

Mongolia Daily

June 13, 2011 (Monday)

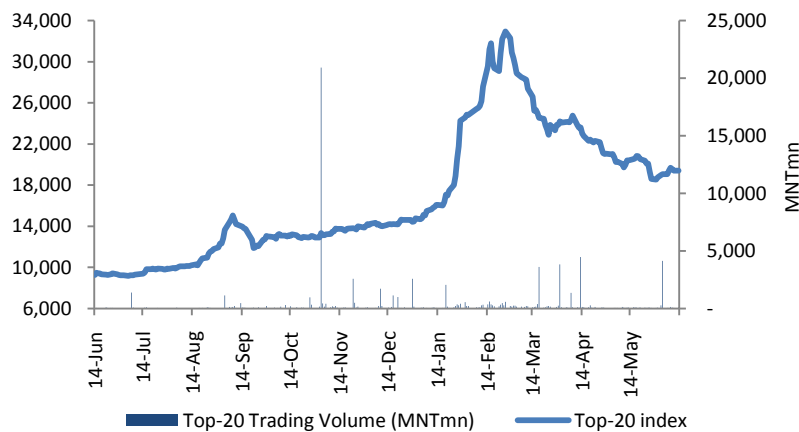
Politics and Economy

- Excise Tax on Fuel is Reduced
- Mongolia to Build Oil Refinery to Cut Dependence on Russia

Financial Markets

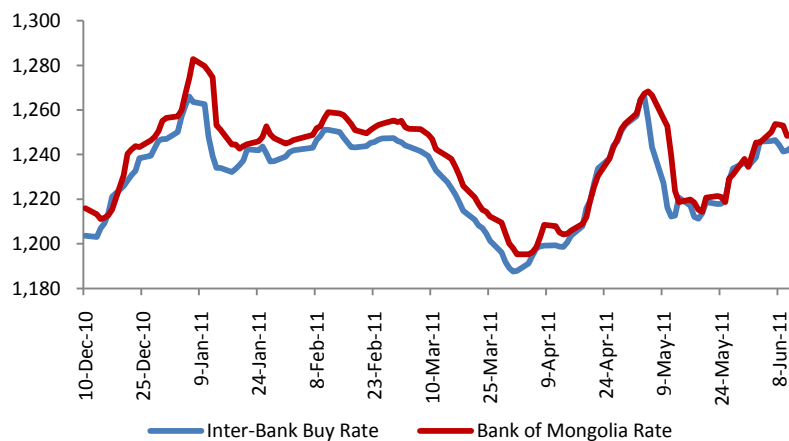
- The Top 20 Index Slightly Down

MSE TOP-20 Index



Source: MSE

US\$-MNT rate



Source: Bank of Mongolia, Eurasia Capital

Selected Worldwide Indices

Index	Close price ^a	Performance	
		1D chg	YTD
MSE TOP 20	19,397.7	-0.05%	31.4%
Silk Road Mongolia	1,377.1	-1.41%	-9.8%
Silk Road Hong Kong	89.2	-0.76%	-17.3%
Dow Jones	11,951.9	-1.42%	3.2%
FTSE 100	5,765.8	-1.55%	-2.3%
Nikkei	9,448.2	-0.70%	-7.6%
MSCI EM Asia	463.2	-1.03%	-1.1%
Hang Seng	22,508.1	0.39%	-2.3%
Shanghai	2,950.3	-0.39%	-5.7%
KASE	1,578.3	-0.10%	-8.1%
RTS	1,926.0	-0.77%	8.7%

^a Yest. close price for Dow Jones, FTSE100, KASE, RTS

Top Movers on MSE

Stock	Close price, MNT	Performance	
		1D chg	y-t-d
Best performers			
Ar-Bayankhangai	115	15.00%	15.0%
Mongol Nekhmel	2,082	14.96%	60.2%
Bayan Tooroi	340	14.86%	31.8%
Aziik	396	14.78%	14.8%
Noyot Khaikhan	264	14.78%	45.9%
Worst performers			
Tav	11,500	-14.18%	3798.3%
Shivee Owoo	24,000	-13.98%	84.6%
Bayangol Hotel	30,000	-6.25%	25.5%
Ikh Barilga	1,500	-6.25%	200.0%
Mongeo	3,300	-5.71%	254.8%

