



MONGOLIAN ECONOMY OVERVIEW



Aug 2017

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Outlook



COUNTRY PROFILE



- Landlocked between Russia and China
- Small Population: 3.1 Million
- Territory: 1.56 Million sq.km
- The Median Age: 26.2 years old
- Literacy Rate: 98%
- GDP (2017F): USD 11.7 Billion
- GDP growth (2017 H1): 5.3%
- FDI (2016): USD 212 Million
- Main Export: Copper, Coal, Iron Ore, Gold and other minerals resources
- Main Trade Partners: China (79% of total exports-2016), Russia, Japan, England and Canada

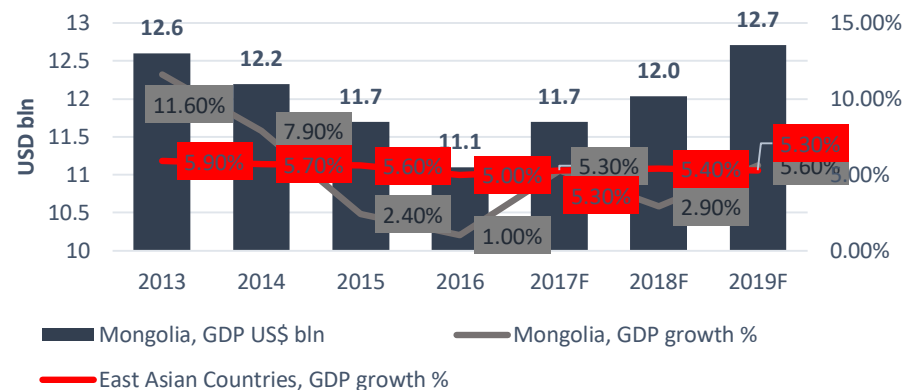


- Massive endowment of natural resources
Estimated USD 1.5 Trillion (Reuters, 16Jan'15)
- Doorstep to China
- Small Population
- Current Lack of Infrastructure
- AND
- Beneficiary of recent geopolitical events...

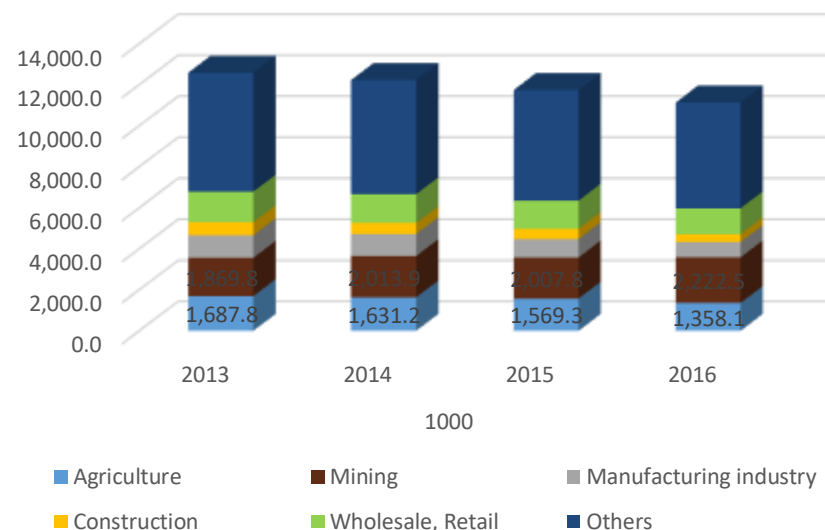
- “Enough coal to fuel China’s insatiable energy demand for 50 years” (New York Times, 26 June 2012)
- FDI Dependent for remainder of decade
- Infant Agricultural sector:
 - Mongolian livestock population is over 10 times the human population
 - Producer of wheat, dairy products, rape seed, other agricultural products

MACROECONOMIC PROFILE -sectoral update

GDP growth rate vs. East Asian average



Mongolia's Real GDP breakdown by sectors, US\$ mln



Economic growth by sectors, %

	2012	2013	2014	2015	2016
Real GDP	12.30%	11.60%	7.90%	2.40%	1.00%
Agriculture	21.10%	19.20%	13.70%	10.70%	4.80%
Mining and quarrying	8.30%	18.50%	19.40%	14.10%	0.70%
Processing industry	8.70%	10.30%	4.20%	1.30%	-1.80%
Electricity, gas and ventilation	5.00%	5.40%	6.20%	4.50%	4.60%
Construction	85.30%	8.00%	-4.30%	-0.60%	-15.90%
Wholesale and retail trade	12.00%	8.90%	2.40%	-7.00%	-3.20%
Transportation and warehousing operations	8.10%	-1.40%	14.80%	4.50%	14.80%
Information and communication	16.20%	14.90%	4.70%	-2.10%	-0.50%
Other service activities	9.80%	7.80%	-4.10%	0.50%	4.20%
Product net tax	7.20%	11.10%	-8.10%	-22.70%	0.80%

- In 1990, Mongolia embraced political and economic reforms after abandoning its 70-year-old Soviet-style, one-party state. Democracy and privatization were enshrined in a new constitution, and Mongolia continues to progress towards a free open market economy.
- Decreasing commodity prices and a sharp reduction in FDI have seen annual GDP growth fall to 1% y-o-y in 2016 after astonishing 17.3% real GDP growth in 2011, 12.6% in 2012, and 11.8% in 2013.

Source: NSO, Mongol Bank

MACROECONOMIC PROFILE

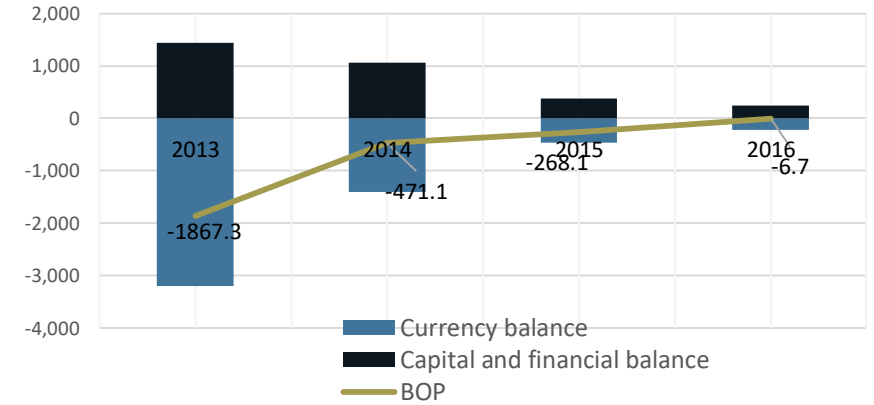
Macroeconomic Snapshot

Indicators	Unit of measurement	2011	2012	2013	2014	2015	2016	2017F
GDP	US\$ billion	10.4	12.3	12.6	12.2	11.7	11.1	11.7
Real GDP growth (%)	%	17.3	12.3	11.6	7.9	2.4	1.0	5.3
GDP per capita	US\$ million	3,031.0	3,939.0	4,563.0	4,551.0	4,182.0	N/A	N/A
Foreign trade turnover	US\$ million	11,415.9	11,123.5	10,627.4	11,011.2	8,466.6	8,275.3	10,072.8
Exports	US\$ million	4,817.5	4,384.6	4,272.7	5,774.6	4,669.5	4,917.3	6,211.6
Imports	US\$ million	6,598.4	6,738.9	6,354.7	5,236.6	3,797.1	3,357.9	3,861.2
Foreign trade balance	US\$ million	(1,780.9)	(2,354.3)	(2,082.0)	537.9	872.3	1,559.4	2,350.4
State budget revenue	MNT billion	4,400.6	4,957.8	5,986.9	6,316.5	5,983.4	5,852.1	
USD / MNT rate	MNT	1,265.4	1,359.2	1,523.9	1,817.9	1,970.3	2,145.5	2,438.2
Annual inflation	%	10.2	14.0	12.5	11.0	1.9	1.1	3.4
The policy interest rate	%	12.3	13.3	10.5	12.0	13.0	14.0	12.0
The unemployment rate	%	7.0	7.9	7.8	7.7	8.3	8.6	9.1
Foreign exchange reserves	US\$ million	2,450.6	4,125.8	2,248.0	1,649.9	1,323.1	1,296.6	1,319.4

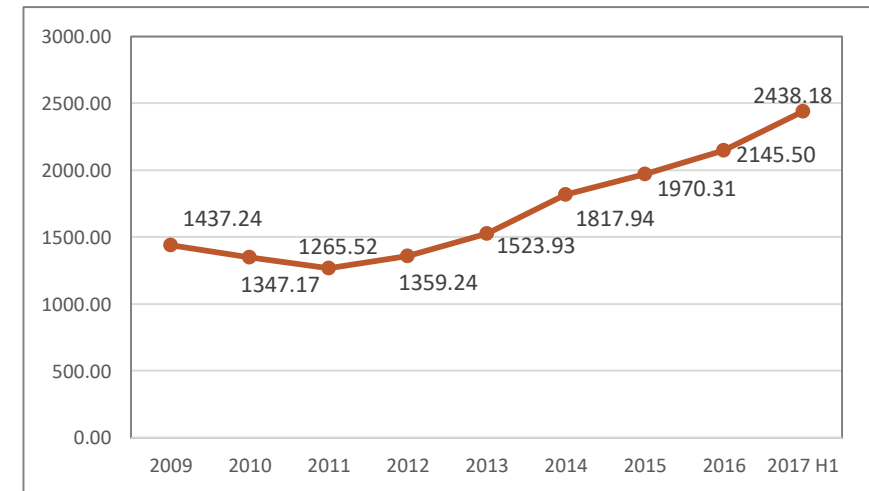
Economy Growth Projections by World Organizations

	Average	Mongol Bank	IMF	World Bank	ADB
2015	2.40%	-	-	-	-
2016	1.00%	-	-	-	-
2017P	5.30%	-	-	-	-
2018E	2.90%	1.80%	3.40%	3.50%	-
2019E	5.60%	8.10%	5.10%	3.70%	-
2020E	8.50%	-	8.50%	-	-

