



**MINISTRY OF MINING AND
HEAVY INDUSTRY**



**Investment potential in the
MINERALS SECTOR OF
MONGOLIA**

Outline

Mongolia at a glance

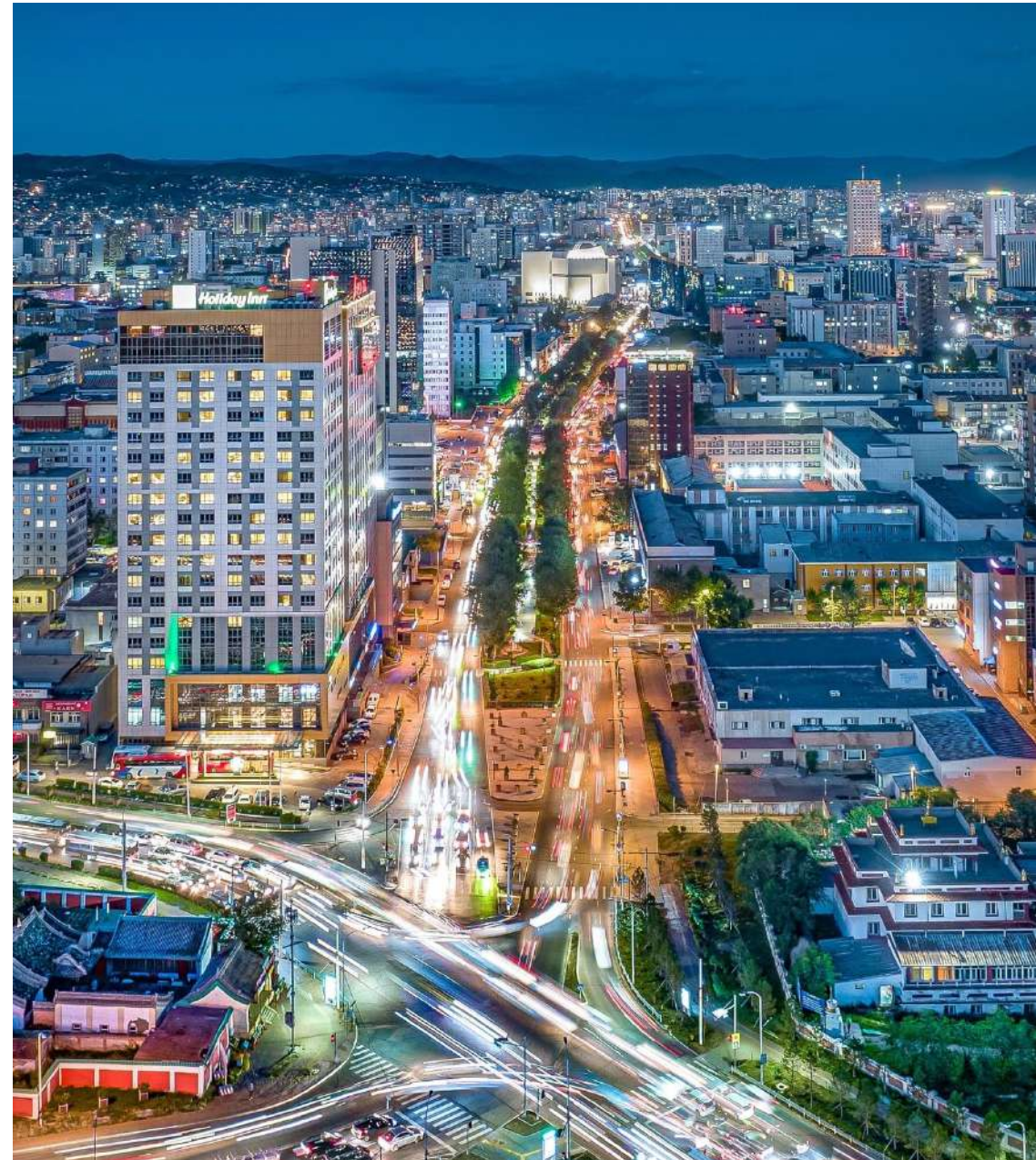
Geography and climate
Political system

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Geological potential
Metals outlook
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Critical elements outlook
Combustible minerals outlook
Petroleum outlook
Securing exploration tenement

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How to Start Business
Tax Basics
Legal environment





Mongolia at a glance

One of the world's fastest-growing economies, holding a massive wealth of mineral resources. With an outward-looking professional business community, democratic government and rapidly improving living conditions, many international investors are turning their attention to Mongolia. Landlocked between Russia and China, Mongolia is a country of extremes. Despite the different climate types, thin populations, and large territory within Asia, the cosmopolitan atmosphere of central Ulaanbaatar contrasts with the isolated existences of smaller communities.

MONGOLIA AT A GLANCE

3.4 million
Population


2.0%
GDP Forecast 2022
(IMF)



3.4 million
Population


TOP EXPORTS 2022/III

 **Coal Briquettes**
\$11.5 billion

 **Copper Ore**
\$2.2 billion

TOP IMPORTS 2022/III

 **Refined Petroleum**
\$1.2 billion

 **Cars**
\$960 billion

KEY TRADING PARTNERS BY DESTINATIONS



SOURCE: National Statistics Office of Mongolia, General Authority of Customs of Mongolia

Geography and climate

Bordered on the north by Russia and on the east south and west by China, Mongolia has a total area of one point five million square kilometers, making it the nineteenth largest country in the world and the second largest landlocked country.

For administrative purposes, the territory is divided into three cities and twenty-one provinces (aimags). The most significant population center is the capital Ulaanbaatar, home to approximately 1.3 million people.



Mongolia is situated on a plateau far from any ocean, with an average elevation of one and a half kilometers. This gives it an extreme continental climate that varies considerably across the country and between the seasons. Broadly speaking, elevation is lowest in the east of the country, rising to the Altai mountain range in the west. Mongolia's highest point is a mountain peak marking the western border between Mongolia, Russia, and China. Traveling north to south, one would go from Siberian forests and lakes, pass through open steppe grassland and mountains, and ultimately reach the Gobi desert.



Political system

Mongolia is a parliamentary democracy, with key positions held by the President, Prime Minister, and Government Ministers. The main chamber of parliament, consisting of 76 members elected on a first-past-the-post system, is called the State Great Khural. Parliamentary elections are held every four years and presidential elections every 6 years.