Major Commodities

Commodity	Last price	Performance	
		1D chg	YTD
Copper \$/t	8,923.50	-1.29%	-7.5%
Gold \$/oz	1,526.40	-1.01%	7.4%
Coal ¹ \$/t	150.22	0.00%	17.5%
Iron ore ² , \$/t	203.61	-0.04%	5.9%
Uranium \$/lp	56.50	0.00%	-8.1%
Crude oil \$/bbl	97.99	-3.35%	7.2%

MNT vs Major Currencies

Name	Rate ³ , MNT	Performance	
		1D chg	YTD
US\$	1,249.32	-0.08%	0.6%
Euro	1,805.70	1.13%	-7.5%
Japanese Yen	15.60	-0.13%	-1.0%
Chinese Yuan	192.77	-0.01%	-1.0%
Russian Rouble	44.89	0.51%	-9.1%

¹ Qinhuangdao, Steam Coal

² China Import Price Qingdao Port

³ Central bank rate

Source: Bloomberg, MSE, Eurasia Capital

COMPANY EVENTS CALENDAR

	Company	Event	Date
1	Baganuur	Annual Shareholders' Meeting	17-June-11

Source: Company data, MSE

POLITICS AND ECONOMY

Excise Tax on Fuel is Reduced

According to report of *news.mn* from June 13, the special meeting of the Government on June 10 decided to reduce excise tax on fuel starting from June 15. The tax on A-80 coming through border points at Sukhbaatar, Zamiin-Uud, Ereentsav and Altanbulag has been reduced from MNT170,000 per ton to MNT80,000. The tax on AI-92 has been reduced from MNT230,000 per ton to MNT100,000 and tax on diesel remains totally abolished. However, the rates applicable to petroleum and diesel products coming through remote border points have not been changed.

The Government is aiming to keep fuel prices stable with those measures. However, it is still not clear whether Rosneft of Russia will be able to supply sufficient petroleum and diesel. Other Russian and Chinese companies are being approached to fulfill the resulting gap. Rosneft's rates per ton for June supplies are US\$118 for A-80, US\$123 for AI-92 in and US\$68 for diesel. It will supply 8,000 tons of AI-92 while Mongolia's monthly need is 20,000 tons.

Mongolia to Build Oil Refinery to Cut Dependence on Russia

The ruling council of the Mongolian People's Party decided last Thursday, on June 9, to build an oil refinery in Darkhan city in central Mongolia to lessen the country's growing fuel dependence on Russia, *Xinhua* reported on June 10. The party's Secretary General, Ukhnaa Khurelsukh, said that the decision was very important to Mongolia's independence, national security and future development.

The project will be developed by a Mongolia-Japan joint venture and requires US\$600mn. Once operational, the refinery will be capable of refining two million tons of oil every year. Mongolia has no oil refining industry and over 90% of its consumed petroleum products are imported from Russia. However, Russia's domestic supply crisis has compelled it to significantly reduce fuel exports, which resulted in a diesel shortage in Mongolia. Currently, diesel fuels are rationed and sold in small amounts in the country, thus restricting mining and construction operations.

Temuulen Munkhbaatar

temuulen.munkhbaatar@eurasiac.com

FINANCIAL MARKETS

The Top 20 Index Slightly Down

On Monday, the MSE Top 20 Index dropped 0.05% to 19,397.65 on MNT116.4mn trade volume. Total number of shares traded increased to 36, whereas the total MSE trade volume reached MNT123.9mn: 12 companies advanced on MNT18.2mn, 14 remained flat on MNT85.3mn, and 11 declined on MNT20.6mn. The most actively traded stock was Tavan Tolgoi (TTL) with MNT74.9mn traded or 60% of the total MSE volume. TTL remained constant at MNT700,000/share.