Balance of Payment, US\$ million



Average Exchange Rate US\$/MNT

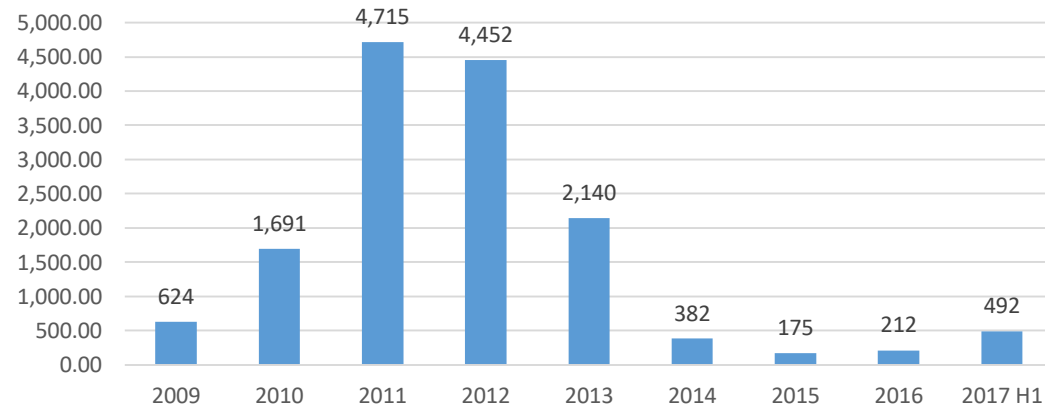


Source: NSO, Mongol Bank



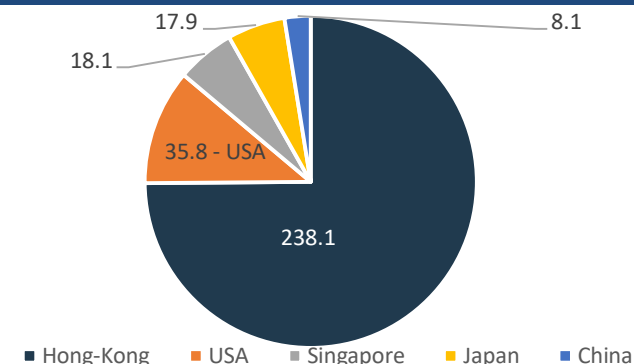
FOREIGN DIRECT INVESTMENT

Net Foreign Direct Investment (FDI), US\$ million

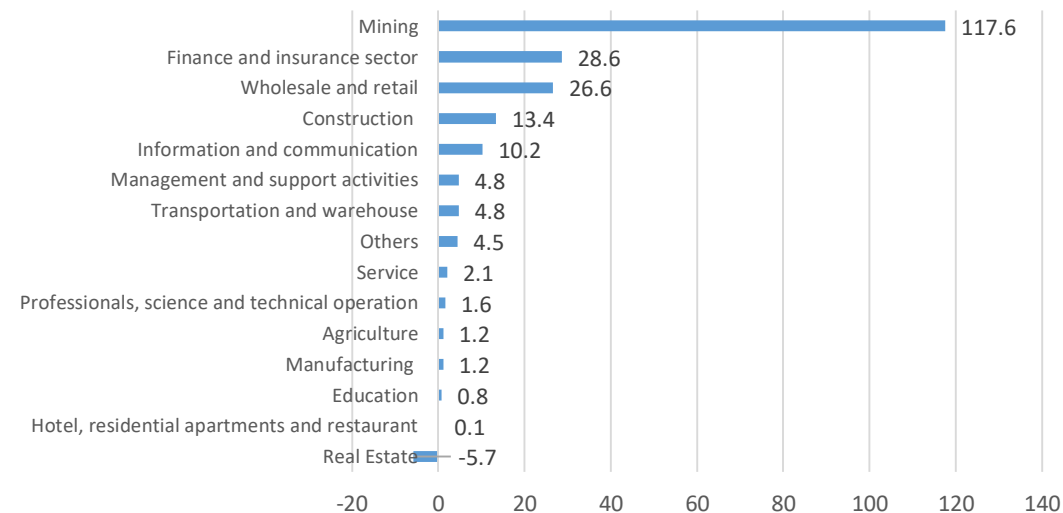


- After weak investor sentiment and decrease in global commodity prices, in the past few years Net foreign direct investment (FDI) started to pick up this year following more optimistic investor sentiment reaching US\$ 492 million within just half of the year. The top 5 countries invested into Mongolia as of 2016 were Hong-Kong (US\$ 238.1 million), USA (US\$35.8 million), Singapore (US\$ 18.1 million), Japan (US\$ 17.9 million) and China (US\$ 8.1 million).
- In 2016 FDI was allocated to:
 - 56% of the total investment or US\$117.6 mln into mining sector,
 - 14% or US\$ 28.6 mln into financial and insurance sector,
 - 13% or US\$ 26.6 mln into wholesale and retail and remaining investments accounted for other sector.

Top-5 Countries Invested into Mongolia, 2016, US\$ million



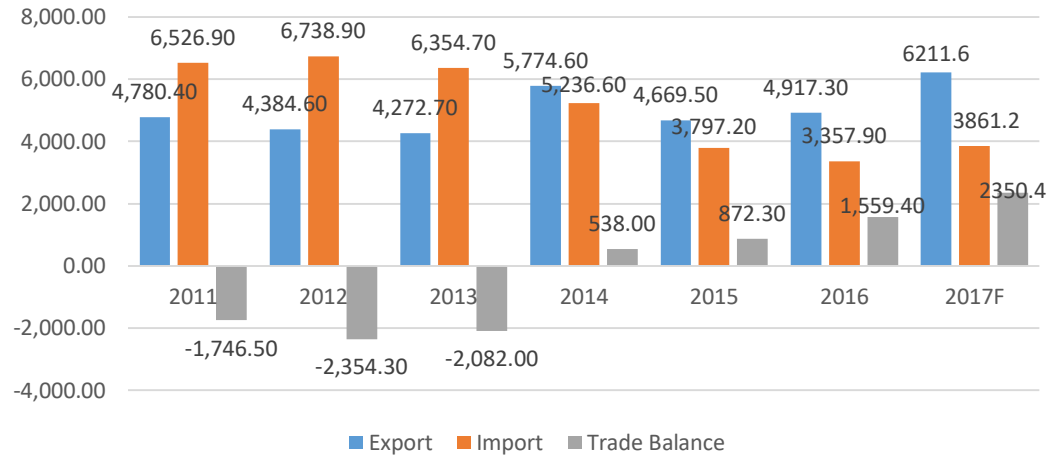
FDI Allocation by sectors, 2016, US\$ million



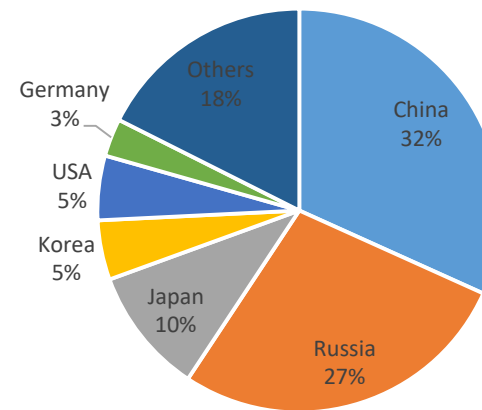
Source: NSO, Mongol Bank

FOREIGN TRADE

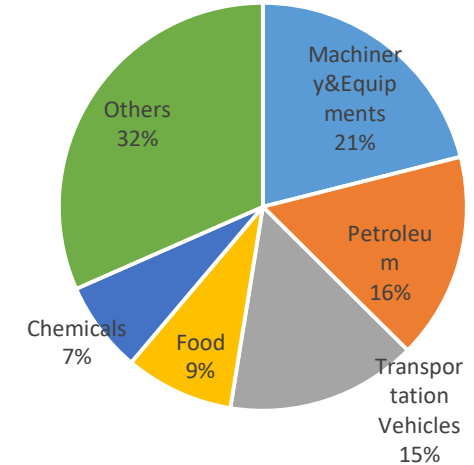
Trade Balance, US\$ million



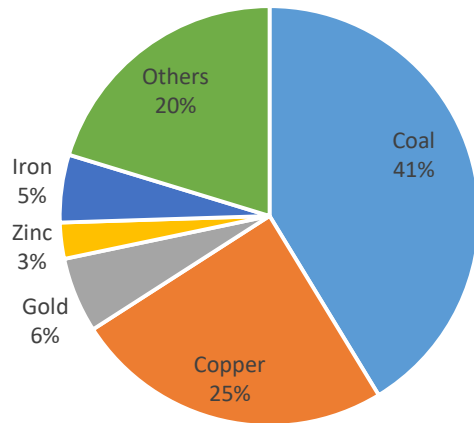
Import by Countries, 2017 H1



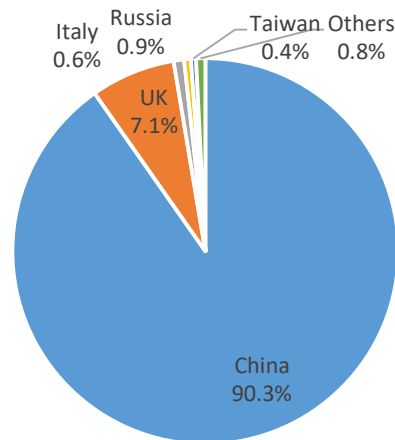
Import by Products, 2017 H1



Export by Products, 2016



Export by Countries, 2016



Based on H1 results total external trade turnover is expected to be at around USD 10,072.8 mln (increase of 21.7% y-o-y) by the end of year, of which exports will constitute USD 6,211.6 mln (improved by 26.3% y-o-y) and imports USD 3,861.2 mln (increased by 15.0% y-o-y).

Trade balance is expected to reach USD 2,350.4 mln, growing by USD 791.0 mln from USD 1,559.4 mln in 2016.