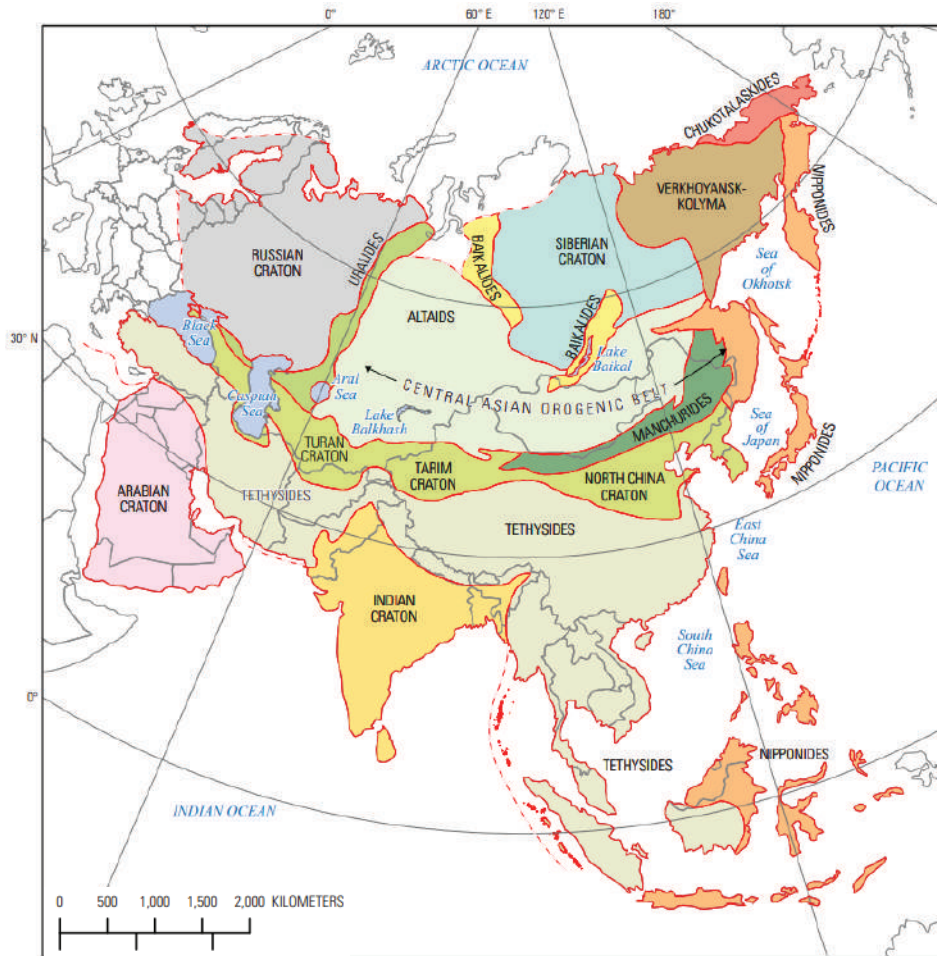
Since the early 1990s, the main government parties have been the Mongolian People's Party (MPP) and the Democratic Party (DP). The MPP was formerly called the Mongolian People's Revolutionary Party (MPRP) and was the ruling party throughout the socialist era. The party now calling itself the MPRP is a splinter group, created after the original party changed its name in 2010.

Mongolians elected 76 members of parliament on June 24, 2020. The governing Mongolian People's Party (MPP) won another resounding victory with 62 seats (slightly down from 65 won in 2016).

While the MPP has only lost three seats, the 62 seats do hold a supermajority by any definition in a parliament of 76. The other seats were won by the opposition Democratic Party (DP – 11 seats), the Mongolian People's Revolutionary Party (MPRP, as part of the Your Coalition – one seat), and the National Labor Party (Khun, as part of "Right Person Elektorat" coalition – one seat), with the remaining seat going to former Prime Minister N. Altankhuyag, who campaigned as an independent.

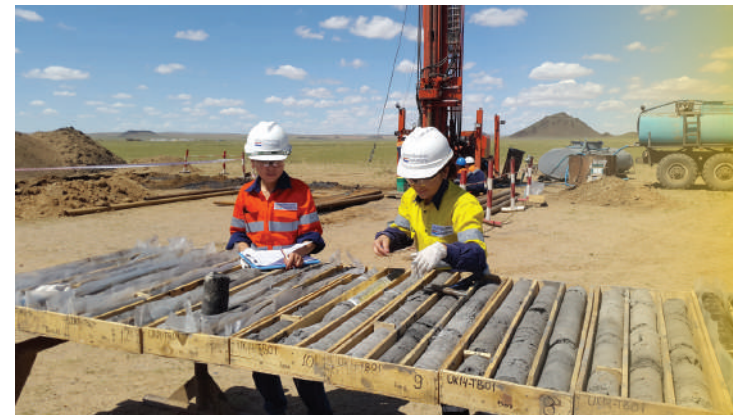


Minerals potential of Mongolia

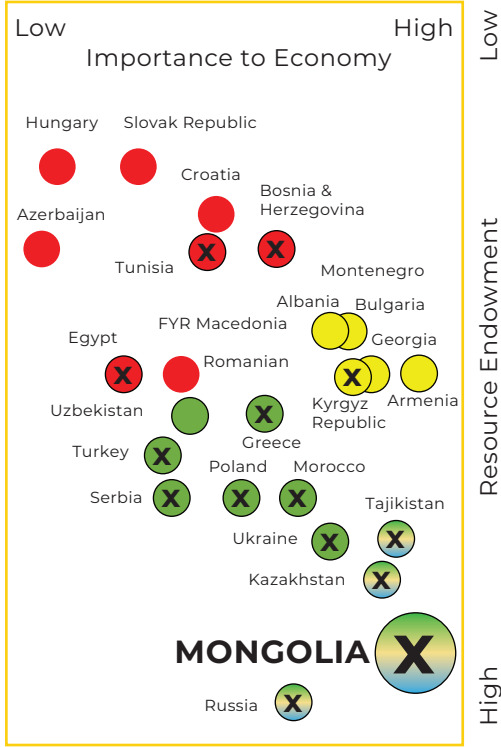


Mongolia is in the heart of the Central Asian Orogenic Belt located between the East European, Siberian, North China, and Tarim cratons, and is considered the largest area of Phanerozoic continental crustal growth (Bold et al., 2016). The evolution of the orogenic belt involved magmatism associated with a variety of geologic settings appropriate for the formation of many types of mineral deposits (Zientek et al., 2015).

Mongolia has excellent geologic/natural potential for mineral resource development (Hedenquist & Daneshfar, 2003), which promises an unprecedented growth potential for copper, base metals, gold, coal, and uranium.

