

## Mongolia Weekly

August 23-27, 2010

### Politics and Economy

- 30% Pay Rise for Public Sector Employees
- Inflation Is Not Under Control
- MNT is Breaking 1,300 Level against US\$

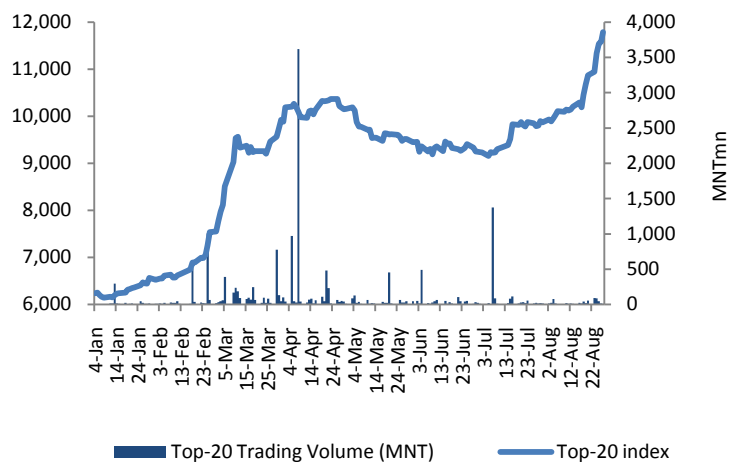
### Financial Markets

- MSE Top-20 Index in a 4-week Rally

### Corporate News

- General Mining Corporation to Commence Drilling at Uvs Potash Project in Mongolia
- Prophecy Resources Provides Update on Ulaan Ovoo Coal Mine
- SouthGobi Resources Made a Repurchase of Shares on Hong Kong Stock Exchange
- Garrison International Ltd. Provided Update on its Tovshiir Gold Project
- North Asia Resources Signed MOU with Sinosteel Trading

### MSE TOP-20 Index



Source: MSE

### Selected Worldwide Indices

Index	Close price	Performance	
		w-o-w	y-t-d
MSE TOP 20	11,785.33	8.40%	90.4%
MonBiz Hong Kong	96.86	-8.43%	-27.7%
MonBiz Mongolia	1,395.95	0.20%	32.9%
Dow Jones	10,150.65	-0.62%	-2.7%
FTSE 100	5,201.56	0.12%	-3.9%
Nikkei	8,991.06	-2.05%	-14.8%
MSCI EM Asia	394.85	-2.57%	-1.7%
Hang Seng	20,597.35	-1.83%	-5.8%
Shanghai	2,858.57	-1.37%	-20.1%
KASE	1,408.70	-3.14%	-20.3%
RTS	1,421.47	-0.25%	-1.6%

### Top Movers on MSE

#### Best performers

Stock	Close price, MNT	Performance	
		w-o-w	y-t-d
Shariin Gol	9,500	47.26%	460.1%
Baganuur	5,700	29.55%	62.9%
Aduunchuluun	885	18.00%	81.4%
USIB	200	14.94%	14.9%
Buteelch Uils	133	14.66%	31.7%

#### Worst performers

Mon-It Buligaar	5,725	-23.46%	166.28%
Material Impex	2,423	-14.98%	23.94%
Mongol Shir	350	-14.63%	1.45%
Hotel Mongolia	435	-10.31%	-27.74%
Makh Impex	1,350	-3.50%	17.39%

### Major Commodities

Commodity	Last price	Performance	
		w-o-w	y-t-d
Copper, \$/t	7,447.25	2.91%	1.4%
Gold, \$/oz	1,238.1	0.84%	12.9%
Coal <sup>1</sup> , \$/t	112.67	1.78%	0.6%
Iron ore <sup>2</sup> , \$/t	172.11	-1.79%	36.6%
Uranium, \$/lb	46.5	-	4.5%
Crude (WTI), \$/bbl	75.17	2.33%	-5.3%

### MNT vs Major Currencies

Name	Rate <sup>3</sup> , MNT	MNT app.(-) or dep.(+)	
		w-o-w	y-t-d
US\$	1,300.10	-0.96%	-9.9%
Euro	1,652.75	-1.58%	-20.2%
Japanese Yen	15.34	0.26%	-2.0%
Chinese Yuan	191.14	-1.12%	-9.6%
Russian Rouble	42.16	-2.11%	-11.6%

Source: Bloomberg, MSE, Eurasia Capital

<sup>1</sup> Qinhuangdao, Steam Coal

<sup>2</sup> China Import Price Qingdao Port

<sup>3</sup> Central bank rate

## Economic Event Calendar

Indicator name	Reported period	Release date	Actual result	Previous result
CPI, m-o-m, %	Aug 2010	Sept 9, 2010	--	-2.8
Industrial output y-o-y, %	Jan-Aug 2010	Sept 9, 2010	--	-10.0
Money Supply (M2), MNTbn	Aug 2010	Sept 9, 2010	--	3,543.1
Money Reserve (M1), MNTbn	Aug 2010	Sept 9, 2010	--	826.7
External trade turnover, US\$mn	Jan-Aug 2010	Sept 9, 2010	--	2,351.8
Exports, US\$mn			--	1,082.7
Imports, US\$mn			--	1,269.1
Balance, US\$mn			--	-186.4
Budget, MNTbn	Jan-Aug 2010	Sept 9, 2010		
Revenue, MNTbn			--	1,137.9
Expenditure, MNTbn			--	1,472.4
Balance, MNTbn			--	-334.5
Number of registered unemployed	Aug 2010	Sept 9, 2010	--	39,176