The country's overall export has increased due to growth in global commodity prices and local market's production growth. Imports which were declining in recent years due to depreciation of USD/MNT exchange rate and decline in purchasing power seem to be recovering following rebound in economic activities.

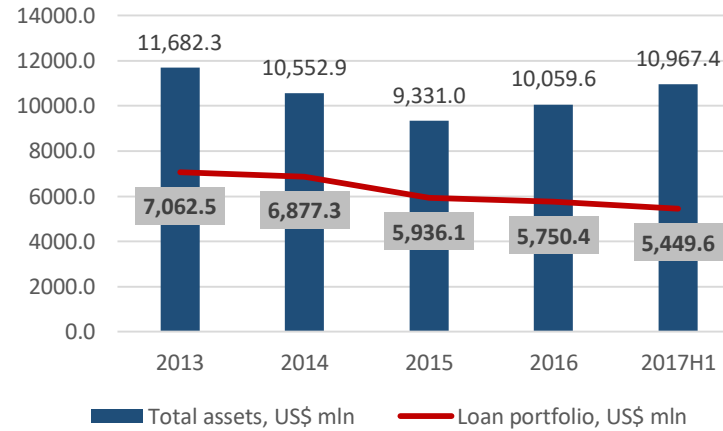
Source: NSO, Mongol Bank

BANKING SECTOR

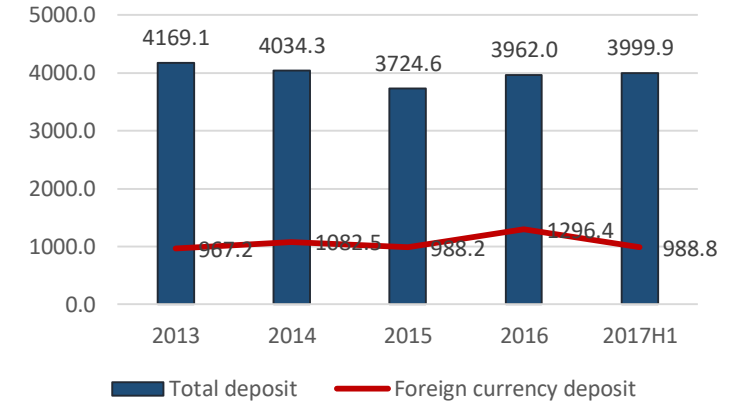
Highlights

- In Mongolia, there are 13 commercial banks, one state-owned commercial bank, one state-owned development bank, 529 NBFIs, 278 savings & credit cooperatives, and 15 insurance companies.
- As of 2017 Q1, top three largest banks, TDBM, Khan Bank and Golomt Bank, account for 62.2% of total assets, and 77% of total deposits.
- The total banking assets reached US\$10,967.4 million in 2017 H1 – increasing by 9.0 % from the beginning of year.
- Along with this high growth in assets, systemic loan portfolio reached US\$5,449.6 million – dropping by US\$300.8 million from the beginning of year.
- Total deposits of the banking sector was US\$3,999.9 million at the end of 2017 H1 – expanding by US\$37.9 million or 0.9%.
- In 2017 H1, the average annual MNT and foreign currency saving rates stood at 12.9% and 5.9%, respectively.

Total Assets & Loan Portfolio, US\$ mln



Total Deposit & Foreign Currency Deposit, US\$ mln



Banking Sector Assets, US\$ mln

	2013	2014	2015	2016	2017H1
Total assets	11,682.3	10,552.9	9,331.0	10,059.6	10,967.4
Loan portfolio	7,062.5	6,877.3	5,936.1	5,750.4	5,449.6
Growth, %		-2.6%	-13.7%	-3.1%	-5.2%
NPLs	371.4	344.2	441.5	488.8	479.9
NPL ratio	5.30%	5.00%	7.40%	8.50%	8.8%

Banking Sector Liabilities, US\$ mln

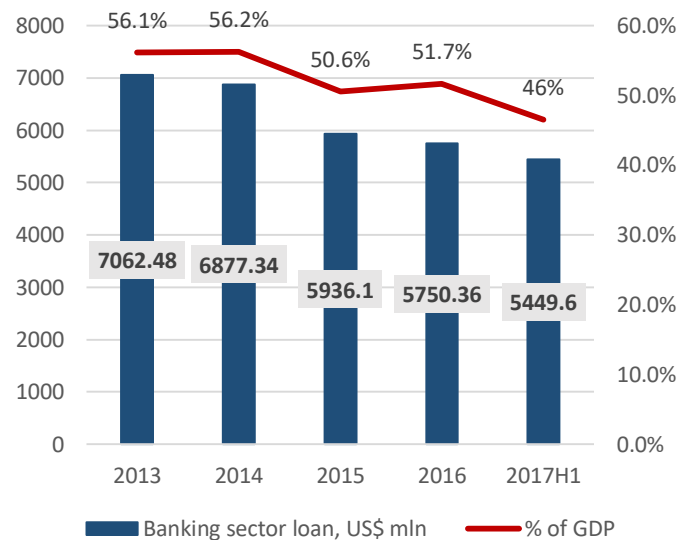
	2013	2014	2015	2016	2017H1
Total deposit	4,169.1	4,034.3	3,724.6	3,962.0	3,999.9
Growth, %		-3.2%	-7.7%	6.4%	1.0%
Foreign liabilities	1,136.4	1,488.3	1,933.5	2,163.8	1,898.1
% in total assets	9.7%	14.1%	20.7%	21.5%	17.3%
Shareholder's equity	918.8	1,184.3	1,242.1	1,379.1	1,299.6

Source: NSO, Mongol Bank, Bank's website

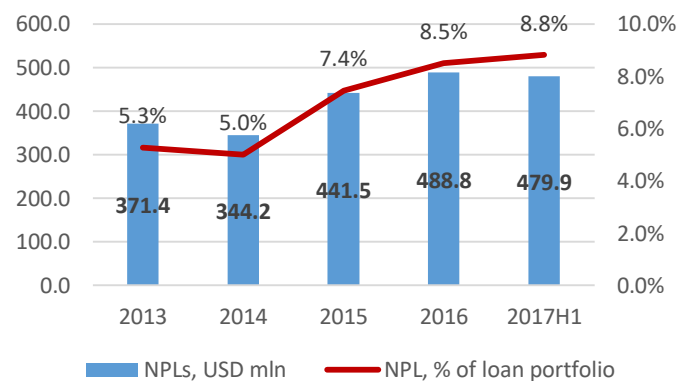
BANKING SECTOR

- The flow of credit has slowed in 2016, with banks adopting a more cautious approach to lending. In 2017 H1, total outstanding loans fell to US\$5.4 billion or -5.2% from beginning of year.
- In 2016, 28.5% of loans was issued to consumers, 16.0% to real estate, and 14.1% to wholesale and retail
- NPLs have become a growing concern, as they reached US\$488.8 mln in 2016, but fell to US\$479.9 mln in 2017 H1.
- In terms of sectors, in 2016 trade sector accounted for US\$126.1 million or 25.8% of total NPL, followed by manufacturing 17.5% or US\$ 85.5 million, mining 14.3% or US\$ 69.9 million.