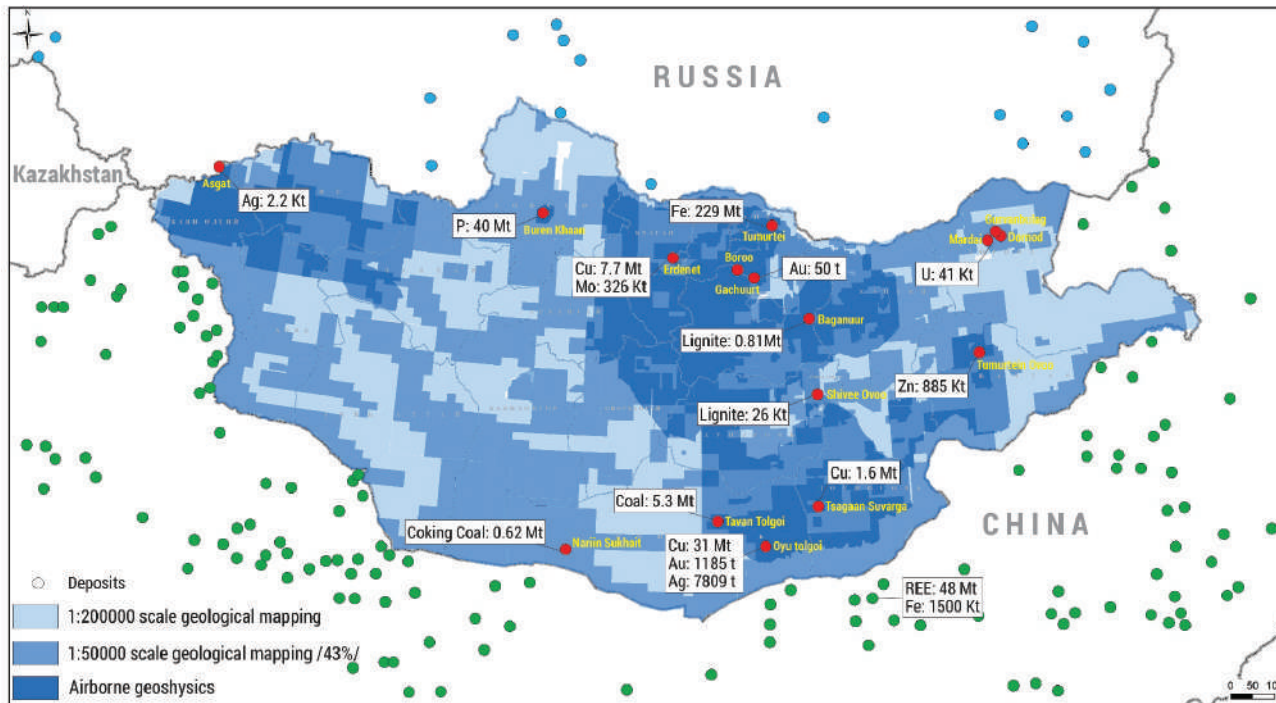


Minerals potential of Mongolia



EBRD, 2018

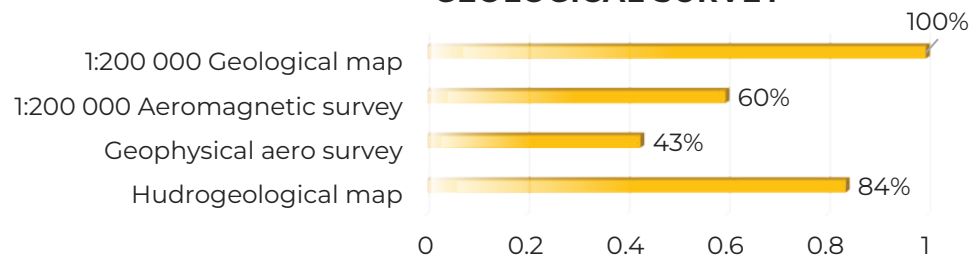
Minerals potential of Mongolia



Mongolia as one of the world's leading mineral resources has over 8,000 occurrences and 80 types of minerals. The country exports over 14 types of minerals and China is the single biggest importer.

PROVEN RESERVES		
Minerals	Unit	Proven reserves
Copper	million.tn	69.9
Coal	billion.tn	33.4
Iron ore	billion.tn	1.84
Gold	tn	448.1
Zinc	million.tn	4.4
Fluorspar	million.tn	34.2
Uranium	thousand.tn	192.2
Crude oil	million.tn	332.6

