

Mongolia Daily

June 23, 2011 (Thursday)

Financial Markets

- Top 20 Index Remains Unchanged
- Mongolia to Cooperate with KDIC to Establish Deposit Insurance System

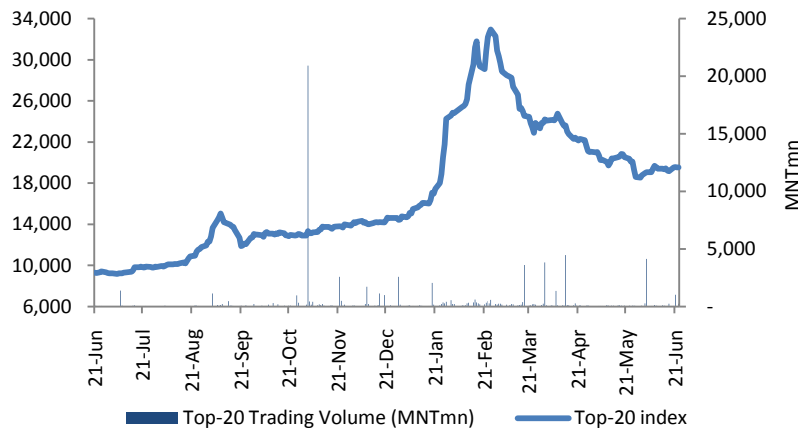
Corporate News

- ADB to Advise for the Government on TPP#5 Project

M&A Monitor

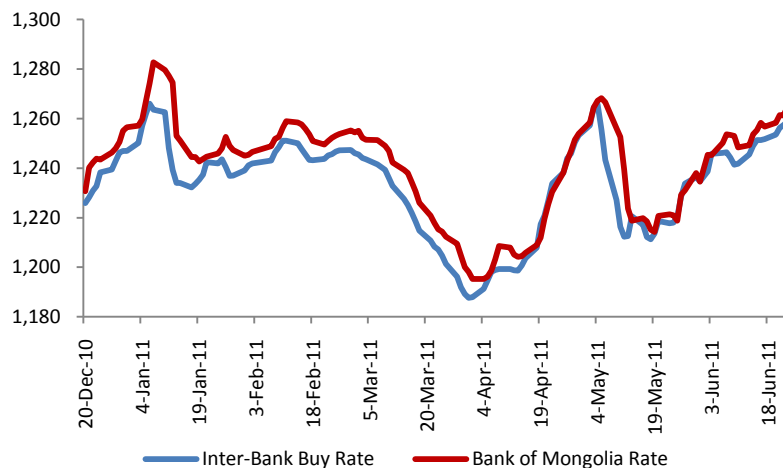
- Think Environmental to Acquire 51% of Azargyn Gol Chonot LLC

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	19,546.2	0.01%	32.4%
Silk Road Mongolia	1,422.1	-0.65%	-6.9%
Silk Road Hong Kong	87.8	-1.22%	-18.6%
Dow Jones	12,109.7	-0.66%	4.6%
FTSE 100	5,773.0	-0.04%	-2.2%
Nikkei	9,596.7	-0.34%	-6.2%
MSCI EM Asia	457.6	0.54%	-2.3%
Hang Seng	21,759.1	-0.46%	-5.5%
Shanghai	2,957.6	1.69%	-5.5%
KASE	1,550.1	-0.18%	-9.8%
RTS	1,878.4	0.32%	6.0%

^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			
Khuvsgul			
Altanduulga	209	14.84%	158.0%
Takhi Co	4,500	12.50%	37.6%
Shivee Owoo	24,050	4.57%	85.0%
Mongolian Telecom	2,750	3.73%	-21.4%
State Department Store	410	2.50%	-4.7%
Worst performers			
Tav	9,900	-13.91%	3255.9%
Zoos Goyol	800	-5.88%	1.3%
Darkhan Khuns	900	-5.26%	80.0%
Bayangol Hotel	31,000	-3.13%	29.7%
Gan Khiits	4,800	-2.04%	515.4%

Major Commodities

Commodity	Last price	Performance	
		1D chg	YTD
Copper \$/t	9,010.00	-0.71%	-6.6%
Gold \$/oz	1,540.43	-0.36%	8.4%
Coal ¹ \$/t	138.37	0.00%	8.2%
Iron ore ² , \$/t	204.09	-0.06%	6.2%
Uranium \$/lp	54.25	-0.46%	-11.8%
Crude oil \$/bbl	93.37	-0.51%	2.2%