Among other major coal stocks, Baganuur (BAN) grew 2.8% to MNT18,400 only on MNT0.3mn; Shivee Ovoo (SHV) dropped 14% to MNT24,000 on MNT2.4mn, Sharyn Gol (SHG) was down 0.4% to MNT14,200 on MNT15.4mn; Aduunchuluun (ADL) and Mogoin Gol (BDL) both remained unchanged at MNT10,100 and MNT44,000, respectively on MNT0.1mn and MNT6.4mn.

APU (APU) advanced 1.5% to MNT2,790 on MNT3.2mn and Gobi (GOV) grew 0.97% to MNT5,200 on MNT2.2mn.

Rentsendorj Yondon
rentsendorj.yondon@eurasiac.com

MSE AND MONGOLIA-FOCUSED INTERNATIONAL MINING COMPANIES STOCKS PERFORMANCE SUMMARY

MSE TOP-20 (June 13, 2011)

Name	Price		Market Cap		Performance		Daily Volume			P/E	P/B
	MNT	US\$	MNTmn	US\$m	1D chg	y-t-d	Shares	MNTmn	US\$'000	2010	2010
Baganuur	18,400	14.73	385,928	308.9	2.8%	75.2%	15	0.28	0.22	NA	NA
Tavan Tolgoi	700,000	560.30	368,656	295.1	0.0%	21.5%	107	74.90	59.95	4.8	3.7
Shivee Ovoo	24,000	19.21	322,058	257.8	-14.0%	84.6%	102	2.45	1.96	NA	NA
APU	2,790	2.23	207,263	165.9	1.5%	40.2%	1,135	3.17	2.53	10.5	4.1
Sharyn Gol	14,200	11.37	121,041	96.9	-0.4%	35.2%	1,088	15.45	12.37	NA	15.5
Mongolian Telecom	2,700	2.16	69,850	55.9	-1.8%	-22.9%	40	0.11	0.09	38.0	2.1
BDSec	4,100	3.28	45,100	36.1	0.0%	64.0%	0	0.00	0.00	55.1	7.1
Gobi	5,200	4.16	40,566	32.5	1.0%	-7.1%	418	2.17	1.74	12.1	1.7
Mogoin Gol	44,000	35.22	36,503	29.2	0.0%	272.9%	145	6.38	5.11	NA	16.3
Aduunchuluun	10,100	8.08	31,828	25.5	0.0%	26.3%	10	0.10	0.08	66.6	12.6
Mongolian Development Resources	1,850	1.48	25,438	20.4	0.0%	42.3%	1,157	2.14	1.71	25.3	1.8
Khukh Gan	190	0.15	19,250	15.4	-1.0%	1.6%	3,600	0.68	0.55	NA	2.3
UB Hotel	44,950	35.98	15,072	12.1	0.0%	63.5%	0	0.00	0.00	12.0	2.4
State Department Store	390	0.31	14,355	11.5	-2.5%	-9.3%	898	0.35	0.28	NA	3.8
Bayangol Hotel	30,000	24.01	12,692	10.2	-6.3%	25.5%	48	1.44	1.15	5.6	0.7
Genco Tour Bureau	90	0.07	9,900	7.9	0.0%	-4.3%	5,160	0.46	0.37	88.7	1.2
Remicon	120	0.10	9,442	7.6	3.4%	66.7%	47,720	5.73	4.58	22.4	1.5
Eermel	2,300	1.84	8,002	6.4	0.0%	-20.0%	0	0.00	0.00	22.8	0.7
Darkhan Nekhii	7,000	5.60	7,738	6.2	0.0%	42.9%	0	0.00	0.00	6.3	1.3
Makh Impex	2,000	1.60	7,601	6.1	14.3%	11.1%	287	0.57	0.46	83.0	NA

Source: MSE, Eurasia Capital estimates

Selected 5 Non-MSE TOP-20 Member Largest Companies (June 13, 2011)

Name	Price		Market Cap		Performance		Daily Volume			P/E	P/B
	MNT	US\$	MNTmn	US\$m	1D chg	y-t-d	Shares	MNTmn	US\$'000	2010	2010
Suu	48,300	38.66	16,615	13.3	0.0%	130.1%	0	0.00	0.00	6.2	1.9
Talkh Chikher	12,001	9.61	12,285	9.8	0.0%	224.4%	0	0.00	0.00	13.8	3.9
Hotel Mongolia	520	0.42	5,200	4.2	0.0%	-7.1%	0	0.00	0.00	34.5	1.6
Hermes	50	0.04	3,927	3.1	0.0%	-7.4%	6,015	0.30	0.24	22.8	0.5
Nako Tulsh	295	0.24	3,722	3.0	0.0%	-9.2%	0	0.00	0.00	NA	3.1