GEOLOGICAL SURVEY



2,557 ACTIVE LICENCES- Only 3.7% of the territory

Exploration licence are only 1.1% of the territory

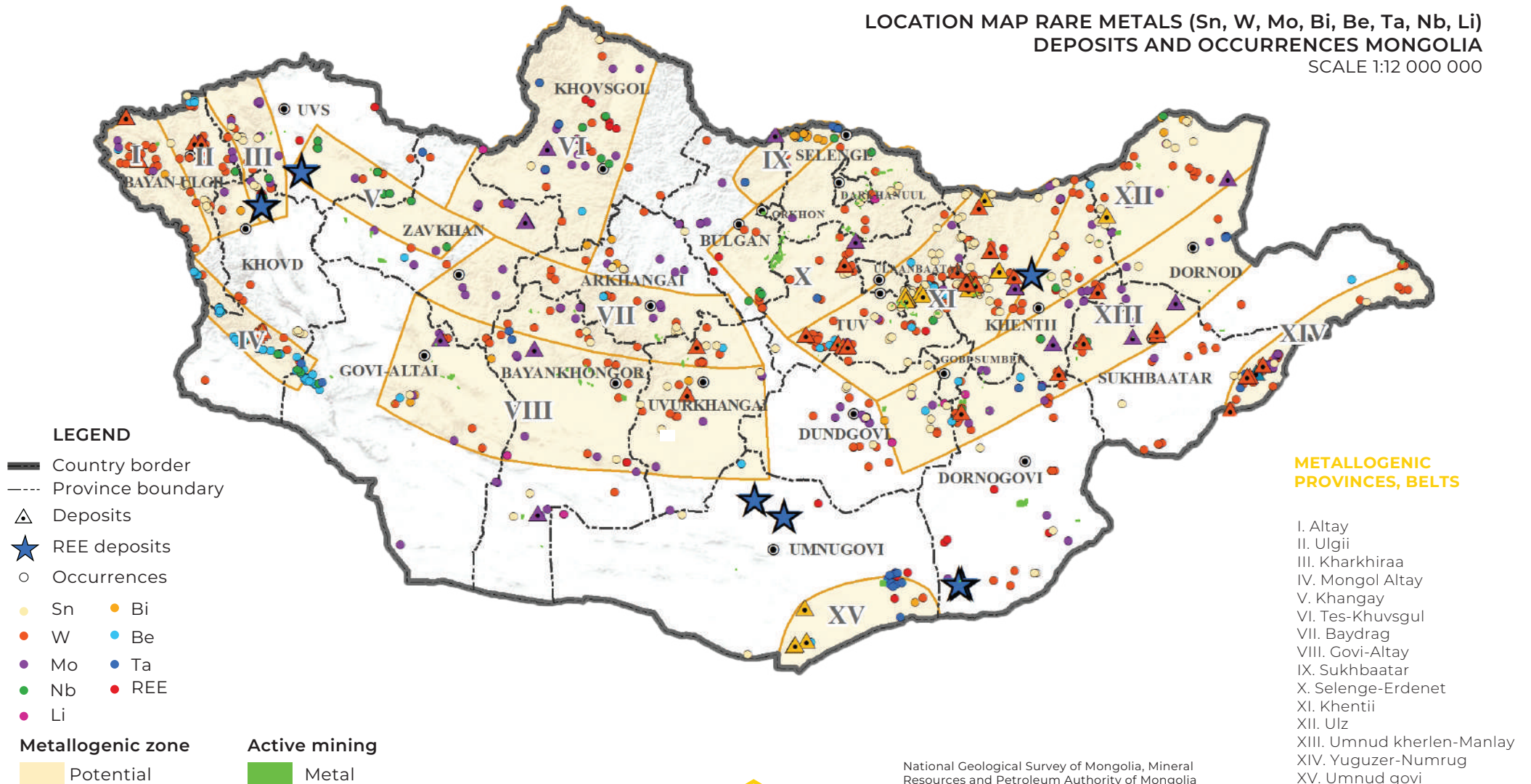
849
Exploration
licences

Mining
licence are
only 2.6% of
the territory

1708
Mining
licences

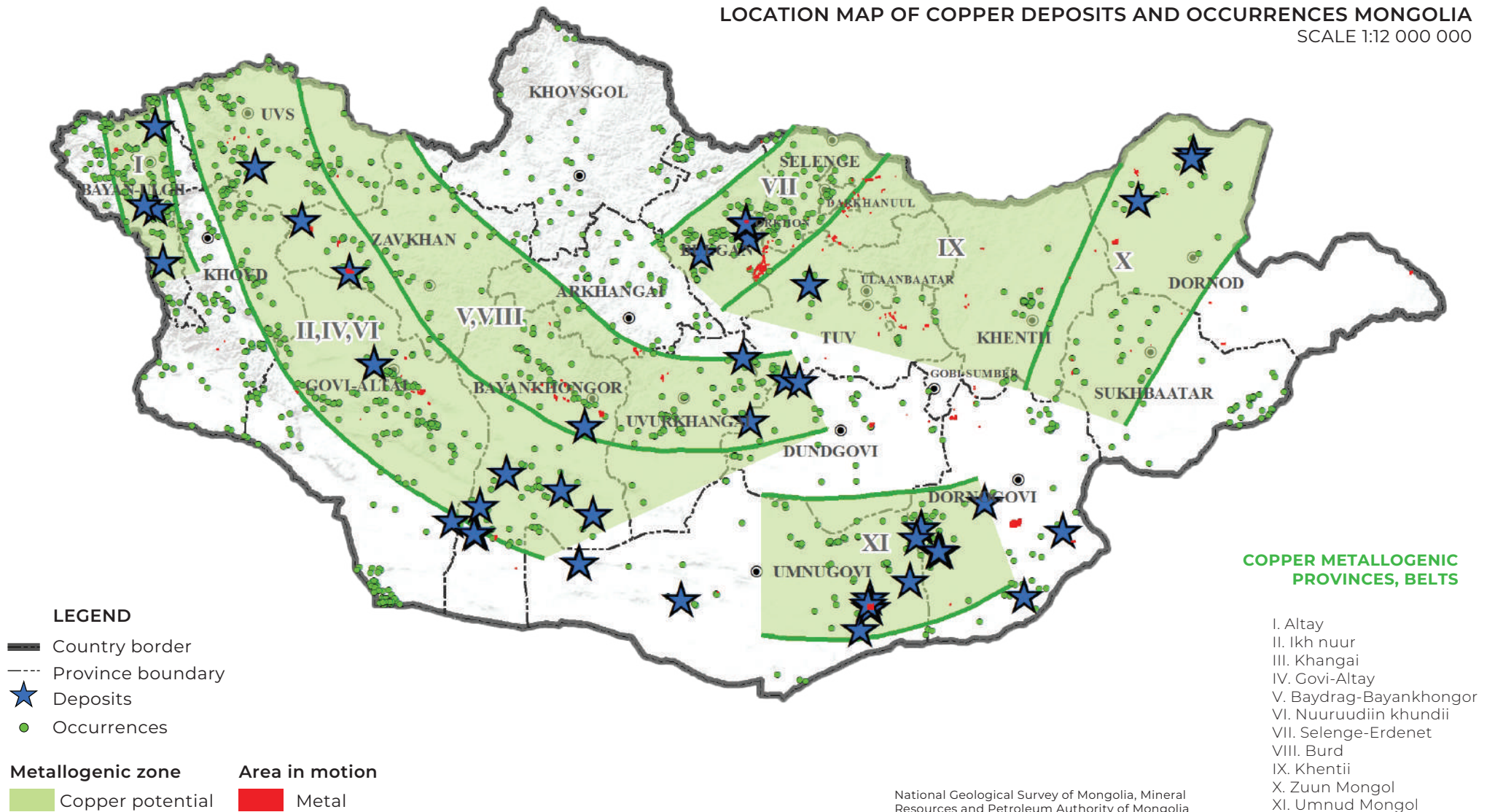
Rare Minerals Outlook

LOCATION MAP RARE METALS (Sn, W, Mo, Bi, Be, Ta, Nb, Li)
DEPOSITS AND OCCURRENCES MONGOLIA
SCALE 1:12 000 000