MNT vs Major Currencies

Name	Rate ³ , MNT	Performance	
		1D chg	YTD
US\$	1,264.64	-0.26%	-0.6%
Euro	1,821.21	-0.52%	-8.4%
Japanese Yen	15.77	-0.25%	-2.1%
Chinese Yuan	195.65	-0.31%	-2.6%
Russian Rouble	45.33	-0.51%	-10.2%

¹ Qinhuangdao, Steam Coal

² China Import Price Qingdao Port

³ Central bank rate

Source: Bloomberg, MSE, Eurasia Capital

FINANCIAL MARKETS

Top 20 Index Remains Unchanged

Today, the MSE benchmark advanced only 0.01% to 19,546.16 on volume of MNT252.4mn of which MNT182.5mn was contributed by a trade on BSec (BDS). BDS remained unchanged on MNT3,900/share. In total, as much as 40 stocks traded on the market for total of MNT269.8mn. 15 stocks advanced on MNT46.5mn, 15 stocks including BDS remained unchanged on MNT205.8mn, and 10 stocks declined on MNT17.6mn.

Among major coal stocks, Shivee Ovoo (SHV) grew 4.57% to MNT24,050 on MNT2.1mn, Baganuur (BAN) 2.34% to MNT17,500 on MNT5.3mn, Sharyn Gol (SHG) remained unchanged at MNT14,000 on MNT0.4mn, Tavan Tolgoi (TTL) at MNT750,000 on MNT9.0mn, while Aduunchuluun (ADL) lost 1.11% to MNT8,900 on MNT4.5mn. Mogoin Gol (BDL) was not traded today.

Among non-resource major stocks, APU (APU) and Gobi (GOV) both declined 1.69% and 1.83%, respectively, to MNT2,851 on MNT5.7mn and MNT5,350 on MNT2.4mn.

Mongolia to Cooperate with KDIC to Establish Deposit Insurance System

Bank of Mongolia today reported that “Ministry of Finance of Mongolia, Bank of Mongolia signed a Memorandum of Understanding (MoU) to cooperate in establishing deposit insurance system in Mongolia with Korea Deposit Insurance Corporation (KDIC). As the MoU signed, KDIC will provide technical assistance for Mongolia to establish the deposit insurance system and, also, will conduct a programme to prepare required professionals for the system.”

KDIC is a deposit insurance corporation, established in 1996 in South Korea to protect depositors and maintain the stability of the financial system. The major functions of KDIC can be classified into five categories such as insurance management, risk surveillance, resolution, recovery, and investigation.

Currently Mongolia doesn't have well established deposit insurance practice. The country approved the blanket guarantee law in November 2008 to support the confidence in the sector. The law levied no restriction on size of deposits and current accounts which guaranteed by the Government. At that time during the crisis, the law served well; however, the law will be effective until November 25, 2012. Mongolia needs commercial deposit insurance system to develop its banking and financial system by the international practice.

CORPORATE NEWS

ENERGY

ADB to Advise for the Government on TPP#5 Project

News.mn reported today that ADB will advise the Government on the tender process of the Thermal Power Plant #5 (TPP#5). The project will be implemented on the basis of PPP with terms to build, use and transfer. Mr. D. Zorigt, Minister of Mineral Resources and Energy of Mongolia, Mr. D. Sugar, Chairmen of State Property Committee of Mongolia, and Shane Rosenthal, Officer-in-Charge in Mongolia from ADB, signed a Memorandum of Understanding (MoU) on ADB's advice on the preparation of the international tender material, tender request and announcement, and tender assessment."

Before, in July 2008, the Government issued a request for proposals for TPP#5, which to have a capacity of 300MW of electricity and 700Gcal/h of heating, but no bidder was elected. This planned TTP#5 was to use 2Mt of coal a year. In July 2009, Ministry of Mineral Resources and Energy and Ministry of Finance signed a MoU with ADB to finance the project assessment work. In March 2011, ADB financed project assessment and it was decided that TPP#5 to be built just adjacent to TPP#3, using existing infrastructure. According to the project assessment, the plant with capacities of 820MW power capacity and 1,100Gcal/h heating capacity will be built in 2 phases: 1) 450MW will be built by 2015 and, 2) Additional 370MW will be built by 2020. Phase 1 cost will be US\$688.7mn and Phase 2 US\$711.6mn; totally US\$1.4bn. The plant will use 3.6Mt coal per year and of which 2.6Mt will be supplied from Shivee Ovoo and 1Mt from Baganuur.