Source: Bank of Mongolia, National Statistics Office of Mongolia

## International IPO Calendar

Company name	IPO size	Stock Exchange	Type	Year
Winsway Coking Coal	US\$800mn	HKEx	Coal logistics	4Q2010
Iron Mining Int'l	US\$1bn	HKEx	Iron ore	4Q2010
Gobi Coal and Energy	-	HKEx	Coal	1Q2011
Energy Resources	US\$800mn-US\$1bn	HKEx	Coal	2010

Source: Company data

## Politics and Economy

### 30% Pay Rise for Public Sector Employees

30% pay rise for public sector salaries and pensions promised by the Government of Mongolia in early summer will be effective from October 1, *news.mn* reported on August 25. In total 148,223 public sector employees and 55,680 retirees will receive an increase in salaries and pensions. Parliament of Mongolia allocated MNT78.2bn for this purpose in the recently revised state budget for the current year. According to B. Nyamaa of Budget Policy Department, the Ministry of Finance the increase will cost additional MNT300bn to 2011 budget, *news.mn* writes. Currently, average public salary is MNT300,000.

Budget deficit may reach 6.4% of GDP in the current year. Increase in expenditures is quite concerning when decline in revenues, due to abolition of windfall profits tax and completion of donor fiscal support programmes, is expected. Mongolian economy is likely to experience short term inflationary pressure from pay rises and Human Development Fund social transfers. But in our view, growing revenues from the mining sector will allow Mongolian government to balance its budget in the coming years.

## Inflation Is Not Under Control

Chairwoman of Currency Policy Sector of Currency Policy and Research Board R. Sarantsetseg said it's too early to say that the recent drop in inflation will continue for the rest of the year, *news.mn* reported on August 23. Lower harvest yields and Russian ban on wheat export, as well as rise in school tuition fees and 30% increase in public sector salaries in October may yet affect inflation rate.

*Dosbergen Musaev*

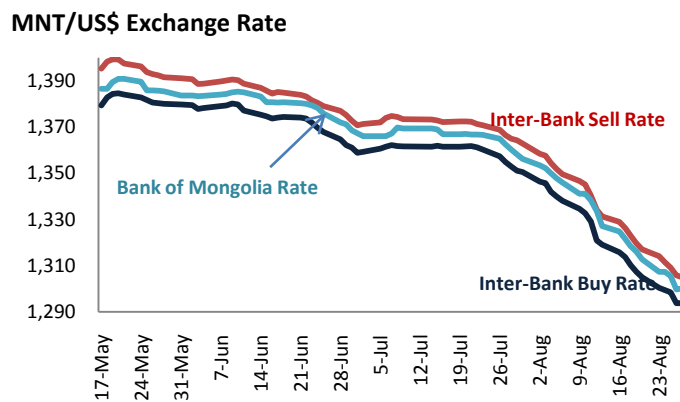
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## MNT is Breaking 1,300 Level against US\$

Appreciation of MNT accelerated in August. The national currency has strengthened for 7<sup>th</sup> straight week hitting 85-week high against US\$. The Mongolian currency has gained 4.1% against US\$ in the current month reaching our target for the year of MNT1,300 first articulated in Eurasia Capital Mongolia Outlook 2010 early this year. Bank of Mongolia set official exchange rate US\$1=MNT1,300.10 on August 27, 2010. MNT has already appreciated 9.9% y-t-d against US\$. It is the best performing currency in Asia. Record US\$ purchase at the currency auction by Bank of Mongolia, helped to temper MNT appreciation.



Source: Bank of Mongolia, Eurasia Capital

All commercial banks were on US\$ selling side at the end of week foreign currency auction. Bank of Mongolia was the sole US\$ buyer. The commercial banks offered US\$66.1mn, Bank of Mongolia bought all offers at weighted average rate of MNT1,303.9 per US\$, down MNT13.3 or 1.01% from last week's average rate.

In the alternative market and interbank market, the US\$ vs MNT buy rate dropped 0.53% and 0.86% w-o-w to MNT1,302.00 and MNT1,293.75 respectively, last week.

Bank of Mongolia lowered the official rate of US\$ vs MNT by 0.96% w-o-w to MNT1,300.10 last week.