Copper Deposits Metals Outlook

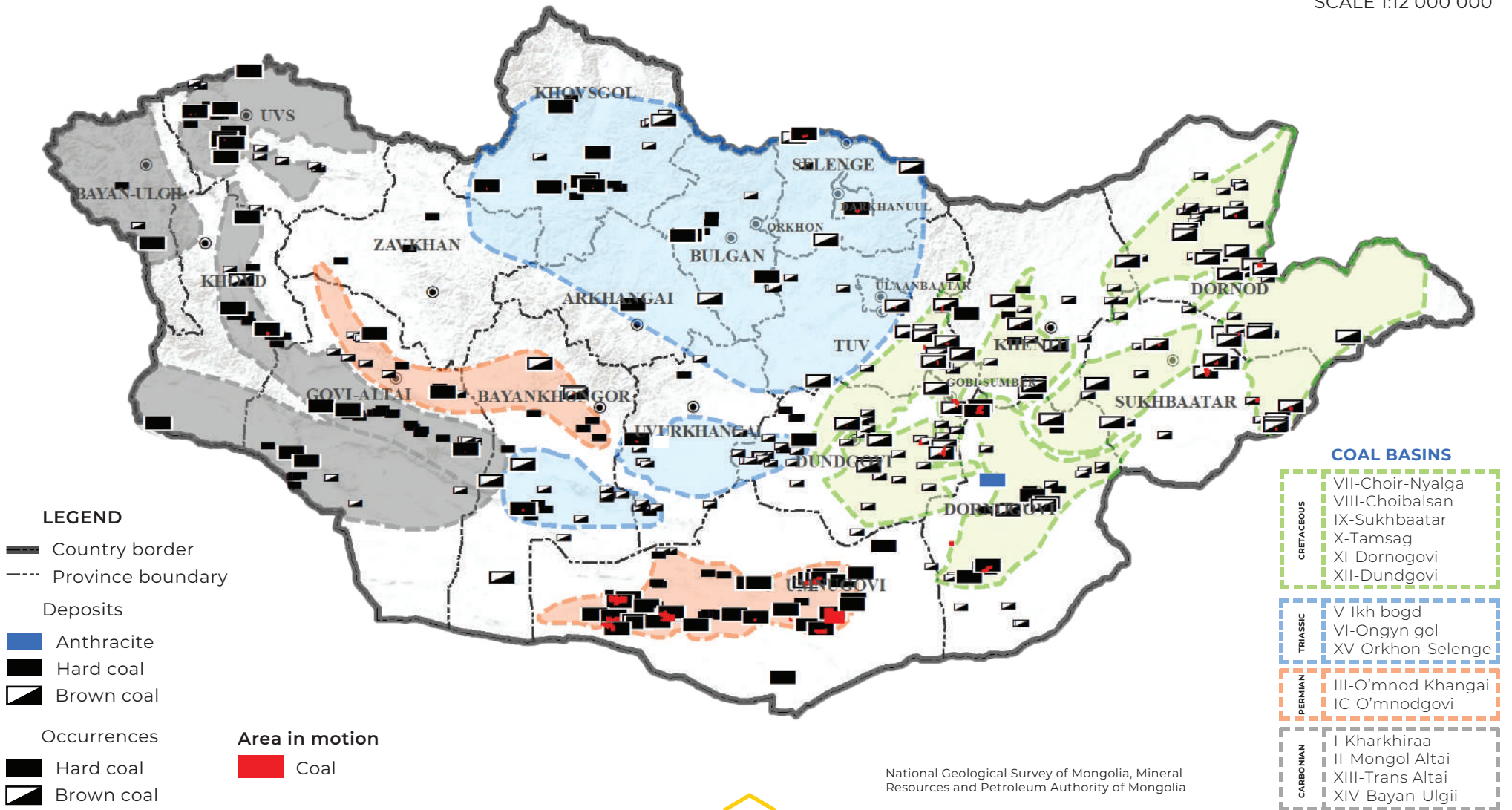
LOCATION MAP OF COPPER DEPOSITS AND OCCURRENCES MONGOLIA
SCALE 1:12 000 000



Coal Deposits Outlook

LOCATION MAP OF COAL DEPOSITS AND OCCURRENCES MONGOLIA

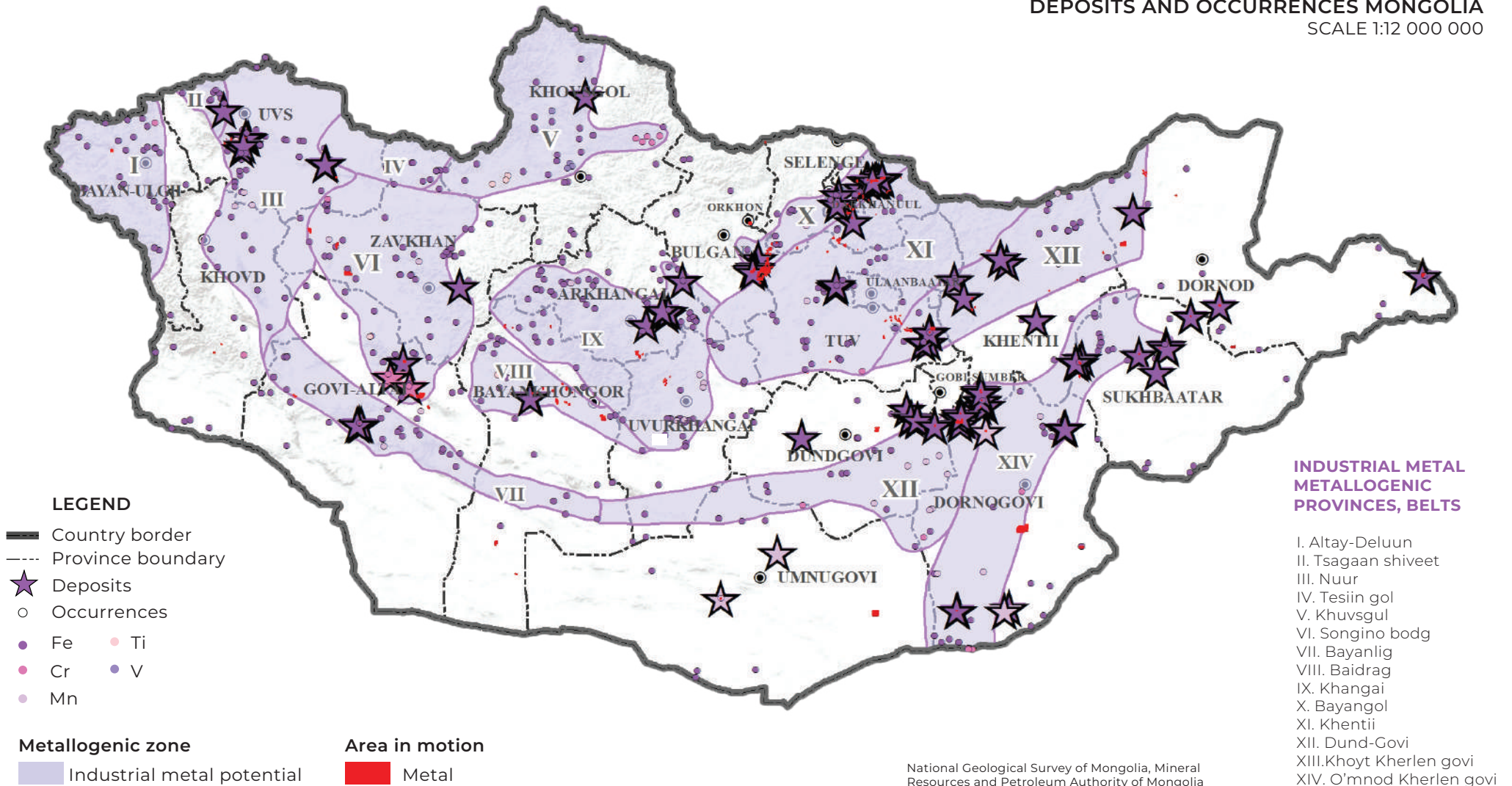
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National Geological Survey of Mongolia, Mineral Resources and Petroleum Authority of Mongolia