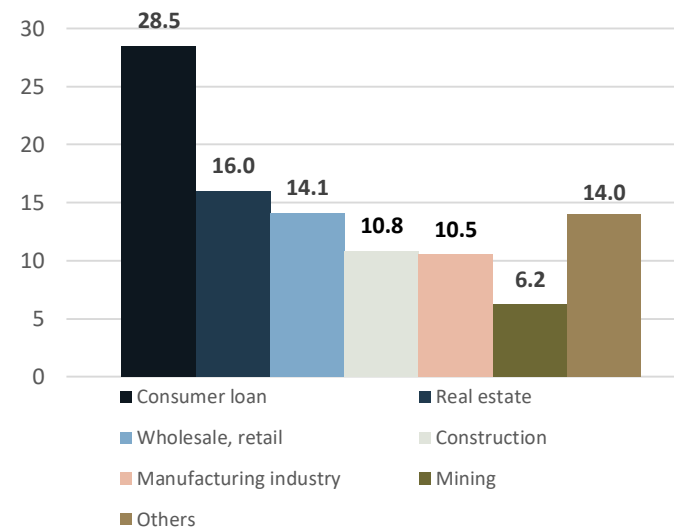
Loan Portfolio, % of GDP



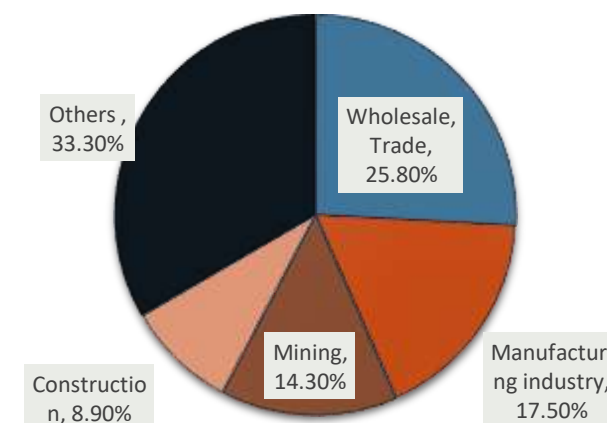
Non-performing Loan



Loan Portfolio by sector, %, 2016

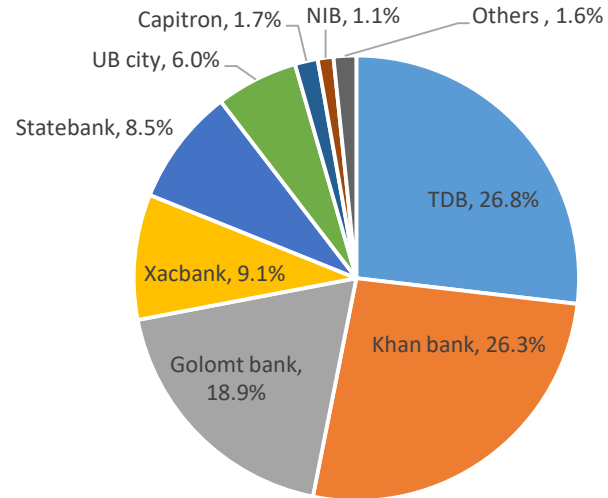


Non-performing Loan by sectors, %, 2016

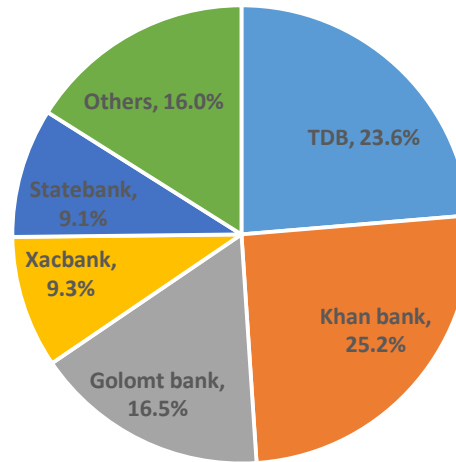


BANKING SECTOR

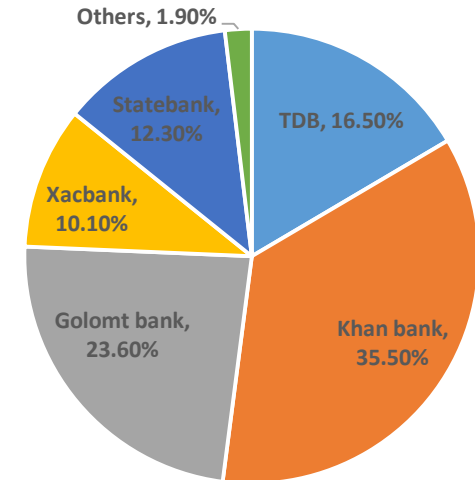
Banking Asset Breakdown by banks, %, 2016



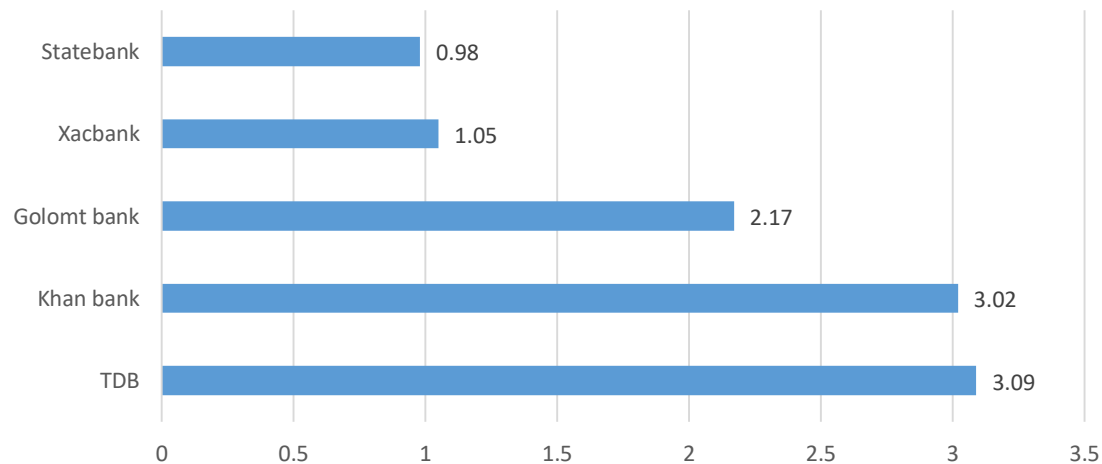
Market share of loan portfolio by banks, %, 2016



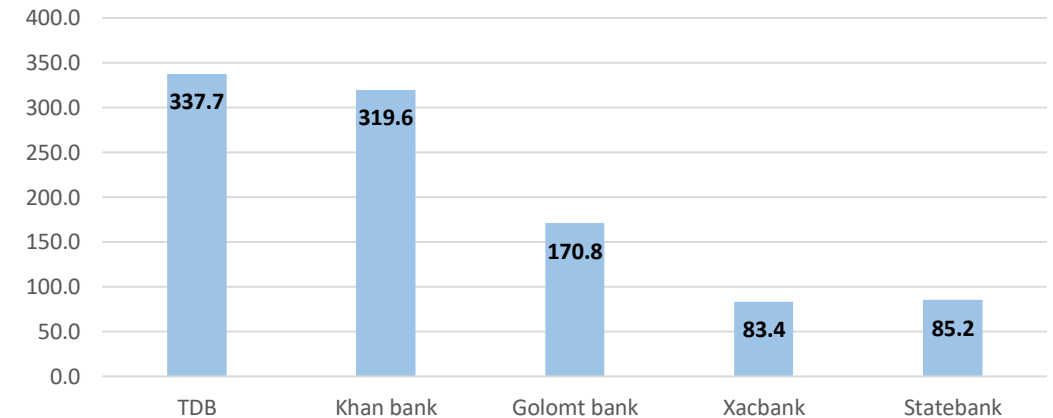
Market share of total deposits by banks, %, 2016



Total assets of TOP-5 Mongolian bank, 2016, US\$ bln

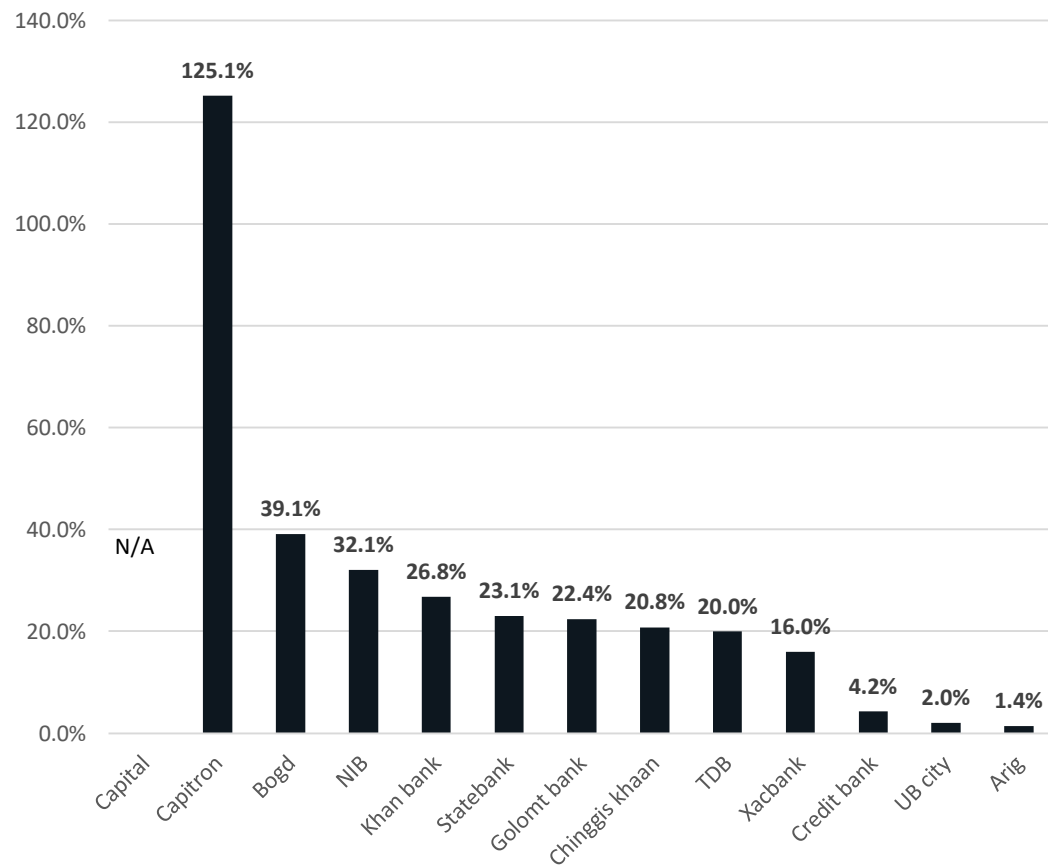


Shareholder's equity, US\$ mln, 2016

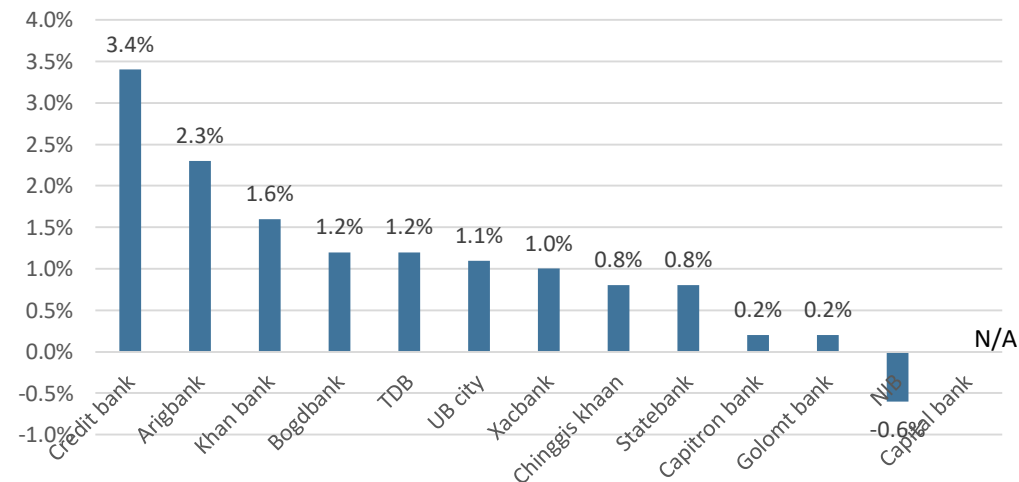


BANKING SECTOR

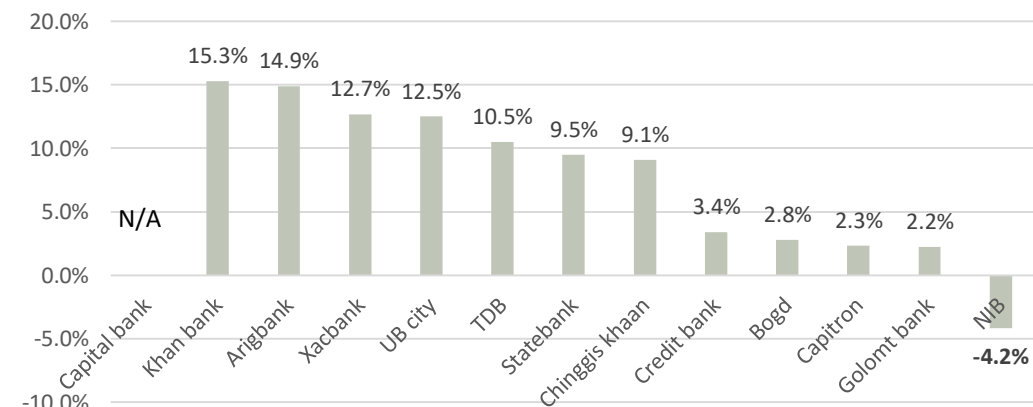
Banking Growth Rate by assets, %, 2016 vs 2015