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## Financial Markets

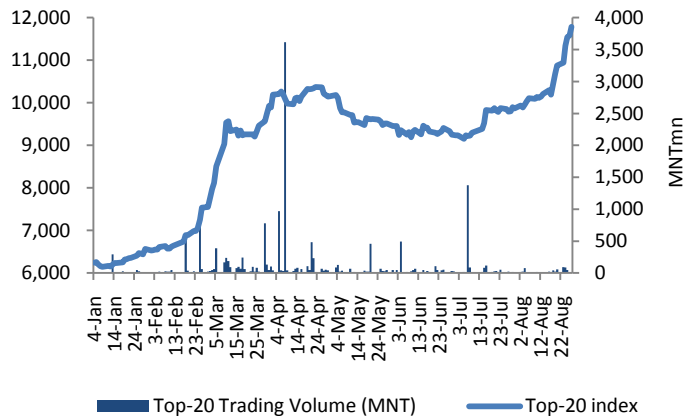
### MSE Top-20 Index in a 4-week Rally

Last week, MSE Top-20 grew 8.4% w-o-w. The index is in a 4-week rally.

Equities of 36 companies traded were traded during last week. Equities of 22 companies went up, 9 companies' shares declined and five companies' shares remained unchanged.

The weekly most active traded stocks were Shariin Gol (weekly turnover of MNT168.2mn), APU (MNT26.5mn), Baganuur (MNT21.9mn), Khukh Gan (MNT12.2mn), Hermes (MNT10.2mn), and Remicon (MNT8.4mn).

MSE TOP-20 Index



Source: MSE

The best performers were Shariin Gol (+47.26%), Baganuur (+29.55%), Aduunchuluun (+18.00%), USIB (+14.94%) and Buteelch Uils (+14.66%), and the worst performers were Mon-It Buligaar (-23.46%), Material Impex (-14.98%), Mongol Shir (-14.63%) and Hotel Mongolia (-10.31%).

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## Corporate News

### MINING

#### General Mining Corporation to Commence Drilling at Uvs Potash Project in Mongolia

General Mining Corporation (GMM), an Australia listed mining company with operations in Mongolia and Western Australia, announced on August 25 that it will start drilling works at its 100% owned Uvs Potash project in September this year once the Company receives all necessary approvals. GMM has already commissioned a contractor to do structural drilling of a series of drill holes to a depth of about 150 meters and totaling 1,200 line meters.

The Uvs Potash project is located in the north-western part of Mongolia, in Uvs province. GMM has 5 exploration licences covering approximately 2,000km<sup>2</sup> within the Uvs Nuur Basin which is likely to have bedded and domal potash deposits as well as lithium and potassium brine deposits. Limited drilling conducted at the northern periphery of the basin in the 1950-60s intersected shallow potash mineralization in up to 600m thick Devonian evaporates, according to GMM.

### **Prophecy Resources Provides Update on Ulaan Ovoo Coal Mine**

*MarketWatch*, a wholly-owned subsidiary of Dow Jones & Company, reports Prophecy Resources announced on August 26 that Leighton Asia Ltd. completed the required infrastructure and deployed all necessary equipment and manpower (on schedule) to execute long term mining operations at Ulaan Ovoo Coal mine in northern Mongolia. Leighton has removed and stockpiled approximately 30,696 bank cubic meters of topsoil and 209,095 bank cubic meters of overburden. Leighton deployed three 773C Cat dump trucks, one 385D Cat excavator, one D8R Cat dozer, one 160H Cat grader, one 928G Cat loader, two 10,000lt water tankers, one 3,000lt fuel truck, two CD150 dewatering pumps, three Allmand portable lighting plants and four diesel generators of varying capacity. There are 52 labour force including 49 Mongolians. The workshop, office complex and mine camp with facilities for 80 people on site have been erected. Bridge construction is also underway and expected to be upgraded by the end of September to truck coal from the mine site to Nauski, according to Prophecy. Prophecy has also announced that Russian and Mongolian Governments have agreed to open Zeltura port which is 15km away from Ulaan Ovoo mine site on a permanent basis.

### **SouthGobi Resources Made a Repurchase of Shares on Hong Kong Stock Exchange**

Hong Kong Stock Exchange announced on August 21 that SouthGobi Resources has repurchased 0.0103% or 19,000 of its shares for approximately US\$1.54mn. The price range that SouthGobi Resources has bought back its shares was between US\$80.5-81.2.

Early in June this year, SouthGobi announced that it would buyback up to 5mn common shares. The programme runs from June 15, 2010 to June 14, 2011, or until the purchase is completed or it is terminated by the Company. SouthGobi is not allowed to purchase on a daily basis more than 28,003 common shares representing 25% of the average daily trading volume for the last 6 months, except block trades. Macquarie, a global provider of banking, financial and advisory services, is pursuing the share repurchase program on Toronto and Hong Kong Stock Exchanges. The closing balance as of August 20, 2010 was 183,850,767 shares.

We believe that share buyback programme underlines management's view that the Company's assets are undervalued.

### **Garrison International Ltd. Provided Update on its Tovshiir Gold Project**

Garrison International Ltd., Toronto listed junior mining company with two gold projects in Mongolia, reported that construction of the processing plant building at its Tovshiir Gold Project is well underway. Concrete foundation footings, steel upright columns, roof beams have all been installed. The installation of insulated wall and roof panels are expected to be completed in a week. The Company has also commenced preparatory work on the ball mill foundation with the ball mill being ready for delivery from storage in Ulaanbaatar. According to Garrison, it has reached an agreement with an accredited laboratory in Mongolia to conduct all analysis of the soil sampling programme. The programme is to focus on key structures adjacent to the major mineralized zones as well as canvassing the major exploration licence to the south of the mining licences. The Company is also carrying out trenching in proximity to the mineralized zones within the mining licences to get further understanding of the structural relationships between the ore and surrounding rock.

