



At AMEP, we are excited to wrap up the second year since phase 2 started in 2019. Like everyone else, we were caught off guard by the pandemic. However, like everyone else, we have adapted.

I'm proud to be leading a team of dedicated professionals, who continue striving and delivering despite the pandemic. Thanks to our partners in government, industry, and civil society, we have reached a number of milestones in our six activities.

It is my honor to share key updates AMEP 2 has achieved so far in this newsletter. Mongolia's royalties on minor elements have been assessed in comparison to international good practices. Development of guidelines for prospecting, exploration and reporting of resources and reserves for seven selected minerals, namely aluminum ore, lithium-caesium, graphite, rare earth elements, industrial mineral salts, sand and gravel, carbonate rocks, are ready for review and approval by Mongolian authorities.

In AMEP Newsletter #7, you will read more about our activities and progress. As always, please visit our website at www.amep.mn for more information. Stay safe and stay healthy.

Kirsten Livermore, Team Leader

Updates for 2020-21 Activities

Royalties on minor elements, International Good Practice Assessment, Design of Guidelines and Methodology. Mongolian experts have produced a report on the legal framework relating to royalties in Mongolia and also industry data to inform a quantitative comparison of Mongolian royalties and those imposed on concentrates in Australia. International researcher has presented preliminary findings to inter-ministry working group. Research indicates that the Mongolian practice of imposing royalties on minor elements is unique. Recommendations for alignment with international practice provided for the working group to consider.

Certification standards for environmental auditors and quality assurance procedures for auditing companies. Experts are working closely with the Board of the Environmental Auditors Association of Mongolia (EAAM) and draft Charter, certification system and quality assurance procedures are under discussion for final approval. A Gap Analysis on Mongolian and international auditor training found current training to be of a good standard, but new training will emphasise management systems over compliance. Training of senior EAAM members to prepare them as trainers for other auditors will take place at the end of May.

Research to support reforms to the system for granting exploration licences. Mongolian and Australian experts have met with MMHI officials to confirm priorities and share preliminary findings. Mongolian team has produced a draft report including assessment of past experience, legal and constitutional context and comparisons with other countries. A report on licencing systems in Western Australia and Queensland is being prepared. A separate study is underway to inform decisions about the use of information technology for issuing exploration licences.

Desk-top study on improving the implementation of regulation on public participation in environmental impact assessment. Analysis of existing practice based on review of a sample of Detailed Environmental Impact Assessment reports and interviews with stakeholders is almost complete. Report on international practice in selected countries is being prepared. Findings from this analysis will be shared with stakeholders before the development of proposed amendments to regulation. AMEP will also provide support to Ministry of Environment to upload and make publicly available on eic.mn the comments made by community members as part of already-concluded EIA processes.

Updates for 2020-21 Activities (Cont.)

Development of guidelines for prospecting, exploration and reporting of resources and reserves for seven selected minerals (aluminium ore, lithium caesium, graphite, rare earth elements, industrial mineral salts, sand and gravel, carbonate rocks). Draft guidelines are complete and review by geologists and expertise is underway. Guidelines will be presented to the Mineral Resources Professional Council in June.

Effective Tax Rate Study. Study will identify the optimal tax rate for the copper and gold mining industries from the perspective of maximizing the NPV of taxes and other

income generated from mining. The report will be presented to Mongolian stakeholders and officials in June.

Research on sovereign investment funds. A Mongolian and international expert are cooperating on a study to analyse the draft law on Mongolia's Sovereign Wealth Fund. This includes a desk-top study on the lessons learned from other sovereign investment funds (SIF) and sovereign wealth funds (SWF) and their experience of domestic investment; rules for deposit, withdrawal and investment; and governance structures.



OUR OBJECTIVE:

“ Help improve the investment environment for the extractives sector in Mongolia through the collaboration between the government, industry, and civil society.”