Industrial Minerals Outlook

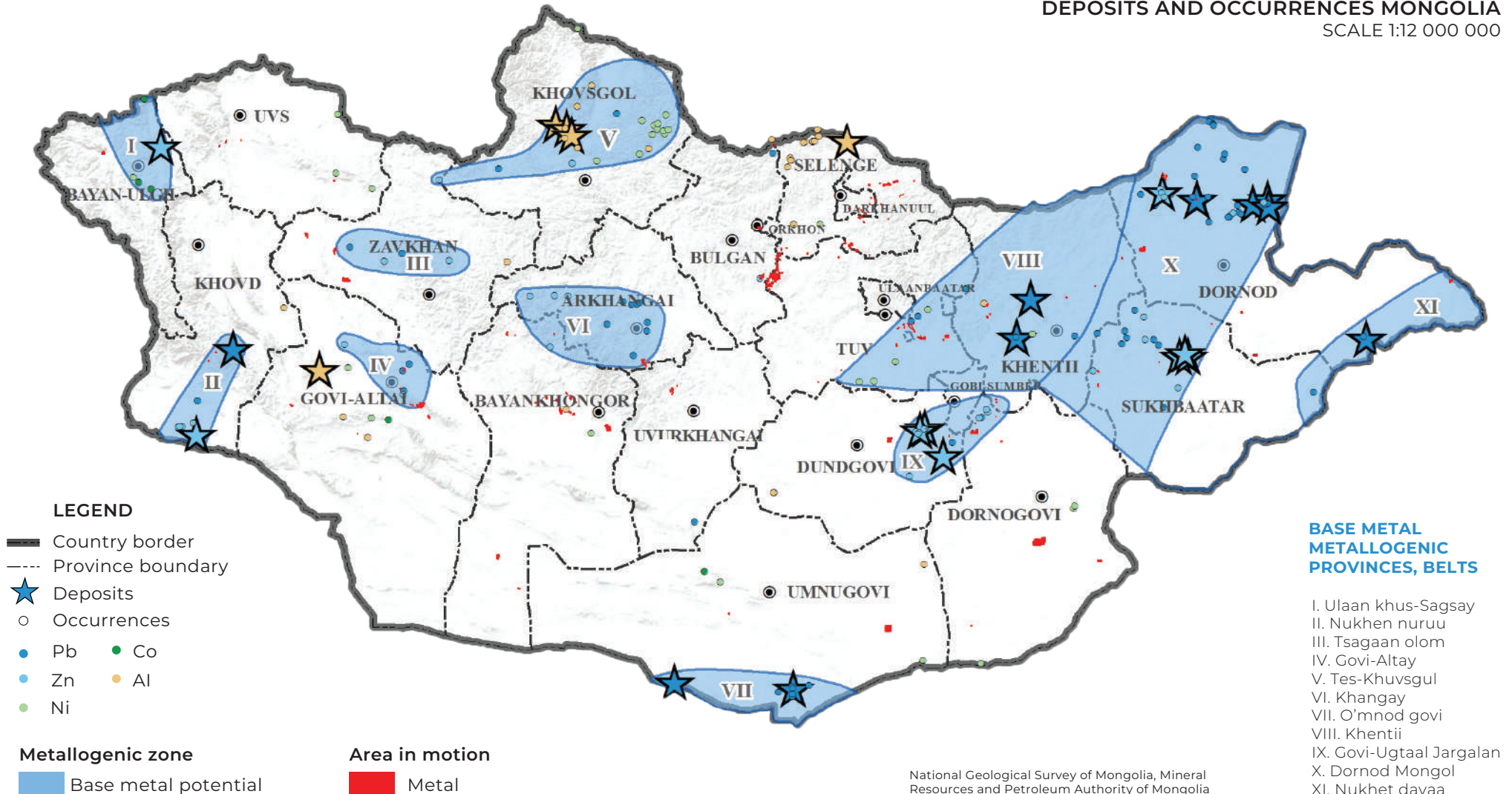
LOCATION MAP OF INDUSTRIAL METAL'S (Sn, W, Mo, Bi, Be, Ta, Nb, Li) DEPOSITS AND OCCURRENCES MONGOLIA
SCALE 1:12 000 000



National Geological Survey of Mongolia, Mineral Resources and Petroleum Authority of Mongolia