### **North Asia Resources Signed MOU with Sinosteel Trading**

North Asia Resources (NAR), Hong Kong listed mining company with operations in Mongolia, announced on August 24 that it has entered into a MoU with Sinosteel Trading under which Sinosteel Trading will introduce strategic investors from China to establish value-added processing facilities (including direct reduced iron and pelletized iron facilities) and buy all iron ore products from NAR through China Railway Mongolia Investment LLC. Sinosteel will also consider potential equity investment provided NAR will own sufficient iron ore resources.

In our view, signing of MoU with Sinosteel Trading, a major iron ore importer in China in 2009, will give NAR a competitive advantage over its competitors in Mongolia to market its products to China.

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## Economic Performance

	2003	2004	2005	2006	2007	2008	2009	2010e
<b>Population and income</b>								
Population, mn	2.50	2.53	2.56	2.59	2.63	2.68	2.74	2.79
GDP per capita, US\$	581.7	720.1	905.3	1223.8	1502.9	1939.7	1560.2	2026.6
<b>National accounts</b>								
Nominal GDP, MNTbn	1660	2152	2780	3715	4599.5	6020	6056	7500
Nominal GDP, US\$bn	1.4	1.8	2.3	3.2	3.9	5.1	4.0	5.5
Nominal GDP at PPP, US\$bn	5.4	6.1	6.7	7.5	8.5	9.4	9.4	10.1
Real GDP growth, YoY, %	7.0	10.6	7.2	8.6	10.2	8.9	-1.6	7.2
<b>Monetary indicators and inflation</b>								
M2 growth, YoY, %	49.6	20.4	34.6	34.8	56.3	-5.5	26.9	
CPI, YoY, %	4.7	11	9.2	4.8	14.1	22.1	4.2	7.5
Exchange rate, MNT/US\$, annual average	1168	1209	1221	1165	1170	1166	1438	
Gross foreign reserves, US\$mn, eop	-	208	333	718	1001	657	822	1200
<b>Government finance</b>								
Revenue, % of GDP	-	33.1	30.1	36.6	40.9	35.4	32.9	40.2
Expenditure, % of GDP	-	35.0	27.5	28.5	38.0	40.2	38.3	44.2
Budget balance, % of GDP	-4.2	-2.1	3.2	3.9	2.2	-5.0	-5.4	-4.0
<b>Balance of payments</b>								
Exports, US\$mn	615.9	872	1069	1545	1952	2539	1903	
Imports, US\$mn	801	1021	1224	1516	2170	3616	2131	
Exports, YoY, %	17.5	41.2	22.4	44.9	22.5	30.3	-24.9	
Imports, YoY, %	16.0	27.5	16.0	25.4	36.1	66.6	-34.3	
Trade balance, US\$mn	-185.1	-149	-155	30	-218	-1077	-229	
FDI, US\$mn	131.5	92.9	182.3	367	500	709	801	

Source: National Statistics Office of Mongolia, the Bank of Mongolia, the IMF, the World Bank, Eurasia Capital

## MSE and Mongolia focused International Mining Company Stocks Performance Summary

### MSE TOP-20 Performance (August 23-27, 2010)

Code	Name	Price			Performance		Market Cap		Daily Turnover (Avg 52Wk)	
		Close	52 Wk high	52 Wk low	w-o-w	y-t-d	(MNTmn)	(US\$'000)	MNT	US\$
458	Tavan Tolgoi	340,000	340,000	90,000	13.33%	151.85%	179,061.68	137,729.16	5,420,398	4,169
90	APU	1,700	2,000	503	0.00%	169.84%	126,289.09	97,137.98	9,288,744	7,145
396	Baganuur	5,700	5,700	1,600	29.55%	62.86%	119,553.85	91,957.43	1,771,260	1,362
209	Mongolian Telecom	3,499	4,195	1,495	-0.03%	52.79%	90,520.10	69,625.49	1,041,102	801
460	Shivee Ovoo	6,000	6,000	1,800	3.47%	81.82%	80,514.61	61,929.55	2,573,089	1,979
309	Shariin Gol	9,500	9,500	1,400	47.26%	460.14%	68,698.20	52,840.70	20,511,512	15,777
354	Gobi	5,701	7,700	3,200	-1.71%	40.77%	44,474.21	34,208.30	14,659,550	11,276
484	State Department Store	480	620	200	2.13%	26.32%	17,667.77	13,589.55	2,084,163	1,603
532	Khukh gan	151	185	93	-0.66%	26.89%	15,298.95	11,767.52	15,775,776	12,134
521	Genco Tour Bureau	98	130	89	1.03%	3.16%	10,780.00	8,291.67	4,015,693	3,089
13	Bayangol Hotel	23,980	29,990	15,500	-1.32%	33.22%	10,145.10	7,803.32	1,172,030	901
3	UB Hotel	30,000	30,475	11,500	0.00%	53.85%	10,058.91	7,737.03	6,143,332	4,725
444	Mogoin Gol	6,500	8,490	1,811	0.00%	229.95%	5,392.54	4,147.79	291,358	224
208	Makh Impex	1,350	2,080	800	-3.50%	17.39%	5,130.97	3,946.60	462,169	355
191	Eermel	1,450	1,650	1,050	7.41%	11.54%	5,045.01	3,880.48	365,841	281
22	Talkh Chikher	3,150	3,270	1,150	14.13%	57.50%	3,224.66	2,480.32	189,186	146
450	Zoos Goyol	830	1,080	220	0.00%	49.55%	3,116.60	2,397.20	222,685	171
531	Nako Tulsh	280	310	150	3.70%	41.41%	3,080.00	2,369.05	1,855,753	1,427
492	Berkh Uul	150	150	150	0.00%	0.00%	2,859.31	2,199.30	960,448	739
71	Darkhan Nekhii	2,400	3,900	1,520	0.00%	14.29%	2,653.15	2,040.73	123,673	95

