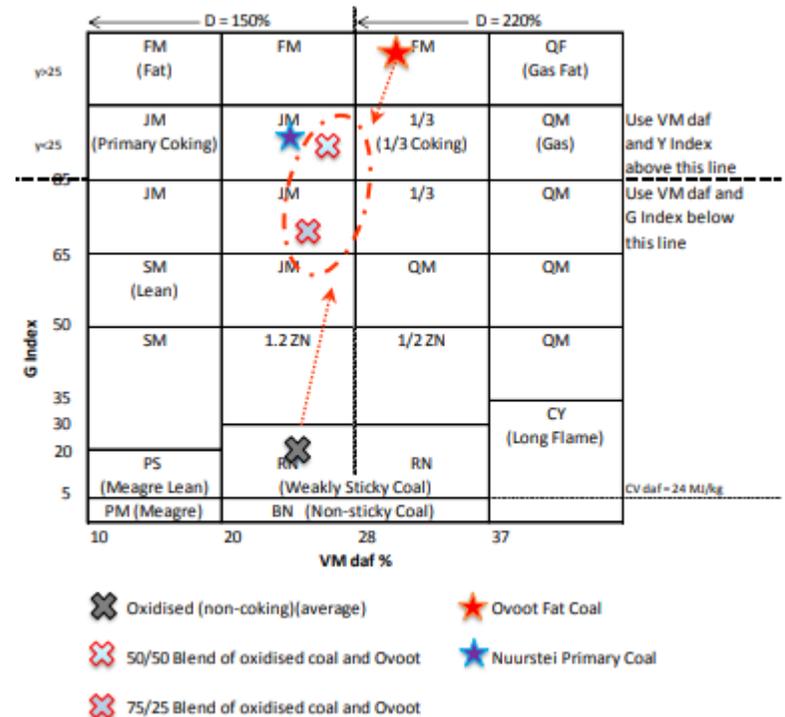


# EXCEPTIONAL COKING COAL QUALITY

## 100% Chinese (FM) “Premium Fat Coal” with high fluidity and plastic properties

- ▶ High fluidity levels make Ovoot coal an ideal product for blending and upgrading of thermal, oxidised and lower quality coking coals to saleable coking coal
- ▶ MOU agreed with Tavan Tolgoi to prepare blending feasibility study

### Ovoot Coal Blending to Upgrade Lower Ranking Coals



✓ Acceptable  
 ✓✓ Strengths

#### Indicative Ovoot Washed Coking Coal Specification

Moisture	9%	✓
Ash (adb)	9.5%	✓
Volatiles (adb)	25 - 28%	✓
Sulphur	1.2%	✓
Crucible Swelling Number (CSN)	9	✓✓
Max Fluidity Log (ddpm)	3.60	✓✓
Max Dilation	+300%	✓✓
Gray King	G11	✓✓
G Caking Index	+95	✓✓
Y Index (mm)	+26	✓✓
RoMax	1.2	✓✓

# HIGH GROWTH MONGOLIA ECONOMY

Mongolia is heavily dependant on the mining industry contributing c. 20% of GDP and 80-90% of exports

## Economic Overview (2018)

Economy	Units	Value
GDP	USD B	12.4
GDP Growth (2018A)	%	6.9
GDP Growth (2019F)	%	6.1
GDP per capita	USD K	3.8
GDP per capita Growth	%	1.8
Population	#M	3.2
Inflation	%	7.2
Unemployment	%	6.6
Foreign Trade Balance	USD B	1.1
Current Account	% of GDP	8.9

Credit Rating	Score	Outlook
S&P	B-	Stable
Moody's	B3	Stable
Fitch	B	Stable

## Economic Highlights

- ▶ Top 10 country in many mined resources worldwide
- ▶ Democratic parliamentary system with 2 incumbent parties
  - ❖ Mongolian People's Party – MPP
  - ❖ Democratic Party – DP
- ▶ Recent acceleration in economic growth
  - ❖ 2016 GDP growth – 1.2%
  - ❖ 2018 GDP growth – 6.9%
- ▶ Oyu Tolgoi project became a test case for investor confidence
  - ❖ Copper/gold mine Oyu Tolgoi finally obtained a USD 4.4B project financing package in late 2015, after 3 years of stalemate between Mongolian Government and Rio Tinto
- ▶ Erdenes Tavan Tolgoi project to launch IPO
  - ❖ Cabinet has approved a plan submitted by the Ministry of Mining and Heavy Industry to offer up to 30% of the Erdenes Tavan Tolgoi mine on the Hong Kong and New York stock markets
  - ❖ Tavan Tolgoi, located in the Gobi desert about 250km from the Chinese border, has an estimated 6.4 billion tonnes of reserves and is considered one of Mongolia's seven flagship mining projects
- ▶ Coking coal exports increased to 33Mt in 2017

# MINING IN MONGOLIA

*“Private investment supported by Foreign Direct Investment and private sector credit will remain a key driver for growth in the medium term, especially in the mining, manufacturing and transport services” – JP Ngarou, World Bank Senior Economist for Mongolia (Oct 2018).*

## Mongolian Mining Industry

### Mining license permissions

- ❖ Mining: 30 years plus 20 years extension 2 times
- ❖ Exploration: 12 years (extendable by 3, 3 years)

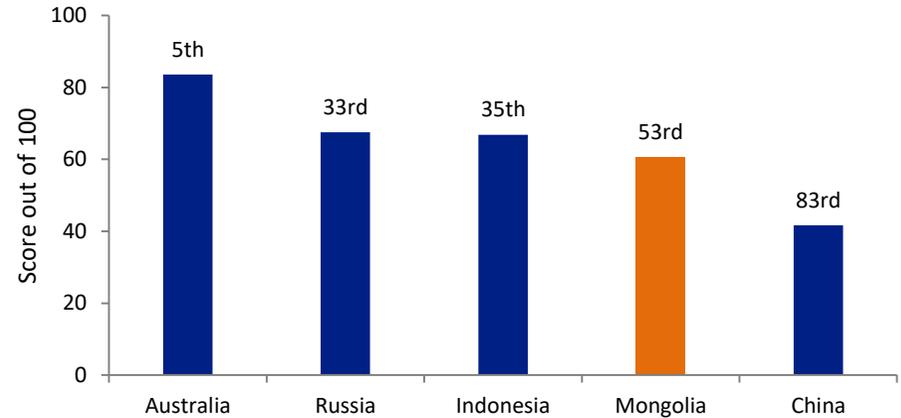
### Government royalties

- ❖ Coal 5-8%
- ❖ Gold 5-10%
- ❖ Iron 5-10%
- ❖ Copper 5-35%

### Corporate income tax

- ❖ 10% for under USD 1.15M
- ❖ 25% for exceeding amount of USD 1.15M

## Country Investment Attractiveness for Mining Companies



## Resource Governance Index Rankings for 2017 (oil & gas, mining)