Source: MSE, Eurasia Capital estimates

Silk Road Mongolia Index* Companies (June 13, 2011)

Name	Ticker	Currency	Close Price	MktCap	Price		Performance		Daily Volume (52Wk)
					US\$mn	52 wk high	52 wk low	1D chg	y-t-d
IVANHOE MINES LTD	IVN:US	USD	22.17	14,521.2	29.29	11.68	0.82%	-3.3%	44.03
MONGOLIAN MINING CORP	975:HK	HKD	9	4,484.0	12	7	2.4%	3.9%	8.74
CENTERRA GOLD INC	CG:CN	CAD	14.88	3,586.6	23.23	10.52	-3.06%	-23.8%	11.82
SOUTHGObI RESOURCES LTD	1878:HK	HKD	80.80	1,906.6	130.90	74.00	-0.74%	-18.8%	1.25
WINSWAY COKING COAL HOLDINGS	1733:HK	HKD	3.32	1,616.9	4.91	3.18	-0.90%	-28.9%	15.81
MONGOLIA ENERGY CO LTD	276:HK	HKD	1.23	1,044.0	3.61	1.19	-0.81%	-47.0%	4.82
PETRO MATAD LTD	MATD:LN	GBp	137.00	411.0	211.00	40.75	-1.79%	12.3%	0.65
ASPIRE MINING LTD	AKM:AU	AUD	0.61	350.1	1.14	0.07	-4.69%	27.1%	0.89
HUNNU COAL LTD	HUN:AU	AUD	1.36	350.0	1.78	0.79	-2.86%	1.9%	1.10
BAGANUUR JSC	BAN:MO	MNT	18,400	308.9	42,000	2,800	2.8%	75.2%	0.08
TAVAN TOLGOI JSC	TTL:MO	MNT	700,000	295.1	1,440,000	230,000	0.0%	21.5%	0.01
SHIVEE OVOO JSC	SHV:MO	MNT	24,000	257.8	62,355	4,260	-14.0%	84.6%	0.01
EAST ASIA MINERALS CORP	EAS:CN	CAD	3.21	255.7	8.55	2.69	9.18%	-60.9%	1.74
ORIGO PARTNERS PLC	OPP:LN	GBp	49.25	242.5	54.13	26.50	-1.99%	20.1%	0.13
ENTREE GOLD INC	ETG:CN	CAD	1.97	230.6	3.47	1.84	-5.74%	-43.2%	0.37
APU JSC	APU:MO	MNT	2,790	165.9	3,795	1,550	1.5%	40.2%	0.01
CENTRAL ASIA METALS PLC	CAML:LN	GBp	90.50	127.1	104.50	73.25	2.84%	0.3%	0.06
PROPHECY RESOURCE CORP	PCY:CN	CAD	0.63	122.4	1.28	0.42	-4.55%	-37.0%	0.76
SHARYN GOL JSC	SHG:MO	MNT	14,200	96.9	36,553	3,001	-0.4%	35.2%	0.07
ERDENE RESOURCE DEVELOPMENT CORP	ERD:CN	CAD	1.00	92.3	1.84	0.26	-0.99%	-19.4%	0.06
MONGOLIA INVESTMENT GROUP LT	402:HK	HKD	0.08	89.8	0.38	0.06	-2.56%	-48.6%	1.62
NORTH ASIA RESOURCES HOLDING	61:HK	HKD	0.69	75.5	1.64	0.67	-1.43%	-24.2%	1.00
XANADU MINES LTD	XAM:AU	AUD	0.38	71.9	0.80	0.38	-5.06%	-33.6%	0.06
SOLARTECH INTERNATIONAL HOLD	1166:HK	HKD	0.38	61.6	1.78	0.32	1.33%	-60.4%	3.78
MONGOLIAN TELECOM JSC	MCH:MO	MNT	2,700.00	55.9	4,501.00	2,500.00	-1.82%	-22.9%	0.00
HARANGA RESOURCES LTD	HAR:AU	AUD	0.26	51.6	0.74	0.20	-13.33%	-59.4%	0.05
VOYAGER RESOURCES LTD	VOR:AU	AUD	0.05	45.2	0.13	0.01	2.27%	-17.9%	0.11
BDSEC JSC	BDS:MO	MNT	4,100	36.1	6,500	2,212	2.5%	64.0%	0.01
GOBI JSC	GOV:MO	MNT	5,200	32.5	8,000	4,900	1.0%	-7.1%	0.01
ASIA COAL LTD	835:HK	HKD	0.13	26.8	0.32	0.12	0.00%	-50.0%	0.05
ADUUNCHULUUN JSC	ADL:MO	MNT	10,100	25.5	36,100	621	0.0%	26.3%	0.00