Source: MSE, Eurasia Capital

### Performance of MSE Stocks Traded (August 23-27, 2010)

Code	Name	Price			Performance		Market Cap		Daily Turnover (Avg 52Wk)	
		Close	52 Wk high	52 Wk low	w-o-w	y-t-d	(MNTmn)	(US\$'000)	MNT	US\$
458	Tavan Tolgoi	340,000	340,000	90,000	13.33%	151.85%	179,061.68	137,729.16	5,420,398	4,169
90	APU	1,700	2,000	503	0.00%	169.84%	126,289.09	97,137.98	9,288,744	7,145
396	Baganuur	5,700	5,700	1,600	29.55%	62.86%	119,553.85	91,957.43	1,771,260	1,362
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460	Shivee Ovoo	6,000	6,000	1,800	3.47%	81.82%	80,514.61	61,929.55	2,573,089	1,979
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354	Gobi	5,701	7,700	3,200	-1.71%	40.77%	44,474.21	34,208.30	14,659,550	11,276
522	BDSec	2,500	2,700	1,600	0.00%	56.25%	27,500.00	21,152.22	2,349,384	1,807
484	State Department Store	480	620	200	2.13%	26.32%	17,667.77	13,589.55	2,084,163	1,603
532	Khukh gan	151	185	93	-0.66%	26.89%	15,298.95	11,767.52	15,775,776	12,134
521	Genco Tour Bureau	98	130	89	1.03%	3.16%	10,780.00	8,291.67	4,015,693	3,089
13	Bayangol Hotel	23,980	29,990	15,500	-1.32%	33.22%	10,145.10	7,803.32	1,172,030	901
208	Makh Impex	1,350	2,080	800	-3.50%	17.39%	5,130.97	3,946.60	462,169	355
530	Remicon	64	100	39	3.23%	-14.67%	5,064.85	3,895.74	199,268	153
191	Eermel	1,450	1,650	1,050	7.41%	11.54%	5,045.01	3,880.48	365,841	281
517	Hotel Mongolia	435	650	435	-10.31%	-27.74%	4,350.00	3,345.90	411,060	316
528	Hermes	49	75	37	2.08%	-34.67%	3,848.61	2,960.24	2,076,542	1,597
379	Material Impex	2,423	3,450	1,580	-14.98%	23.94%	3,315.16	2,549.93	1,074,836	827
22	Talkh Chikher	3,150	3,270	1,150	14.13%	57.50%	3,224.66	2,480.32	189,186	146
531	Nako Tulsh	280	310	150	3.70%	41.41%	3,080.00	2,369.05	1,855,753	1,427
461	Aduunchuluun	885	1,160	283	18.00%	81.35%	2,788.90	2,145.15	16,860	13

71	Darkhan Nekhii	2,400	3,900	1,520	0.00%	14.29%	2,653.15	2,040.73	123,673	95
195	UB BUK	2,300	2,300	300	10.05%	521.62%	2,595.03	1,996.03	7,990	6
38	Mon-It Buligaar	5,725	7,480	1,950	-23.46%	166.28%	2,291.21	1,762.34	31,233	24
2	Mongol Savkhi	550	640	401	5.77%	22.22%	1,361.44	1,047.18	32,814	25
88	Gutal	790	1,000	700	12.86%	-1.25%	1,278.76	983.59	8,309	6
525	HB Oil	180	241	134	2.27%	-10.00%	1,260.00	969.16	1,168,161	899
527	Olloo	110	110	58	10.00%	46.67%	1,067.05	820.75	145,581	112
423	Agro Tech Impex	290	290	209	1.05%	33.03%	438.94	337.62	7,714	6
316	Mongol Shir	350	410	300	-14.63%	1.45%	96.38	74.13	2,073	2
37	Solongo Express	480	480	480	0.00%	0.00%	75.13	57.79	456	0
431	Huvsgul Khuns	150	150	115	13.64%	30.43%	39.57	30.44	52	0
239	Buteelch Uils	133	133	101	14.66%	31.68%	25.43	19.56	691	1
51	USIB	200	200	174	14.94%	14.94%	16.48	12.68	8	0
289	Noeot Khairkhan	181	181	138	0.00%	14.56%	11.01	8.47	322	0
86	Gobiin Undur	37	37	10	12.12%	270.00%	7.05	5.42	13	0