ROA Ranking by banks, 2016

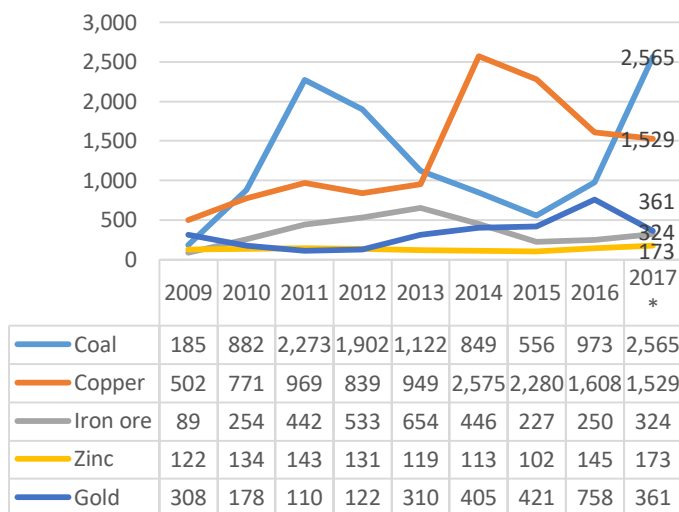


ROE Ranking by banks, 2016



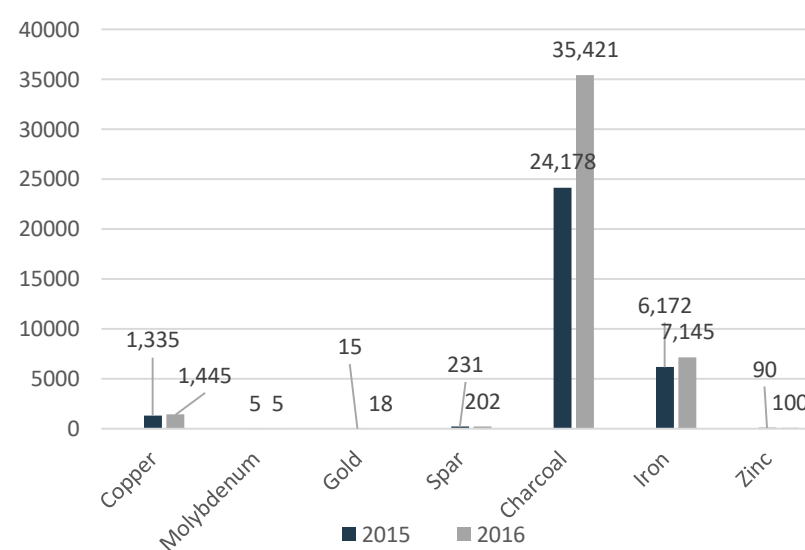
MINING SECTOR

Mining Export Revenue, US\$ million

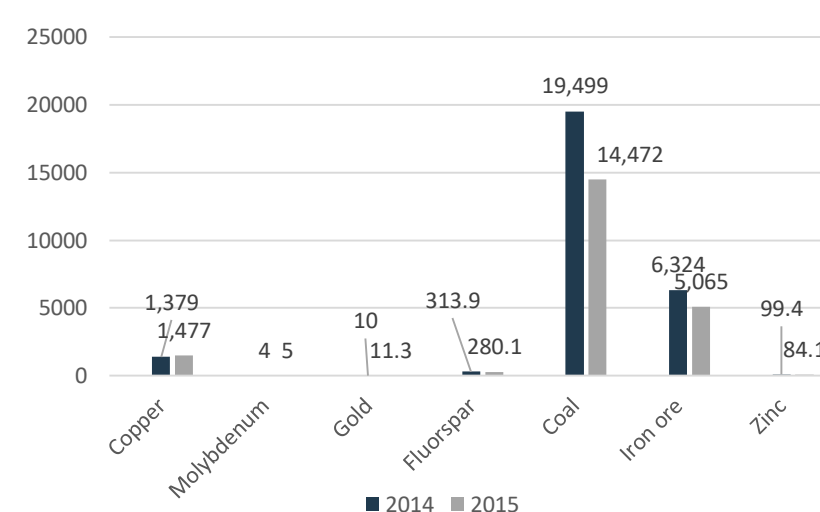


* 2017 H1 numbers were doubled to forecast year end levels

Mining Sector's Production, thous.ton (Gold in ton)



Export of Mining Sector, thous.ton (Gold in ton)



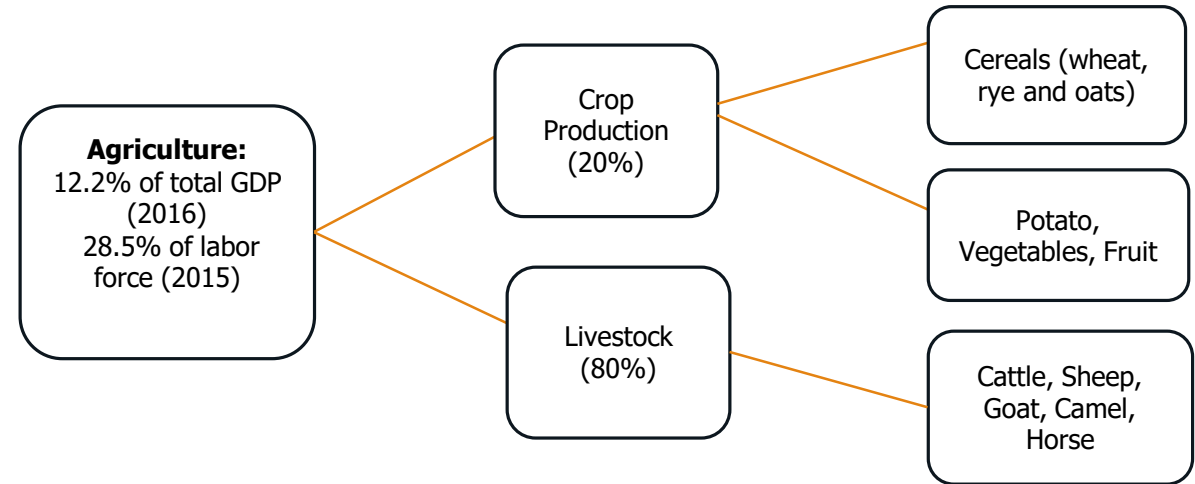
- Mongolia has an estimated 152 Bt of coal reserves, enough to fuel every power station currently operating in China for 50 years.
- Mongolia has one of the world's largest natural resource endowments estimated at over US\$ 1.5 trillion equivalent of coal, copper, gold, uranium, rare earths, molybdenum, tin, tungsten, phosphate, bauxite, iron ore and zinc deposits.
- In 2016, mining sector's share was 20% in total GDP, 79% of total export and 14% of government budget.
- In H1 2017 coal export levels exceeded those of 2011, when Mongolian economy grew by 17.3%, becoming the fastest in the world that year.
- Following an announcement that 20.9% of the country (up from 9.6%) will be opened for mining, and the start of IMF funding program expected to attract USD 5 billion financing, along with investment-friendly government actions international investors are said to be expecting another mining boom according to CNBC.
- Seeming to reflect the positive sentiment of the international investment community Rio Tinto is back to exploration work in Mongolia.

Source: NSO, Mongol Bank, Bank's website

Industry Overview

- Traditionally, Mongolia was an agricultural economy with nearly all of its output coming from this sector until the beginning of industrialization in 1960's. Now, the sector's share in the economy has diminished but it retains its importance to the economy remaining integral to the country's long-term development strategy, even after other sectors like mining and telecoms have grown rapidly.
- The agricultural sector employs the largest portion of the labor force— as of 2015, 28.5% of country's workforce or over 327'000 herders and farmers work in the industry.
- As of 2016 the agriculture sector comprised 12.2% (US\$1.3 billion) of GDP, ranking only after the mining sector – of this 80% and 20% derived from livestock and crop farming respectively.
- The agriculture sector's contribution to the overall economy has been on the rise since 2011 due to growing output.
- Moreover, in recent years, the Mongolian government has launched a number of programs aimed at shoring up agricultural production and employment with an eye towards improving the country's long-term food security situation and boosting exports.