Source: Bloomberg, MSE, Bank of Mongolia, Eurasia Capital

*Note: MonBiz Mongolia Index and MonBiz Hong Kong Index were acquired by Silk Road Management and rebranded to Silk Road Mongolia and Silk Road Hong Kong indices, respectively, on January 11, 2011.

Rentsendorj Yondon

rentsendorj.yondon@eurasiac.com

Sherzod Rakhimov

sherzod.rakhimov@eurasiac.com

CONTACTS

Research:

Sardor Koshnazarov	Head of Research, Oil & Gas	sardor.koshnazarov@eurasiac.com
Dosbergen Musaev	Analyst, Strategy	dosbergen.musaev@eurasiac.com
Akmal Aminov	Analyst, Metals & Mining	akmal.aminov@eurasiac.com
Rentsendorj Yondon	Analyst, Mongolia Equities	rentsendorj.yondon@eurasiac.com
Temuulen Munkhbaatar	Analyst	temuulen.munkhbaatar@eurasiac.com

Sales and Trading:

Dima Orazimbetov	Director	dima.orazimbetov@eurasiac.com
Zhyldyz Sadyralieva	Associate	zhyldyz.sadyralieva@eurasiac.com
Sherzod Rakhimov	Analyst	sherzod.rakhimov@eurasiac.com
Hoosniddin Hakimov	Analyst	hoosniddin.hakimov@eurasiac.com
Bolor Ulziisaikhan	Broker	bolor.ulziisaikhan@eurasiac.com
Ankhgerel Byambanyam	Broker	ankhgerel.byambanyam@eurasiac.com

Addresses:

MONGOLIA

Suite 65, 6th Floor, Grand Office Center
 Jamiyangun Street 12, 1st Khoroo,
 Ulaanbaatar
 Tel: +976 7013 0078
 Fax: +976 7013 0078

HONG KONG

33/F One International Finance Centre
 1 Harbour View Street, Central,
 Hong Kong
 Tel.: +852 2824 8716
 Fax: +852 2166 8999

Eurasia Capital is a pan-regional investment bank with a focus on Mongolia and Central Asia. Headquartered in Ulaanbaatar, the Firm offers cross border M&A and advisory, capital raising, sales & trading and research services to its international and regional clients including government agencies, major energy and resource companies, sovereign wealth funds, private equity groups and global portfolio investors. For more info, please visit our website: www.eurasiac.com

DISCLAIMER

This Mongolia Daily is made for information purposes only, and does not constitute an offer, solicitation of an offer to purchase, hold, sell, invest or make any other financial decision. In making decisions, investors may rely on their own examinations of the parties and risks involved. Information contained in this research product is obtained from the sources believed to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors such information provided 'as is' without warranty of any kind and Eurasia Capital Ltd., in particular, make no representation or warranty, express or implied, as to accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances, Eurasia Capital Ltd. have any liability to any person or entity (-ies) for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligible or otherwise) or other circumstances or contingency within or outside the control of any of their directors, managements, officers, employees, or agents in connection with compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, loss profits) even if Eurasia Capital Ltd. is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.

©2011 Eurasia Capital Ltd. All rights reserved.