Source: MSE, Eurasia Capital

## Fundamental Valuation of MSE Listed Companies (August 27, 2010)

Company Name	Price (MNT)	Market cap		P/E	P/B	Debt/Equity	Profitability			
		(US\$'000)	(MNTmn)				ROA	ROE	Gross Margin	Net Margin
Tavan Tolgoi	340,000	137,729.2	179,061.7	4.19	3.38	0.11	103.2%	116.2%	58.2%	44.8%
APU	1,700	97,138.0	126,289.1	15.65	3.94	1.24	13.5%	30.8%	22.8%	9.3%
Baganuur	5,700	91,957.4	119,553.9	-	-	-5.53	-13.0%	51.2%	10.6%	-18.4%
Mongolian Telecom	3,499	69,625.5	90,520.1	17.01	2.71	0.24	12.8%	15.9%	22.1%	16.9%
Shivee Ovoo	6,000	61,929.5	80,514.6	-	-	-5.07	-9.0%	36.6%	7.8%	-42.9%
Shariin Gol	9,500	52,840.7	68,698.2	312.38	47.88	5.65	2.2%	16.6%	10.9%	2.5%
Gobi	5,701	34,208.3	44,474.2	29.61	1.84	0.41	4.6%	6.5%	27.1%	7.4%
BDSec	2,500	21,152.2	27,500.0	-	5.69	0.01	-8.7%	-9.4%	NA	NA
State Department Store	480	13,589.5	17,667.8	387.81	3.62	0.54	0.6%	0.9%	100.3%	5.9%
Mongolia Development Resources	1,200	12,691.3	16,500.0	33.84	0.58	0.00	1.7%	1.7%	-	-
Khukh Gan	151	11,767.5	15,299.0	-	1.58	0.18	-3.9%	-4.3%	-	-
Genco Tour Bureau	98	8,291.7	10,780.0	57.89	1.29	0.41	1.7%	2.4%	62.2%	20.3%
Bayangol Hotel	23,980	7,803.3	10,145.1	4.17	0.61	0.29	12.0%	15.7%	60.4%	44.6%
Ulaanbaatar Hotel	30,000	7,737.0	10,058.9	11.96	1.95	0.13	15.4%	17.6%	82.3%	23.5%
Remicon	64	6,283.5	8,169.1	-	1.50	0.03	-14.1%	-14.7%	43.5%	-94.7%
Mogoin Gol	6,500	4,147.8	5,392.5	1,346.68	2.39	0.40	0.2%	0.3%	24.4%	1.1%
Makh Impex	1,350	3,946.6	5,131.0	-	-	-482.50	-4.0%	1942.7%	-32.4%	-26.9%
Eermel	1,450	3,880.5	5,045.0	10.30	0.36	1.03	1.8%	3.8%	100.0%	1228.2%
Hotel Mongolia	435	3,345.9	4,350.0	-	1.37	0.64	-5.3%	-8.6%	65.5%	-34.9%
Mongol Securities	140	3,230.5	4,200.0	-	5.75	0.03	-0.2%	-0.2%	-	-
Hermes	49	2,960.2	3,848.6	53.90	0.48	0.03	0.9%	0.9%	100.0%	10.7%
Material Impex	2,423	2,549.9	3,315.2	23.35	3.37	3.95	2.6%	16.0%	10.5%	1.9%
Atar Urguu	19,000	2,544.9	3,308.6	4.11	0.68	0.09	16.5%	18.0%	26.2%	10.4%
Talkh Chikher	3,150	2,480.3	3,224.7	3.61	2.53	7.86	7.9%	70.2%	17.0%	5.6%
Naco Fuel	280	2,369.0	3,080.0	-	3.26	0.40	-2.0%	-2.4%	-	-
Takhi Co	2,501	2,289.2	2,976.1	15.16	3.36	0.18	18.7%	22.2%	99.9%	29.2%
Berkh Uul	150	2,199.3	2,859.3	-	3.32	1.42	-5.6%	-13.5%	12.8%	-16.6%
Aduunchuluun	885	2,145.1	2,788.9	6.81	1.31	0.48	14.5%	20.8%	33.4%	14.2%
Darkhan Nekhii	2,400	2,040.7	2,653.1	3.40	0.75	0.51	14.6%	22.1%	31.9%	19.9%
UB Book	2,300	1,996.0	2,595.0	-	2.90	2.25	-3.7%	-10.7%	34.4%	-9.1%
Mon It Buligaar	5,725	1,762.3	2,291.2	-	0.36	0.64	-6.6%	-10.8%	-10.5%	-75.5%
Tumriin Zavod	27,000	1,543.4	2,006.6	-	172.80	7.62	-1.0%	-8.3%	100.0%	-4.6%
Moninjbar	110	1,342.7	1,745.6	138.52	1.05	0.94	0.4%	0.8%	21.8%	0.8%
Ulaanbatar Khivs	3,450	1,074.3	1,396.7	-	0.29	0.20	-0.6%	-0.7%	12.6%	-2.1%

