

PROJECTS TO EXPAND CONCENTRATORS LOCATED IN KHAR TOLGOI, BAYAN OVOO SOUM, SOUTH-GOBI

Company overview	✓ Golden Triangle LLC was found in 2005. The main business activity of transporting and purifying coal to produce coke (fuel) from 2007-2010.
	✓ The company owns total of 50 hectares of land, currently the company uses 20% of the land.
	✓ As of 2014, the land was accounted for \$10.5 mln.

Sector and industry overview	✓ Mongolia, especially South Gobi Province is admired by the world with its coking coal resources and their quality.
	✓ Top internationally leading companies in the areas such as China, Germany, Australia, Japan and Korea are working on the large scale projects in the region.
	✓ The government resolved the railroad system policy and during the Summit of the Heads of two neighboring states, the prosperities in Third World market has been opened to Mongolia.

Coal Resources in Mongolian

No.	Mine	Coke Coal /mln.ton/	Coal for Energy /mln.ton/	Total resource /mln.ton/
1	Tavan Tolgoi	1,495,000	3,579,000	5,074,000
2	Ukhaa Khudag	252,101	159,138	411,239
3	Left part	34,278	507,984	542,262
4	Bor Tolgoi	-----	392,946	392,946
Total		1,781,379	4,639,068	6,420,447

Coal processing plants in Mongolian Market

№	Name	Dry Concentrate	Concentrator by water	Coke	Total /Amount in tonnes /
1	Energy Resource LLC	-	5,000,000	-	5,000,000
2	Enkh LLC	-	180,000	150,000	330,000
3	Golden Triangle LLC	300,000	720,000	50,000	1,070,000

Project introduction

- ✓ The factory is located in the Bayan-Ovoo soum of South Gobi aimag, distant 50km from Tavan Tolgoi coal mine and 200 km from Gashuun Sukhait border port. Improved paved road is 100 meters away from our factory and, in 1km of distance, there are Gashuun Sukhair border port, as well as Industrial Park of Bugat city of China and narrow tracked railway embankment towards other cities.
- ✓ “Golden Triangle “ LLC company rely on Tavan Tolgoi coking coal field and it intends to implement the project that has multi stages such as developing an energy, coke and

coal-chemical complex step-by-step, producing value added products domestically and increasing its exports. The company has started working to expand our activities by using coal processing plant, SKT12, which purifies the coal by water. In order double our factory capacity and product quality, we have been working on processing the SKT-12 equipment which is the advanced technology to purify the coal with water and we are expecting US \$ 11.3 million of investment totally for our factory project.

- ✓ The foundation of production building is finished already. 12% of the total investments we have funded from own resources. We have paid 30% of the production plant, and financed 21% of the construction work.
- ✓ In 2012, was signed a contract to purchase the SKT12 equipment from Shen Zhou group of Tani-Shan city, Hebei Province of China and affirmed the contract by making advance payment. Shen Zhou Group of Tani Shan city has a sales branch companies in countries such as Inner Mongolia, Russia, USA, Australia, Canada and supplies in coal processing equipment's for 20 countries of the world. Total capacity of SKT12 equipment, coal washing machine, is 2434.9m2 and upon order of Shen Zhou coal equipment factory of Tani Shan city of China, the coal processing plant design is completed by Institute of Mining and Design of Tyani Jini city and approved by professional organization of construction quality standards on 15 March 2012. And the framework of the plant is accomplished fully.
- ✓ For the coal washing /processing/ method, the most important raw material is water. Our factory has 3 deep wells and water resources of the SKT-12 hardware specifications and fully meets its requirements.

Full capacity of our coal processing plant capable of producing 720,000 tons of coal per annum, and this is expected to raise capital to build the plant in two distinct stages.

The estimation of the project appears to gain back the investment in very short period of time without any risk and 20%-25% of return is expected.

Profit from every ton of processed coal.

Type	2011	2012	2013	2014	2016 est.
Coking coal prices in the market / price is not included VAT /	\$ 41.0	\$ 40.0	\$ 37.0	\$ 34.0	\$ 34.00
The average price in the processing enriched by wet and dry coal of GSK	125	\$ 134	\$ 95.6	\$ 74.4	\$ 85.00
Profit of per ton to absorb added value	\$ 84	\$ 94	\$ 59	\$ 40	\$ 51

Financial snapshot

The whole project consists of two stages.
 1st stage: 4.4 million USD investment required
 2nd stage: 7.0 million USD investment required

Summary budget to expand a plant of Golden Triangle LLC

1	1st stage	Building and facility	\$ 669,531
2		Equipment SKT -12	\$ 2,228,935
3		Supply of Energy	\$ 607,065
4		machine & mechanism	\$ 498,000
5		Settings in the wells and on-site facilities	\$ 71,000
6		Adjustment and test of Production	\$ 198,896
result of 1st stage			\$ 4,273,427
1	2nd stage	Current asset and production	\$ 7,000,000
result of 2st stage			\$ 7,000,000
To be required investment of total project			\$ 11,273,42

IRR 45%

Pay back in years – 1.79 years

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