The Main Components of Mongolian Agriculture Sector

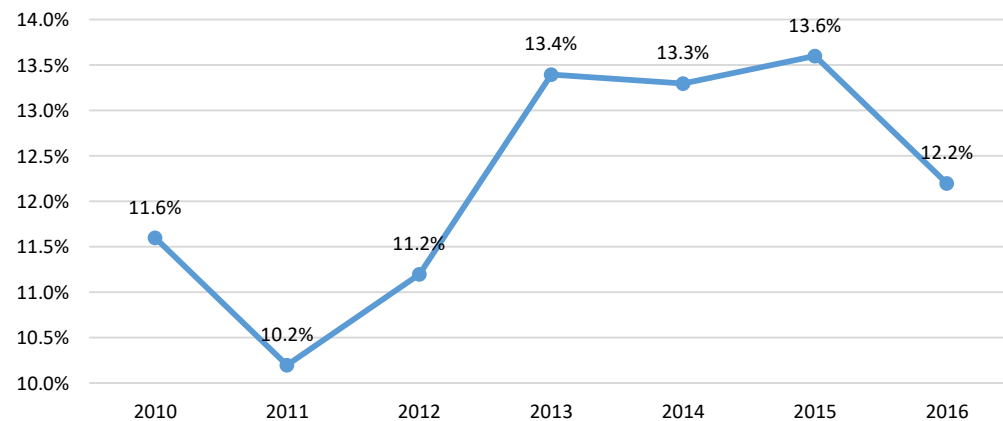


- Main agricultural export products are leather, cashmere, meat, sheep and camel wool.
- Tax imposed on income earned by a resident of Mongolia who produces or grows the following products should be subject to a 50% tax credit:
 - Cereals
 - Potatoes and vegetables
 - Fruits
 - Fodder plant

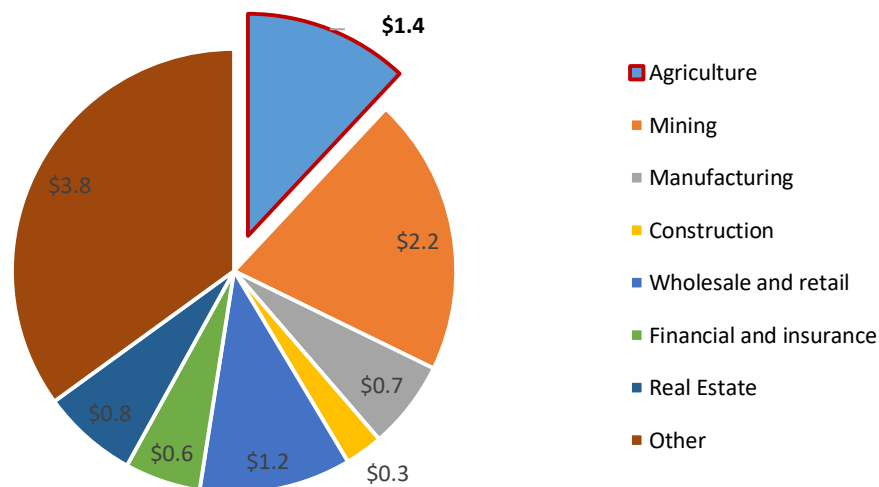


AGRICULTURE SECTOR

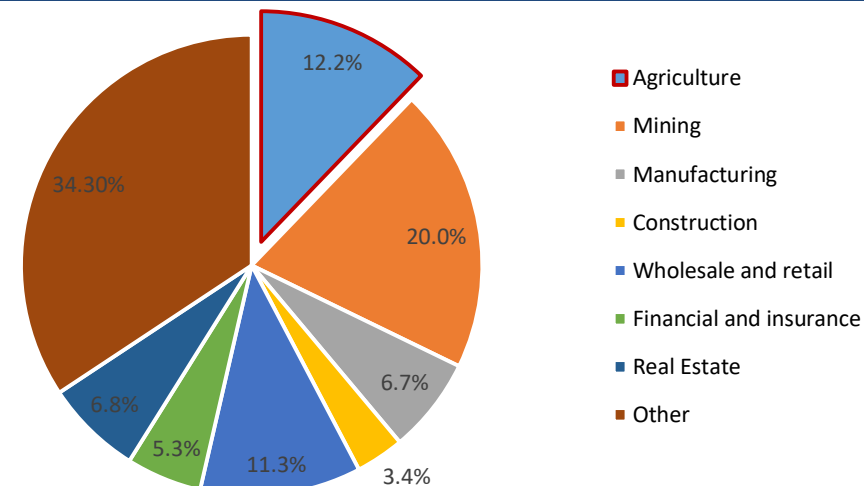
The share of Agriculture sector in GDP, %, 2010-2016



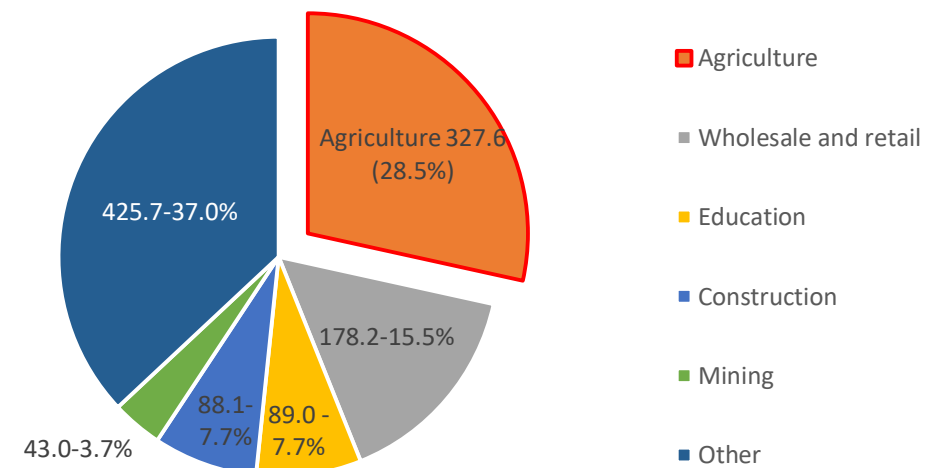
Gross Domestic Product, by sector, US\$ bln, 2016



Gross Domestic Product, by sector, %, 2016



Mongolian Labor Force, 2015, thous.persons

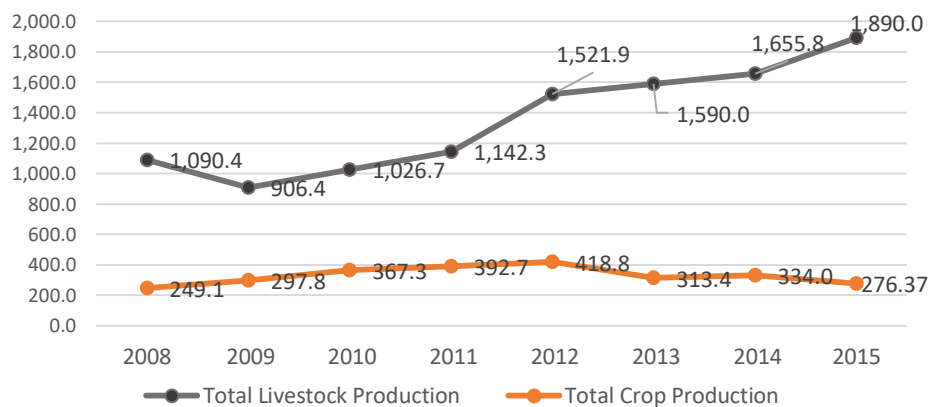


Latest data available

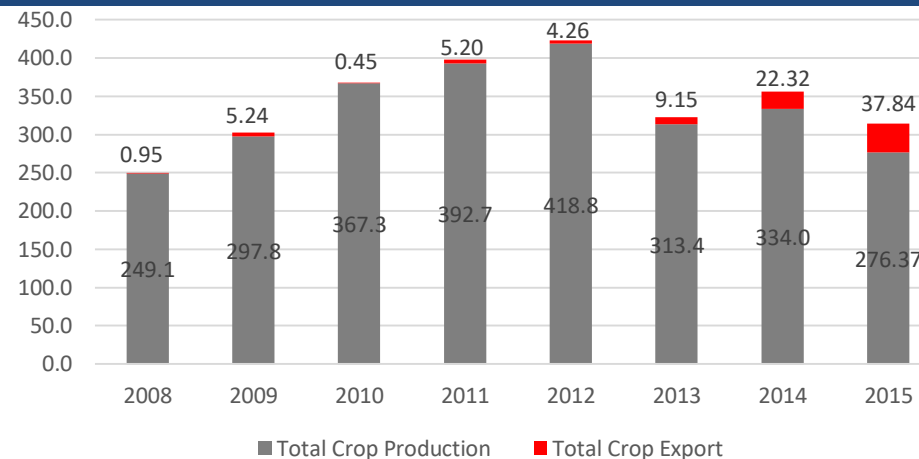


AGRICULTURE SECTOR

Agriculture Sectors' Total Production /US\$ mln/



Crop Farming Total Production and Export, US\$ mln



Main products of crop farming

- Cereals
- Wheat
- Rapeseed
- Potato
- Vegetables

Main export products of crop farming

- Rapeseed
- Potato

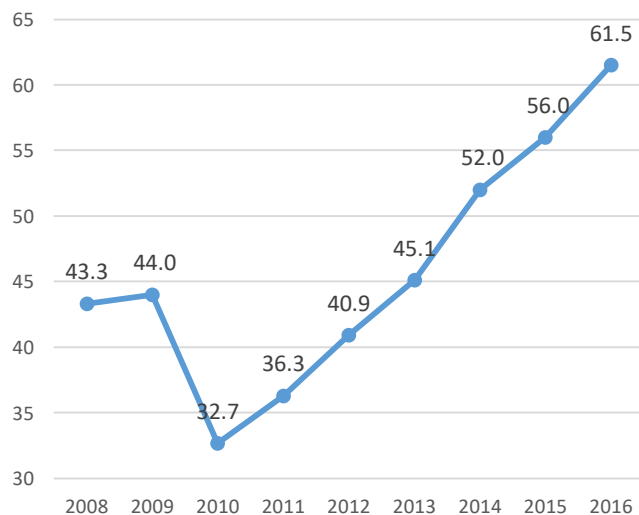
Main products of livestock

- Meat
- Milk
- Leather
- Cashmere
- Wool

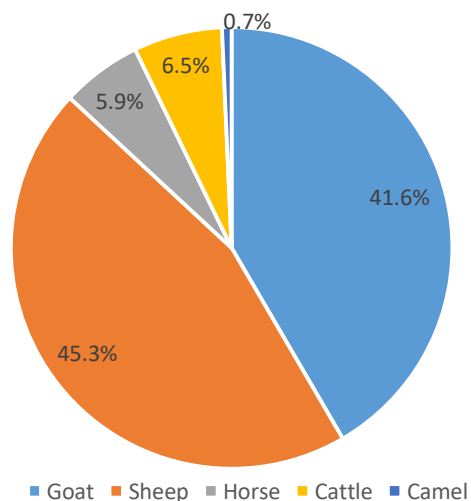
Main export products of livestock

- Horse and cattle processed leather
- Horse and cattle unprocessed leather
- Sheep and lamb leather
- Goat leather
- Sheep wool
- Cashmere
- Horse meat