Auto Impex	601	1,069.4	1,390.3	22.73	-	-2.17	2.9%	-2.1%	-14.8%	312.1%
Mongol Savkhi	550	1,047.2	1,361.4	311.83	0.85	0.02	0.3%	0.3%	100.0%	1.9%
Gutal	790	983.6	1,278.8	4.87	0.28	0.02	4.6%	4.8%	24.3%	86.2%
HBOil	180	969.2	1,260.0	-	1.60	0.73	-8.8%	-14.7%	27.1%	-2329.0%
Niislel Urguu	2,600	871.7	1,133.3	-	-	-98.26	-1.4%	136.6%	13.3%	-4.6%
Suu	3,200	846.7	1,100.8	1.88	0.31	1.08	7.8%	16.4%	16.3%	5.3%
Olloo	110	820.7	1,067.1	-	1.11	0.01	-3.3%	-3.3%	21.0%	-18.2%
Darkhan Selenge Electricity Distribution	53	423.4	550.4	0.58	0.02	0.44	2.9%	4.2%	23.1%	4.0%
Mongol Shevro	550	389.3	506.2	23.06	0.41	0.90	0.9%	1.8%	35.3%	2.9%
Sor	556	381.2	495.6	-	0.49	0.01	-7.7%	-7.8%	-	-
Songolon Barmat	256	379.8	493.8	-	1.95	3.82	-3.5%	-16.9%	49.5%	-19.2%
Mongol Nekhmel	1,040	379.3	493.1	356.27	1.84	2.70	0.2%	0.5%	32.6%	0.7%
Tulga	3,680	372.6	484.4	15.89	0.66	0.03	4.1%	4.2%	87.6%	22.2%
Nekheesgui Edlel	350	346.9	451.0	-	0.31	0.02	-5.2%	-5.5%	-2.3%	-25.1%
Erdenet Khuns	1,030	312.4	406.1	-	0.18	0.81	-2.4%	-4.4%	3.9%	-40.5%
Khaniin Material	530	266.2	346.1	4.61	0.60	1.56	5.1%	13.0%	40.1%	3.3%
Darkhan Hotel	3,500	240.8	313.1	-	0.39	0.33	-4.0%	-5.3%	-19.3%	-35.7%
Mongol Ceramic	650	159.4	207.3	1.00	0.14	0.44	9.5%	13.7%	71.8%	25.7%
Gazar Suljmel	3,002	150.9	196.2	1.16	0.47	1.06	19.5%	40.3%	30.4%	12.5%
Gan Khiits	780	145.5	189.1	-	0.22	5.49	-2.0%	-9.8%	15.2%	-3.5%
Darkhan Khuns	500	145.3	188.9	3.95	0.45	0.68	6.7%	11.3%	22.7%	5.7%
Dornod Auto Zam	2,244	129.3	168.1	13.92	0.93	0.59	4.2%	6.7%	2.2%	1.9%
Tegsh	1,050	126.7	164.7	-	1.70	0.02	-4.7%	-4.8%	-	-

Source: MSE, Eurasia Capital

## International Listed Companies Performance (August 23-27, 2010)

Name	Ticker	Currency	Close Price	MktCap	Price		Performance		Daily Volume (52Wk)
					US\$mn	52 wk high	52 wk low	w-o-w	y-t-d
IVANHOE MINES LTD	IVN US	USD	17.18	8,384.47	18.94	10.37	-0.75%	17.59%	29.07
CENTERRA GOLD INC	CG CN	CAD	15.06	3,350.96	15.57	6.41	0.40%	39.44%	9.62
MONGOLIA ENERGY CO LTD	276 HK	HKD	2.98	2,338.11	5.79	2.54	-11.31%	-25.13%	9.36
SOUTHGOBI RESOURCES LTD	1878 HK	HKD	80.05	1,893.00	130.00	75.00	-5.10%	-	2.14
EAST ASIA MINERALS CORP	EAS CN	CAD	6.20	424.14	8.73	1.70	5.26%	33.62%	2.31
PETRO MATAD LTD	MATD LN	Gbp	157.50	382.97	166.50	13.00	10.53%	751.35%	0.23
KIU HUNG ENERGY HOLDINGS LTD	381 HK	HKD	0.41	253.67	0.59	0.20	-8.89%	6.49%	4.11
ENTREE GOLD INC	ETG CN	CAD	2.29	245.79	3.59	1.84	-4.18%	-10.20%	0.33
NORTH ASIA RESOURCES HOLDING	61 HK	HKD	1.50	149.93	3.19	1.18	-0.66%	-37.24%	0.61
HUNNU COAL LTD	HUN AU	AUD	0.88	126.42	1.28	0.20	-4.89%	-	0.89
PROPHECY RESOURCE CORP	PCY CN	CAD	0.49	49.58	0.99	0.33	-2.00%	25.22%	0.14
SOLARTECH INTL HLDGS LTD	1166 HK	HKD	0.02	40.13	0.32	0.02	0.00%	-84.52%	1.24
BESTWAY INTL HOLDINGS LTD	718 HK	HKD	0.18	35.01	0.56	0.17	-5.26%	-55.00%	0.18
ERDENE RESOURCE DEVELOPMENT	ERD CN	CAD	0.31	26.17	0.70	0.22	0.00%	10.71%	0.09