According to the today's news, three teams specialized in law, finance and technical matter elected by ADB will start their work within this month. The tender is expected to be completed in 2011, and after that, the construction work will start, due to the plan. Previously, in March 2011, the Government announced that it plans to start the construction work in 2011.

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M&A Monitor

Think Environmental to Acquire 51% of Azargyn Gol Chonot LLC

Think Environmental announced on June 23 that it has signed a sales and purchase agreement to acquire a 100% stake in Abundant Minerals Pty Ltd which in turns owns a 51% stake in Azargyn Gol Chonot LLC for US\$16mn. According to the Company, Azargyn owns Tsagaan Jalga Project which is a 427km square concession of three exploration licences and one mining licence located in the Bulgan province of Mongolia. The Resources and Reserves for Tsagaan Jalga, previously classified into class P and C1, respectively, are around 60,000 Oz of gold reported in the P Resource and 11,400 Oz in the C Reserve category.

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MSE AND MONGOLIA-FOCUSED INTERNATIONAL MINING COMPANIES STOCKS PERFORMANCE SUMMARY

MSE TOP-20 (June 23, 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
Tavan Tolgoi	750,000	593.05	394,989	312.3	0.0%	30.2%	12	9.00	7.12	5.2	4.0
Baganuur	17,500	13.84	367,051	290.2	2.3%	66.7%	304	5.32	4.21	NA	NA
Shivee Ovoo	24,050	19.02	322,729	255.2	4.6%	85.0%	88	2.12	1.67	NA	NA
APU	2,851	2.25	211,794	167.5	-1.7%	43.3%	1,983	5.65	4.47	10.7	4.2
Sharyn Gol	14,000	11.07	119,336	94.4	0.0%	33.3%	30	0.42	0.33	NA	15.2
Mongolian Telecom	2,750	2.17	71,143	56.3	3.7%	-21.4%	586	1.61	1.27	38.7	2.1
BDSec	3,900	3.08	42,900	33.9	0.0%	56.0%	46,800	182.52	144.33	52.4	6.8
Gobi	5,350	4.23	41,736	33.0	-1.8%	-4.5%	446	2.39	1.89	12.4	1.7
Mogoin Gol	42,000	33.21	34,844	27.6	0.0%	255.9%	0	0.00	0.00	NA	15.6
Aduunchuluun	8,900	7.04	28,047	22.2	-1.1%	11.3%	503	4.48	3.54	58.6	11.1
Mongolian Development Resources	1,850	1.46	25,438	20.1	0.5%	42.3%	10,960	20.28	16.03	25.3	1.8
Khukh Gan	193	0.15	19,554	15.5	0.5%	3.2%	62,787	12.12	9.58	NA	2.4
State Department Store	410	0.32	15,091	11.9	2.5%	-4.7%	318	0.13	0.10	NA	4.0
UB Hotel	41,500	32.82	13,915	11.0	0.0%	50.9%	0	0.00	0.00	11.1	2.2
Bayangol Hotel	31,000	24.51	13,115	10.4	-3.1%	29.7%	6	0.19	0.15	5.7	0.7
Genco Tour Bureau	91	0.07	10,010	7.9	0.0%	-3.2%	2,690	0.24	0.19	89.7	1.2
Remicon	118	0.09	9,284	7.3	-0.8%	63.9%	19,000	2.24	1.77	22.0	1.5
Makh Impex	2,348	1.86	8,924	7.1	-1.3%	30.4%	857	2.01	1.59	97.4	NA
Eermel	2,305	1.82	8,020	6.3	0.2%	-19.8%	232	0.53	0.42	22.9	0.7
Darkhan Nekhii	6,103	4.83	6,747	5.3	0.0%	24.6%	182	1.11	0.88	5.5	1.1

Source: MSE, Eurasia Capital estimates

Selected 5 Non-MSE TOP-20 Member Largest Companies (June 23, 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	55,000	43.49	18,920	15.0	0.0%	162.1%	5	0.28	0.22	7.0	2.2
Talkh Chikher	11,500	9.09	11,773	9.3	0.0%	210.8%	213	2.45	1.94	13.2	3.7
Hotel Mongolia	600	0.47	6,000	4.7	1.7%	7.1%	67	0.04	0.03	39.8	1.8
Hermes	49	0.04	3,849	3.0	0.0%	-9.3%	20,188	0.99	0.78	22.3	0.5
Nako Tulsh	291	0.23	3,671	2.9	0.0%	-10.5%	3,210	0.93	0.74	NA	3.1