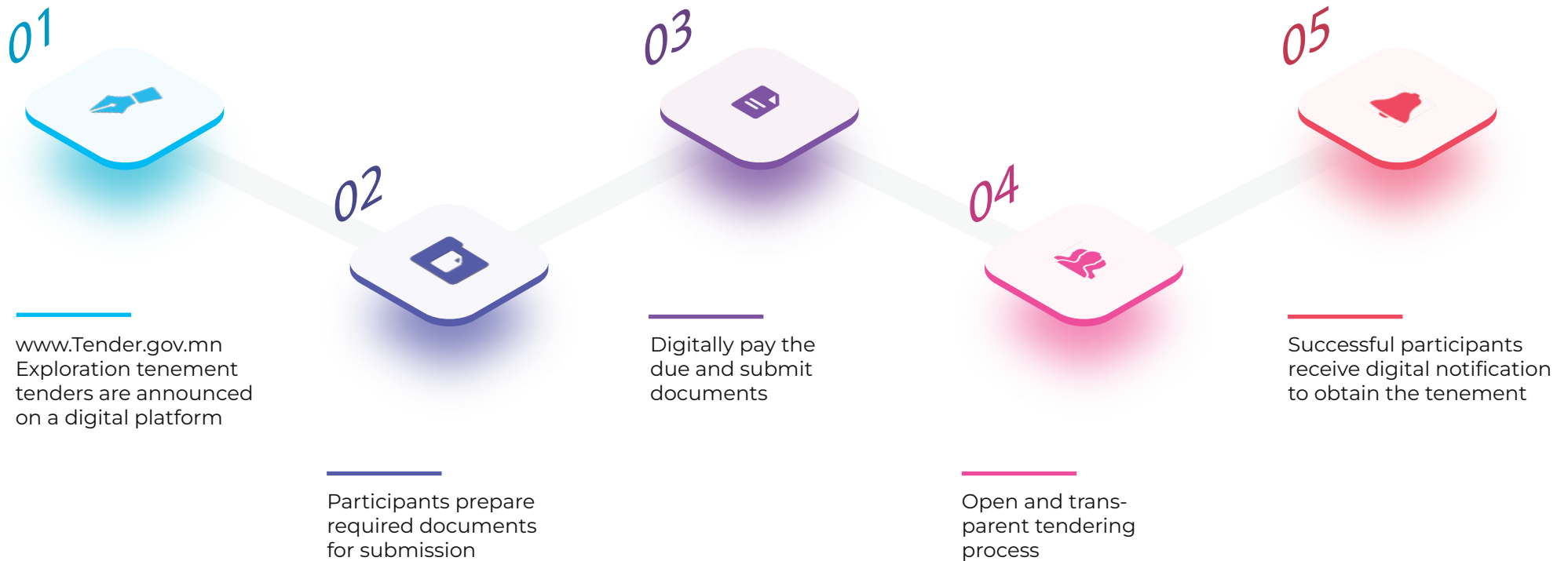
Base Metals Outlook

LOCATION MAP OF BASE METAL'S (Pb, Zn, Ni, Co, Al)
DEPOSITS AND OCCURRENCES MONGOLIA
SCALE 1:12 000 000



Tender process

Digital transition

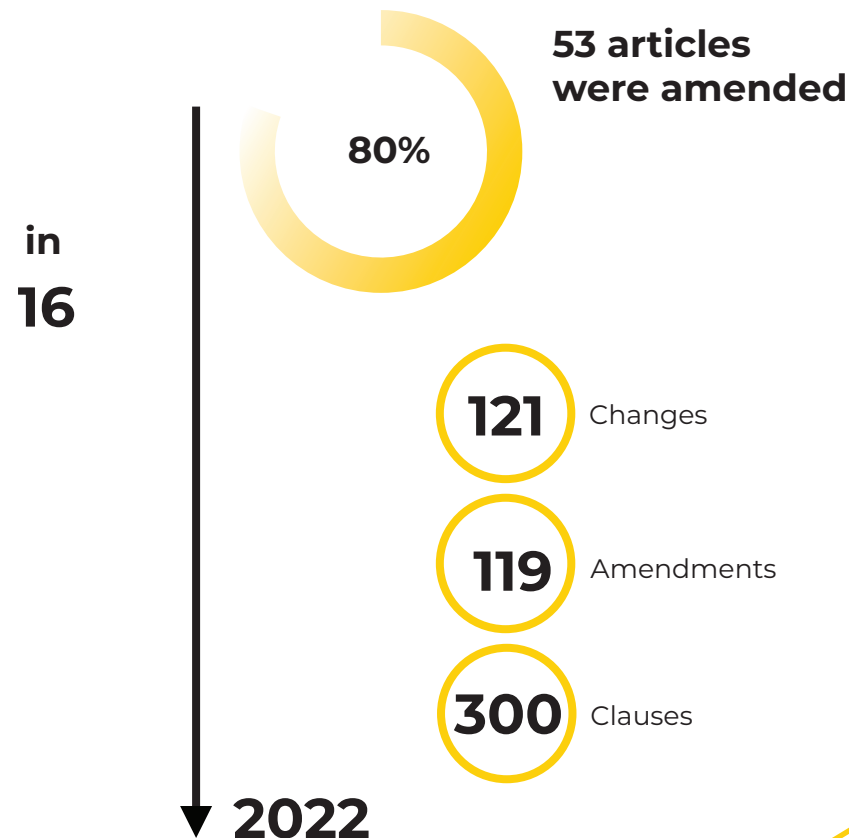


Open, transparent, and rapid service

CHALLENGES - ACKNOWLEDGED AND CONFRONTED

UNSTABLE LEGAL & POLITICAL ENVIRONMENT

MINERALS LAW OF MONGOLIA /2006/:
11 Chapters and 66 Articles



STABLE LEGAL & POLITICAL ENVIRONMENT

Redrafting of the MINERALS LAW OF MONGOLIA
/Q1 2023/

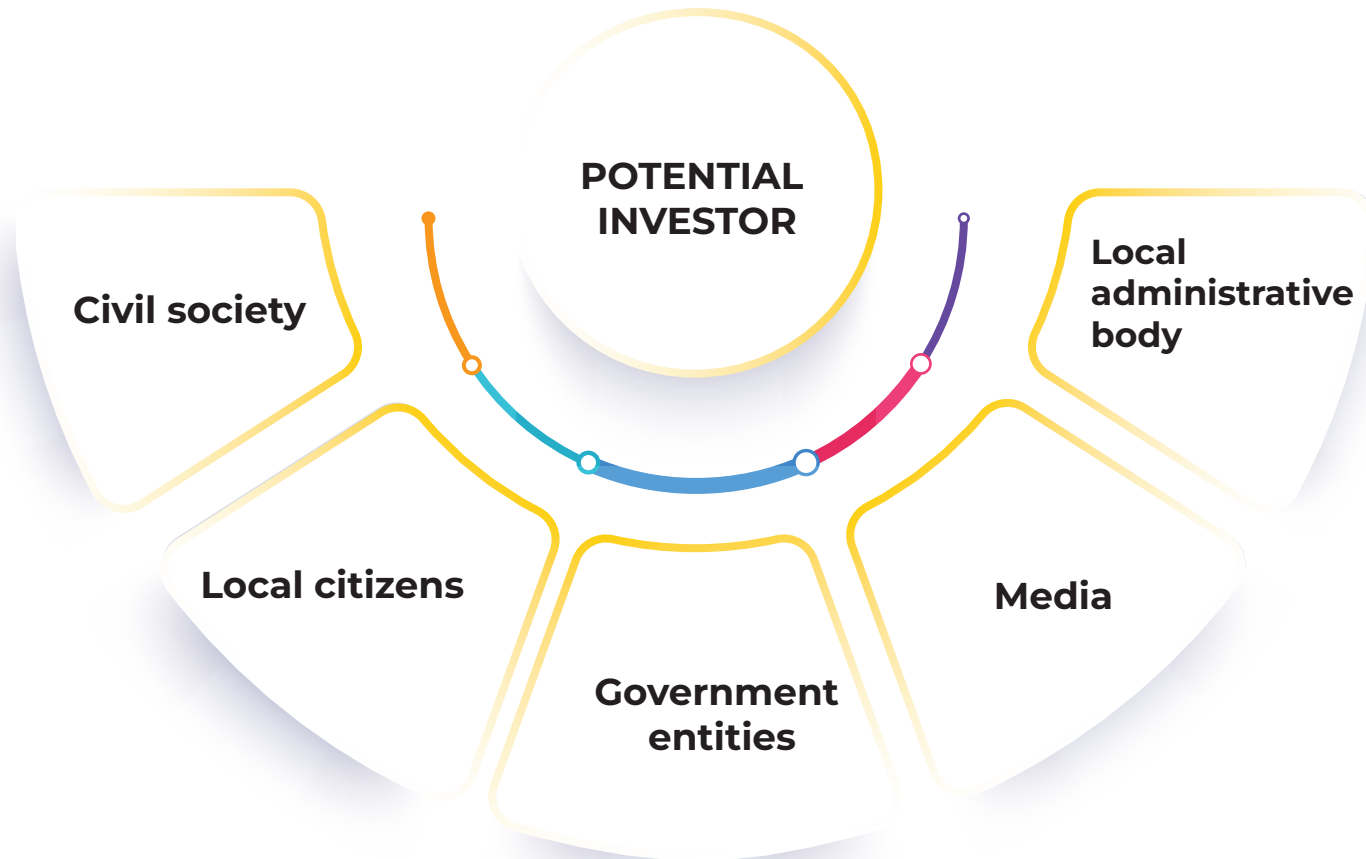
Redrafting of the INVESTMENT LAW OF MONGOLIA
/2023/

**COLLABORATING WITH THE
EXPERTS INTERNATIONALLY &
DOMESTICALLY**

Suggestions, advice, and in-depth
discussions are welcome!

CHALLENGES - ACKNOWLEDGED **AND CONFRONTED**

HEAVY INFLUENCE OF THE LOCALS  TRANSPARENT COMMUNICATION /COLLABORATION



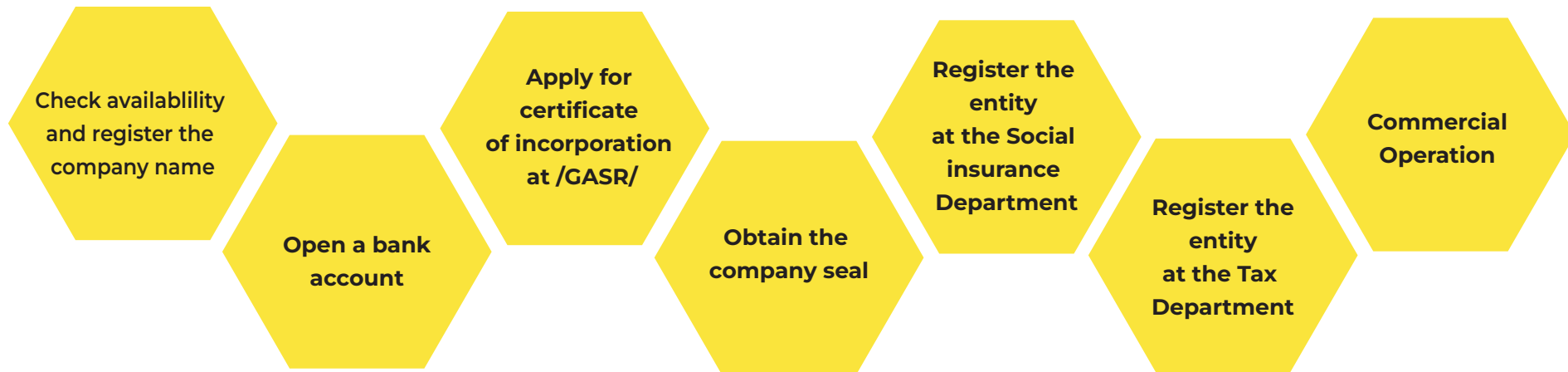
Suggestions, advice, and in-depth discussions are welcome!



SETTING UP IN MONGOLIA

Establishment procedure of a new business **Entity with foreign investment**

The incorporation of new business entity with foreign investment (BEFI) in Mongolia takes place at the General Authority for State Registration /GASR/.



Establishment procedure of a representative **office of a foreign legal entity**

The establishment of a new representative office of a foreign legal entity in Mongolia takes place at the GASR.



Foreign entities doing **Business in MONGOLIA**

The Investment Law stipulates that a foreign entity must either be incorporated as a business entity with foreign investment (BEFI) or as a representative office in order to conduct any activity in Mongolia. A BEFI is defined as an entity that is incorporated in Mongolia and of which at least 25 percent of the