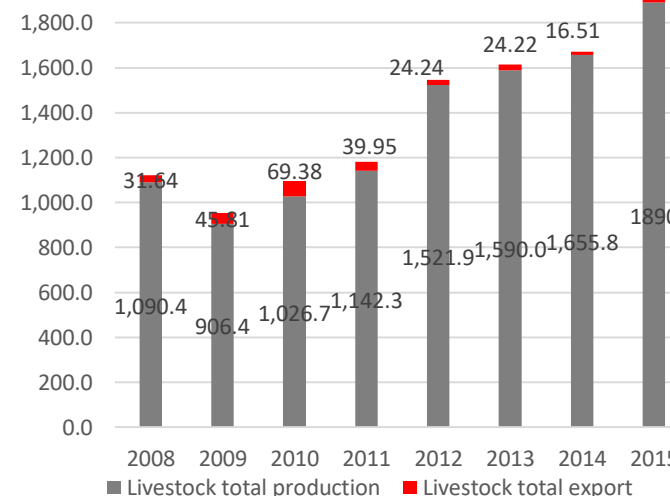
The number of livestock, mln heads



The number of livestock, by type, %, 2016



Livestock Total Production and Export, US\$ mln

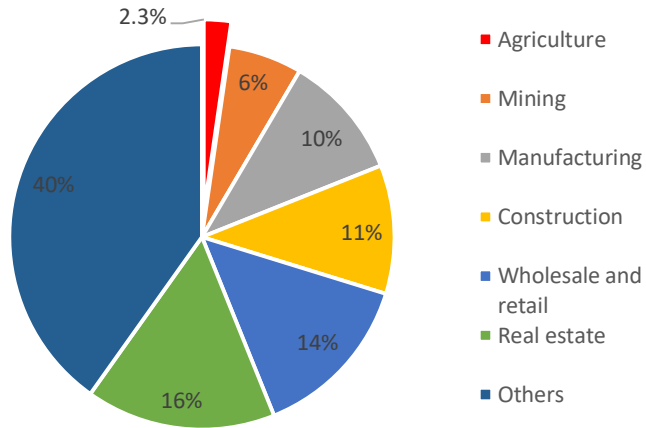


Latest data available

Source: NSO, Ministry of Food and Agriculture, Mongol Bank, NIM

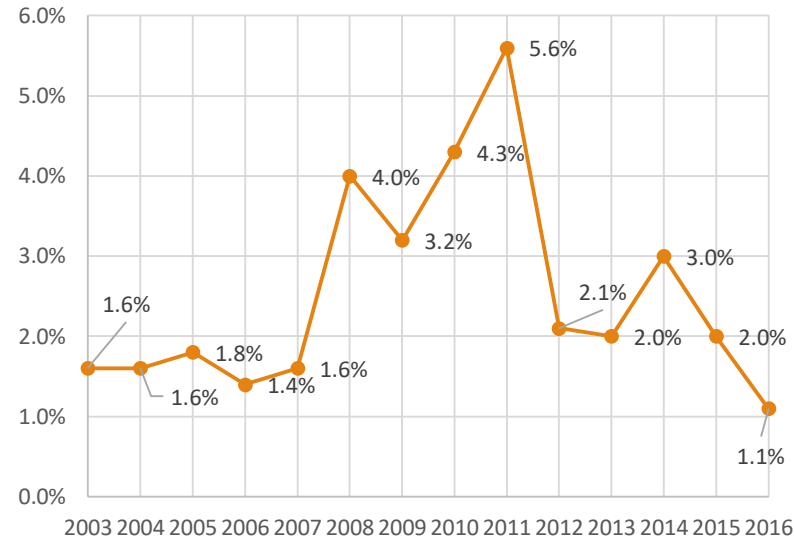
FUNDING FOR AGRICULTURE SECTOR

Commercial bank loans 2016, by sectors, %



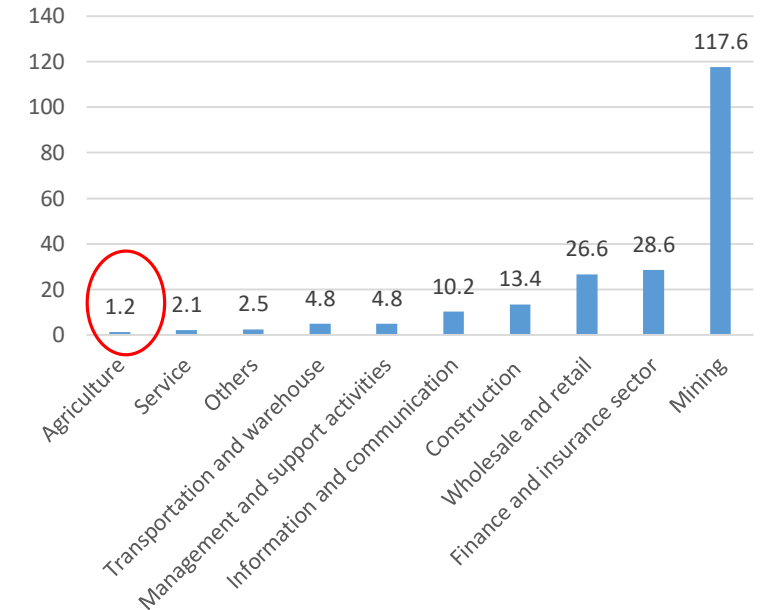
In 2016, commercial banks have issued MNT131.8 bln (US\$131.8 mln) loans to agriculture sector or about 2.3% of total loans. The average loan interest rate is around 22.7% per annum, ranging between 7%-30%.

Share of agriculture in state budget, %



In 2016, agriculture sector accounts for nearly 1.1% or MNT135.2 bln (US\$49.1 mln) of the total state budget.

Foreign Direct Investment, 2016



In 2016, the agricultural sector accounts for 0.6 percent of total Foreign Direct Investment.

Source: NSO, Mongol Bank

Policy and Funding of International Organizations in Agriculture Sector

ASIAN DEVELOPMENT BANK (ADB):

(2010-2014) focuses on environmental and agricultural products, with aims

- to augment the production and reduce food waste
- to create productive partnerships by linking producers of livestock products to markets
- to increase food safety and quality
- to improve management of organic products

Under ADB's mid term plan 2015-2020, the bank plans to pay significant attention to food security and production.

Total funding in agriculture sector (all countries):

2009-2011 US\$1.6 bln via governments

2012-2014 Government – US\$2.5 bln
Non-Government – US\$726 mln

2015-2017 Government – US\$5.7 bln
Non-Government – US\$600 mln

Funding in Mongolian agriculture sector:

2016 US\$10.3 mln budgeted to Agro-industry, marketing and trade

“AGRICULTURE AND RURAL DEVELOPMENT PROJECT
ADDITIONAL FINANCING” Program

INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT (IFAD):

Ongoing project “Market and Pasture Management Development Project” - objective is to reduce poverty and improve livelihoods of nomadic herder households living in permanent settlements in soums (districts) and aimags (provinces). The project focuses on three components:

- Market development
- Pasture management
- Climate change adaptation

The project is aligned with Mongolia's Agricultural Development Strategy 2006-2016 and second pillar of the National Program for Food Security 2009-2016.

Total project cost: US\$18.4 mln

Total IFAD financing : US\$11.5 mln

Global Environmental Facility: US\$1.5 mln

Duration: 2011 - 2016

Directly benefiting: 3,940 households

Policy and funding of international banks in agriculture sector

WORLD BANK (WB):

Implemented a total of 5 projects between 2002-2015 in Mongolian agricultural sector and currently one project is in progress. The projects mainly aim:

- to enhance productivity, market access and diversification in livestock-based production systems
- to support Mongolian small and medium size firms in agriculture sector to strengthen their export capabilities.
- to prevent animal infectious diseases
- to improve herders' livelihoods
- to improve disaster risk management

Funding in Mongolian agriculture sector:

2002-2007 US\$18.73 mln financed by International Development Associations (IDA)

2007-2011 US\$37 mln financed by IDA, EBRD

2012-2015 Japan Policy and Human Resources Development Fund – US\$5.63 mln

INTERNATIONAL FINANCE CORPORATION (IFC):

IFC provided US\$2 mln soft loan to “SUU” JSC, which is the first and biggest dairy product manufacturer in Mongolia.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD):