Source: MSE, Eurasia Capital estimates

Silk Road Mongolia Index* Companies (June 23, 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	23.01	15,071.4	29.29	11.68	-1.24%	0.4%	45.85
MONGOLIAN MINING CORP	975:HK	HKD	10	4,551.2	12	7	-0.2%	5.5%	8.24
CENTERRA GOLD INC	CG:CN	CAD	15.93	3,865.8	23.23	10.52	0.03%	-18.4%	12.04
SOUTHGOBI RESOURCES LTD	1878:HK	HKD	79.00	1,861.5	130.90	74.00	-0.50%	-20.6%	1.28
WINSWAY COKING COAL HOLDINGS	1733:HK	HKD	3.04	1,479.2	4.91	2.94	-2.56%	-34.9%	14.82
MONGOLIA ENERGY CO LTD	276:HK	HKD	1.13	958.2	3.61	0.93	-5.83%	-51.3%	4.76
PETRO MATAD LTD	MATD:LN	GBP	120.00	353.5	211.00	41.25	-2.83%	-1.6%	0.68
HUNNU COAL LTD	HUN:AU	AUD	1.35	343.9	1.78	0.79	-3.23%	1.1%	1.05
TAVAN TOLGOI JSC	TTL:MO	MNT	750,000	312.3	1,440,000	230,000	0.0%	30.2%	0.02
ASPIRE MINING LTD	AKM:AU	AUD	0.53	298.3	1.14	0.07	-2.78%	9.4%	0.93
BAGANUUR JSC	BAN:MO	MNT	17,500	290.2	42,000	2,999	2.3%	66.7%	0.07
EAST ASIA MINERALS CORP	EAS:CN	CAD	3.31	265.5	8.55	2.69	5.41%	-59.6%	1.59
SHIVEE OVOO JSC	SHV:MO	MNT	24,050	255.2	62,355	4,800	4.6%	85.0%	0.01
ORIGO PARTNERS PLC	OPP:LN	GBP	48.13	232.8	54.13	26.50	1.33%	17.4%	0.17
ENTREE GOLD INC	ETG:CN	CAD	1.94	228.7	3.47	1.82	1.04%	-44.1%	0.36
APU JSC	APU:MO	MNT	2,851	167.5	3,795	1,550	-1.7%	43.3%	0.01
CENTRAL ASIA METALS PLC	CAML:LN	GBP	88.50	123.0	104.50	73.25	0.57%	-1.9%	0.06
PROPHECY RESOURCE CORP	PCY:CN	CAD	0.59	115.8	1.28	0.42	-4.84%	-41.0%	0.78
NORTH ASIA RESOURCES HOLDING	61:HK	HKD	0.90	98.4	1.64	0.64	1.12%	-1.1%	0.98
SHARYN GOL JSC	SHG:MO	MNT	14,000	94.4	36,553	3,006	0.0%	33.3%	0.08
ERDENE RESOURCE DEVELOPMENT CORP	ERD:CN	CAD	0.98	91.1	1.84	0.26	-2.00%	-21.0%	0.06
MONGOLIA INVESTMENT GROUP LT	402:HK	HKD	0.07	79.1	0.22	0.06	-2.90%	-54.7%	1.60
XANADU MINES LTD	XAM:AU	AUD	0.36	67.3	0.80	0.35	-11.25%	-37.2%	0.06
MONGOLIAN TELECOM JSC	MCH:MO	MNT	2,750.00	56.3	4,501.00	2,500.00	3.73%	-21.4%	0.00
SOLARTECH INTERNATIONAL HOLD	1166:HK	HKD	0.34	54.2	1.78	0.32	-2.90%	-65.1%	3.77
HARANGA RESOURCES LTD	HAR:AU	AUD	0.24	47.2	0.74	0.20	2.13%	-62.5%	0.04
VOYAGER RESOURCES LTD	VOR:AU	AUD	0.04	40.7	0.13	0.01	2.56%	-25.4%	0.10
BDSEC JSC	BDS:MO	MNT	3,900	33.9	6,500	2,212	0.0%	56.0%	0.01
GOBI JSC	GOV:MO	MNT	5,350	33.0	8,000	4,900	-1.8%	-4.5%	0.01
ASIA COAL LTD	835:HK	HKD	0.12	29.4	0.32	0.10	15.09%	-51.2%	0.05
ADUUNCHULUUN JSC	ADL:MO	MNT	8,900	22.2	36,100	621	-1.1%	11.3%	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.

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