equity is held by a foreign investor(s) whose minimum contribution to the entity is USD100,000, per such investor. A representative office is defined as an entity that is established in Mongolia solely to operate as a representative office of a parent foreign entity such representative office does not have the power to earn revenue from business activity in Mongolia. All information related to the registration of the company provided on the website of the State Office in Mongolia www.burtgel.gov.mn.

Tax legislation

The purpose of the General Tax Law (the Tax Law) in Mongolia is to:

- Establish legal grounds for the introduction, establishment, imposition, reporting, payment, control, and collection of taxes in Mongolia.
- Define the rights, duties, and liabilities of taxpayers and tax authorities
- Regulate relations arising between taxpayers and tax authorities

All other laws and regulations relating to taxation in Mongolia should be read in conjunction with the Tax Law. The Mongolian tax system comprises taxes, fees, and payments which are categorized as either state or local taxes. There are twelve types of state taxes and fourteen types of local taxes, controlled by regional Government.

LEGAL ENVIRONMENT

The Minerals sector's legal environment is constantly improving, and the major laws related to doing business in the sector are as follows.

Minerals Law /2006/
Common Minerals Law /2010
Water Law /2012/
Nuclear Energy Law /2009/
Petroleum Law /2014/
Petroleum Production Law /2005/
Land Law

Environment impact assessment law /2012/
Law on the fees for natural resources /2012/

Company Law /2011/
General law on taxation /2008/
Law on investment /2008/
Concession law /2011/
Business entities income tax law /2006/
VAT law /2015/
Customs Law /2008/