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Media Release

South Gobi Deputy Governor Welcomes Mine Project

“You’re welcome!” That’s the very positive message delivered by South Gobi Deputy Governor, Mr Natsagdorj, at the ceremony held Sunday, to mark the first 8000t shipment of coking coal from Terra Energy’s Baruun Noyon Uul (BNU) Mine project in Mongolia.

“Today’s ceremony is very important, as an increase in exports contributes to the development Mongolia and its economy.

“The Mongolian and Regional governments welcome investors to the region.

“Mongolia’s development is reliant on the coal mining sector.

“Therefore the Mongolian Government is implementing programs focused on value added coal products, increased exports of coal, supplying coal to large power stations and exporting power to foreign countries,” he said

Mr Natsagdorj’s welcome speech highlighted the importance of mining projects to Mongolia and South Gobi.

The highlights are as follows:

- ⌈ In 2012 the mining industry contributed 18% of Mongolia’s GDP,
- ⌈ Mining comprises 67% of Mongolia’s primary industry, and
- ⌈ Contributes 87.7% of Mongolian exports.
- ⌈ Mongolian coal resources are estimated to be 175.5 Billion tones and are a major player in the International coal market.

“We are working together with the Government of Mongolian to reach one goal of developing Mongolian citizens.

“There are 80 mineral deposits, 68 mining licenses, 185 exploration licenses, and 200 mineral deposit occurrences in the South Gobi.

“Of all mining licenses in Mongolian, coal deposits make up 71.4% of these,” he said.

In the South Gobi region Terra Energy is one of 35 companies holding coal mining licenses. Of the 25,500 strong South Gobi work force 8,030 (31.4%) are in the mining sector.

Full speech translation follows.

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Ceremony to Mark First Shipment of Coal from BNU mine Project, South Gobi, Mongolia

Sunday 24 August 2012

Translation of Speech by Deputy Governor, South Gobi Province Mr Natsagdorj

Distinguished guests, ladies and gentlemen,

Welcome - guests and employees participating in Terra Energy's First Coal Loading Ceremony.

There is a 90 year history of mining in Mongolia. During this time there have been many successes but also large challenges to overcome. In 2012 the mining industry contributed 18% of Mongolia's GDP, mining comprises 67% of Mongolia's primary industry, and contributes 87.7% of Mongolian exports.

Mongolian coal resources are estimated to be 175.5 Billion tones and are a major player in the International coal market.

The Ministry of Mining of Mongolia has a short, medium, and long policies to develop the Mongolian coal industry. Mongolia's development is reliant on the coal mining sector. Therefore the Mongolian the Government is implementing programs focused on value added coal products, increased export of coal, supplying coal to large power stations, and exporting power to foreign countries. Also we are aiming to produce semi-coking coal products, and coal bed methane.

The mining sector contributes to local development, and also the Mongolian economy. We are working together with the Government of Mongolian to reach one goal of developing Mongolian citizens. There are 80 mineral deposits, 68 mining licenses, 185 exploration license, and 200 mineral deposit occurrences in the South Gobi.

Of all mining licenses in Mongolian, coal deposits make up 71.4% of these. In the South Gobi region 35 companies hold coal mining licenses and the main companies operating in the South Gobi are Oyu Tolgoi, Tavan Tolgoi, ETT, Energy Resources, Qinhua MAK, MAK, SGS, Hunnu Resources and Terra Energy.

With the development of the mining sector in the South Gobi the regional population is increasing. In 2003 the South Gobi population was 47,821, in 2013 that had increased to 58,555 an increase of 18.5%.



Of the 25,500 strong South Gobi work force 8,030 (31.4%) are in the mining sector.

Today's ceremony is very important, as an increase in exports contributes to the development Mongolia and its economy. The Mongolian and Regional government welcomes investors to the region. The coal sector should be responsible, safe, health conscious, environmentally friendly and mutually beneficial while working within Mongolian Law.