Source: Bloomberg, Eurasia Capital

Enkhbayar Davaatseren

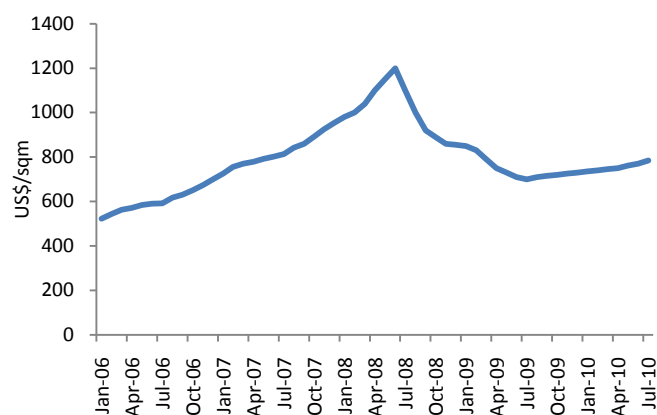
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## Property Price

### Residential property prices in Ulaanbaatar



Source: Eurasia Capital

## M&A Deal Summary

Target Company (TC)	Buyer	Buyer Country	TC Listing	TC Sector	TC Reserves	Stake, %	Deal Terms	Announce Date
<b>SWFs deals</b>								
Iron Mining	China Investment Corp.	CHN	N/A	Iron ore	N/A	N/A	US\$700mn	29.10.10
Iron Mining	Temasek Holdings/ Hopu Investment Management	SG/ CHN	N/A	Iron ore	N/A	N/A	US\$300mn	01.04.08
SouthGobi Resources	China Investment Corp.	CHN	N/A	Coal	122.3mn tn	N/A	US\$500mn	26.10.10
SouthGobi Resources	China Investment Corp., Temasek Holdings	CHN/SG	N/A	Coal	122.3mn tn	N/A	US\$50mn each in HK IPO	29.01.10
<b>Recent EBRD deals</b>								
Energy Resources	EBRD	Int-l	N/A	Coal	N/A	N/A	US\$180mn loan	19.02.10
APU	EBRD	Int-l	MSE	Food & Beverages	N/A	N/A	US\$25mn convertible loan	22.01.10
Petro Matad	EBRD	Int-l	AIM	Oil & Gas	638mn bbls resources	17	US\$6mn convertible	18.12.09
Leighton Mongolia	EBRD	Int-l	N/A	Mining	N/A	N/A	US\$35mn loan	10.11.09
<b>Private Equity deals</b>								
North Asia Resources Group	Green Global Resources	CHN	HKSE	Iron ore	148.9mn tn iron, 180,000 tn copper*	100	US\$227mn	16.12.09

First Dean Holdings Ltd	Kiu Hung Energy Holdings Ltd	CHN	HKSE	Coal	N/A	100	US\$180mn	17.03.10
Gobi Coal and Energy	Origo Partners Plc	UK	N/A	Coal	320mn tn resources	21.3	US\$15mn	27.11.09
Ovoot Coking Coal Project	Windy Knob Resources	AUS	N/A	Coal	N/A	100	US\$3.5mn + Shares	26.11.09
Troy Mongolian Alt Resources	Meritus Minerals	CAN	N/A	Gold	N/A	100	US\$0.5mn + Shares	20.01.10
Argalant Gold-Copper Project	Voyager Resources	AUS	N/A	Gold, Copper	N/A	100	US\$50,000 + Shares	19.01.10
PanAsian Petroleum	Sunwing Energy Ltd	CAN	N/A	Oil, gas	N/A	100	All Shares	18.11.09
Winsway Coking Coal	Hopu Investment/ two Chinese firms	CHN	N/A	Coal	N/A	20	US\$110mn	02.04.10
Erdenes Thermal Coal Project	Hunnu Coal	AUS	ASX	Coal	140-180mn tn	80	N/A	11.03.10
Ikh Shijir Erdene LLC/ Sun Progress	Solartech International Holdings	CHN	HKSE	Gopper, gold, silver	1.44mn tn copper, 4 tn gold, 196 tn silver	N/A	US\$192mn	04.05.10
Tsant Uul Coal Project	Hunnu Coal	AUS	ASX	Coal	50-100mn tn	90	N/A	26.05.10
Polo-Peabody JV	Winsway Coking Coal Holdings	CHN	N/A	Uranium, Coal	N/A	50	US\$25mn	26.05.10
<b>Other deals</b>								
Western Prospector	CNNC	CHN	Delisted	Uranium	20mn lbs (9,525 tn)	69	US\$18.5mn	15.04.09
Red Hill Energy	Prophecy Resource Corp	CAN	TSX	Coal	1.5bn tn resources	100	Merger All Shares	21.01.10
SMG Oil & Gas	BKM Management	AUS	ASX	Oil, gas	N/A	100	All Shares, A\$0.01/share offered	10.03.10

Source: Bloomberg, Eurasia Capital

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