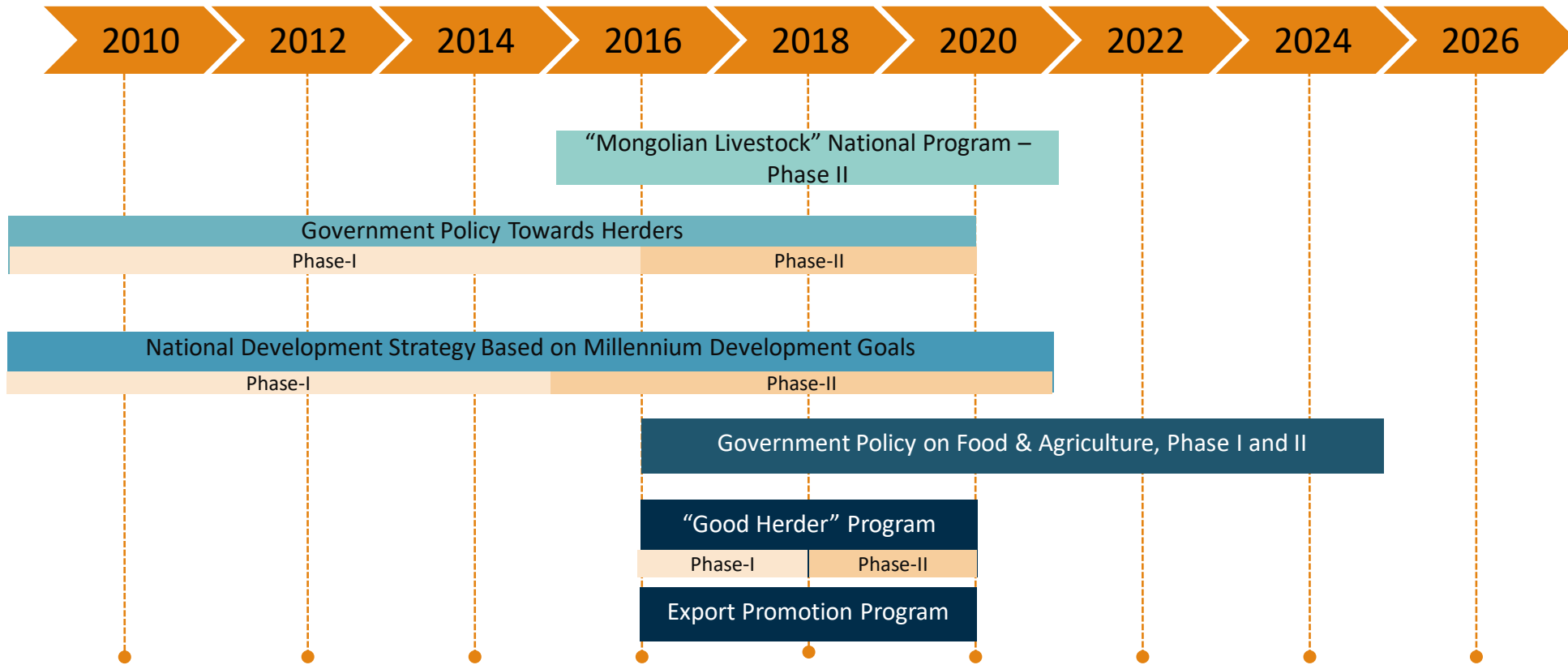
EBRD mainly supports and finances private sector companies with aims to increase agricultural opportunities and create value.

Funding in Mongolian agriculture sector:

2007-2010 (private) Euro 49.5 mln

2011-2015 (private) Euro 61.0 mln

GOVERNMENT POLICY: SUPPORT FOR AGRICULTURE SECTOR



- **Government Policy on Food & Agriculture**

to create favorable economic and business conditions, increase capacity and productivity of the production, ensure sustainable development of livestock and crop production, produce safe and ecologically clean food products and improvement of their availability and quality

- **Export Promotion Program**

to increase production of main agricultural products; meet domestic demand with national production; decrease import and increase export

- **"Mongolian Livestock" National Program**

to develop the livestock sector, create an environment where the sector is economically viable and competitive, provide a safe and healthy food supply, deliver quality raw materials to processing industries, and increase exports

- **Government Policy Towards Herders**

to increase employment of herders, improve their health and social security, enhance their knowledge and skills, encourage their co-operation and organization

- **National Development Strategy Based on Millennium Development Goals**

to develop deeper processing of agricultural products and provide farmers with state assistance in purchasing agricultural machinery and equipment

- **"Good Herder" National Program**

to increase the income of herders, support herders in production, export, and technology

■ CONDUCTED ACTIVITIES IN SCOPE OF GOVERNMENT POLICIES

- “Mongolian Livestock” National Program

10 measures to improve laws and regulations in the livestock sector,
5 measures to develop animal health and breeding services,
4 measures to improve the education of herders and livestock experts

- “Good Herder” National Program

Under the government’s Good Herder program, a total of 36,073 herders received MNT138.8 billion (US\$71.6 mln) as of June 24, 2016 with 10% interest. The program was launched to increase the income of herders. In February 2016, the Food and Agriculture Ministry approved a mid-term program to support herders in production, export, and technology, and lowered the annual interest rate of loans for herders from 29.5% to 18%. On March 15, the annual interest rate of loans for herders was lowered to 10% by the government resolution.

- National Development Strategy Based on Millennium Development Goals

Provided financial support for Monkhimo LLC - produces Nano calcium using horse bones – with aims to introduce high technology and scientific achievements to manufacturers.

Implemented dual-diploma program with foreign schools for teachers and researchers who work in the agriculture sector. Program financed by Asian Development Bank (US\$20 mln) and Mongolian government (US\$2.2 mln).

- Government Policy Toward Herders

Administered injections for the country’s livestock to prevent from diseases including, brucellosis, glandes and leukocyte.



LEGAL ENVIRONMENT

Mongolia legislated new laws and made key decisions and significant milestones in last few years aimed at promoting investment, increasing foreign investment flows and boosting economic activity.

Law of Mongolia on Investment (Investment Law):

- Enacted in November 2013
- NO discrimination between domestic and foreign investments
- NO restrictions for private investments
- Tax incentives and stabilizations

Economic Transparency Law:

- Adopted on August 2015; provided tax amnesty on previously undeclared income and property
- Improved rule of law by revealing the hidden sources of income of individuals and entities
- Support for the state budget; opportunity to ease budget deficit

New Securities Market Law:

- Passed on June 2013 – new milestone in 22 years' history of the Mongolian capital market
- Dual listing approval
- Custodian banks and investment funds

Revised Law of Mongolia on Minerals (revised Mining Law):

- Clarity on “mineral deposits of strategic importance”
- Streamlined approval of various permits
- Increased exploration license life-time to up to 12 years
- Halved gold sale royalties to 2.5% if sold to the Bank of Mongolia directly





LAWS/REGULATIONS OF FOREIGN DIRECT INVESTMENT

THE REVISED INVESTMENT LAW

Key features

Applies to both foreign and domestic direct investments

Companies with foreign investment need only register with the Legal Entities' Registration Office

No approval requirements are imposed on foreign private investment

Increases the minimum capital requirements for foreign invested entities. Each foreign shareholder contributes US\$100,000 if foreign investor holds a 25% or more interest therein.

Provides the definition of a foreign state-owned legal entity (FSOE) as "a legal entity in which a foreign state directly or indirectly holds more than 50% of the entity's issued shares.

Removes the classification of strategic economic sectors for foreign private investment, but maintains the approval requirements for certain equity investments made by FSOEs in those sectors that were regarded as strategically important under the SFI law.

Appoints the Ministry of Economic Development as the approval authority for certain investments by FSOEs.

The Forms of Investment

- i. Incorporation of a business entity;
- i. Purchase of securities;
- i. Merging and consolidating a company;
- i. Entry into concession, production-sharing, marketing or management agreements;
- i. Financial lease and franchise; or
- i. Other types

Promotion of Investment

NON-TAX INCENTIVES

in relation to land rights, customs clearance, foreign labor quotes and immigration matters

TAX INCENTIVES

exemption from certain taxes, preferential tax treatment, accelerated depreciation and amortization that is deductible from taxable income and carrying forward of losses

TAX STABILIZATION

- i. Stabilization Certificates
- ii. Investment Agreements

LEGAL ENVIRONMENT OF AGRICULTURE SECTOR

Tax environment

Under the government framework for developing domestic agricultural sector, enhancing production of value added products, and increasing number of jobs in this sector:

Corporate Income Tax Exemption:

- ✓ Income from equipment and spare parts produced and sold within territory of Mongolia for intended use in small and medium enterprise's production line
- ✓ Incomes which are equal to 50 percent of the invested amount shall be exempted from corporate income tax - if hotel and tourist complexes, and establishment of import-substituting and export oriented factory, investment amounts are 300.0 thousand US dollars or more
- ✓ Income generated from production and planting of the following products only shall be subject to 50% tax credit:
 - cereal, potatoes, vegetables
 - milk products
 - fruits and berries
 - fodder plants

VAT Exemption "0%" in following cases:

- ✓ Agriculture goods exported from the territory of Mongolia and declared to the customs authorities
- ✓ Classified boneless meat, unprocessed offal, and by-products industrially prepared and sold locally within territory of Mongolia
- ✓ Milk and milk products produced in Mongolia
- ✓ Exported raw, washed, combed cashmere and leather
- ✓ Money transfer, guarantees, payment of claims, bills, banking services and savings accounts
- ✓ Insurance, insurance brokerage, reinsurance and property registration
- ✓ Bond and stock issuance, transfer, sell, receive, and guarantees
- ✓ Credit services

Equipment of small and medium-sized enterprises that produce export oriented products are exempted from customs taxes.

- ✓ In May 2017 Mongolia started a three-year extended fund facility program with International Monetary Fund that includes a \$440 million loan. In addition, the Asian Development Bank, the World Bank and other countries, such as Japan and South Korea, are providing financial aid, boosting the total financing package to around \$5.5 billion.
- ✓ Mongolia's economy had been hard hit by the fall in its main export commodities, such as copper and coal, and a collapse in foreign investment. However, the GDP grew 5.3% in 2017 H1 thanks to favorable conditions in China's coal market along with investment-friendly domestic policies. The IMF expects growth to rise to around 8 percent in 2019 as mining projects take off, with foreign exchange reserves rising to US\$3.8 billion - more than 6 months of imports - to levels seen in 2012 before the country was hit by external shocks.
- ✓ In order to promote economic activity in the mining sector the Government recently doubled the amount of land available for exploration from 9.6% of the country's total land area to 20.9%. Thus more exploration license will be issued.
- ✓ Turquoise Hill posted better than expected revenue in 2017 Q1 and the spokesperson said in June that the company is back to exploration.