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**ULAANBAATAR AUDIT
CORPORATION LLC**

MONGOLIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (MEITI)

Mongolia Third EITI Reconciliation Report 2008



Ulaanbaatar city

June 2010

The Report and all appendices relating to the report are intended for the use of the Multi-Stakeholder Working Group and National Council of the MEITI for the purpose of that initiative and are not to be relied upon by other parties

CONTENTS

| | |
|--|---|
| Abbreviations and Definitions..... | 5 |
| 1..... | INTRODUCTION |
| ..... | 7 |
| 1.1. Objective | 7 |
| 1.2. Scope of work..... | 7 |
| 1.3. Limitations/Nature of exercise..... | 7 |
| 1.4. Participants in the EITI Reconciliation..... | 7 |
| 1.5. Structure of the report..... | 8 |
| 1.6. Acknowledgement | 8 |
| 2..... | EXECUTIVE SUMMARY |
| ..... | 9 |
| 2.1. Financial flows..... | 9 |
| 2.2. Initial flows..... | 10 |
| 2.3. Adjusted flows..... | 10 |
| 2.4. Central government ministries and agencies..... | 10 |
| 2.5. Local government..... | 10 |
| 2.6. Material receipts | 11 |
| 2.7. Costs disbursed for protection of the environment..... | 11 |
| 2.8. Information based on audited financial statements..... | 12 |
| 2.9. Field visits to Selenge and Darkhan-Uul aimags..... | 12 |
| 3..... | OVERVIEW OF EXTRACTIVE SECTOR IN MONGOLIA |
| ..... | 13 |
| 3.1. Minerals | 13 |
| 3.2. Coal | 15 |
| 3.3. Oil | 15 |
| 4..... | APPROACH |
| ..... | 17 |
| 4.1. Basis of the exercise and materiality | 17 |
| 4.2. Audit approach and methodology | 17 |
| 4.3. Interrelations of the work flow | 18 |
| 4.4. Methodology..... | 19 |
| 4.5. Stakeholders' participation chart..... | 20 |
| 4.6. Covered Companies | 22 |
| 5..... | RECONCILIATION OF FINANCIAL FLOWS |
| ..... | 24 |
| 5.1 Aggregated financial flows reported initially | 24 |
| 5.2 Aggregated financial flows after reconciliation and adjustment | 25 |
| 6..... | UNRESOLVED DIFFERENCES |
| ..... | 27 |
| 6.1 Aggregated unresolved differences | 27 |
| 6.2 Taxes | 28 |

| | | |
|-----|--|-----|
| 6.3 | Fees | 29 |
| 6.4 | Charges and service charges | 30 |
| 6.5 | Dividends on state and local property | 31 |
| 6.6 | Other payments to recipient government | 31 |
| 6.7 | Donations to governmental organisations..... | 31 |
| 6.8 | Expenditure for environmental protection | 32 |
| 7 |PAYMENTS TO LOCAL GOVERNMENT (aimags and soums) | |
|  | ..... | 34 |
| 7.1 | Reason for occurring differences on monetary donations | 34 |
| 7.2 | Field trip to some soums and aimags..... | 34 |
| 7.3 | Common weaknesses..... | 36 |
| 8 |ISSUES | |
|  | ..... | 37 |
| 8.1 | Delays in preparation of the template | 37 |
| 8.2 | Expenditure incurred in relation to environmental protection | 37 |
| 8.3 | Licence fee for exploitation and exploration of mineral resources | 37 |
| 8.4 | Incomplete government data | 37 |
| 8.5 | Charges and service charges | 38 |
| 8.6 | Accounting personnel’s skills and ability..... | 38 |
| 8.7 | Difficulty in communication | 38 |
| 9 |RECOMMENDATIONS | |
|  | ..... | 39 |
| 9.1 | The EITI process and its execution should be formalised | 39 |
| 9.2 | The MEITI Working Group should review the revenues and payments to be included in EITI reporting | 40 |
| 9.3 | The MEITI Working Group should determine an acceptable margin of error for any discrepancy between payments reported by companies and revenues reported by government..... | 41 |
| 9.4 | Unresolved discrepancies should be examined | 41 |
| 9.5 | Communication to Covered Entities and training of their staff requires improvement..... | 41 |
| 9.6 | Systems and supporting information at a number of government agencies require improvement.. | 41 |
| 9.7 | Other recommendations..... | 42 |
| 10 |APPENDICES | |
|  | ..... | 43 |
| | Appendix A Adjustments resulting from the reconciliation exercise – by financial flow | 44 |
| | Appendix B Adjustments resulting from the reconciliation exercise – by company | 59 |
| | Appendix C Source of information – Government Entities | 229 |
| | Appendix D List of Companies | 230 |
| | Appendix E Letters of Representation from companies..... | 232 |
| | Appendix F List of people we met | 234 |
| | Appendix G Covered Entities | 235 |
| | Appendix H Covered entities’ contact information..... | 236 |
| | Appendix I Schedule of initial differences | 244 |
| | Appendix J Schedule of net adjustments resulting from the reconciliation..... | 254 |

Appendix K Schedule of unresolved differences 262
Appendix L Donations, assistance provided by the companies (per detailed reports of 270

Abbreviations and Definitions

| | |
|---|---|
| BGD | Bayangol district |
| Business economic entity | Legal business entity, such as company, corporation and others |
| Business Economic entity income tax /CIT/ | Business Economic Entity Income tax per Mongolian law term, or Corporate Income tax |
| BZD | Bayanzurkh district |
| CHD | Chingeltei district |
| ED | Environment Department |
| EITI | Extractive Industries Transparency Initiative |
| ERD | Environmental Resource Department |
| FED | Finance and Economic Department |
| GO | Governor's Office |
| Government | Government of Mongolia |
| IFAC | International Federation of Accountants |
| JSC | Joint Stock Company |
| LG | Local government |
| LLC | Limited Liability Company |
| LWSA | Labor and Social Welfare Agency |
| MCO | Mongolian Customs Office |
| MEITI | Mongolia Extractive Industries Transparency Initiative |
| MEITIS | Mongolia Extractive Industries Transparency Initiative Secretariat |
| MMRE | Ministry of Mineral Resources and Energy |
| MNCCI | Mongolian National Chamber of Commerce and Industry |
| MNMA | Mongolian National Mining Association |
| MNT | Mongolia Tugrug |
| MOET | Ministry of Environment and Tourism Mongolia |
| MOF | Ministry of Finance of Mongolia |
| MONICPA | Mongolian Institute of Certified Public Accountants |
| MRAM | Mineral Resources Authority of Mongolia |
| MSWG | Multi-Stakeholder Working Group |
| MTA | Mongolian Tax Authority |
| NC | National Council |
| NSAM | National Statistical Authority of Mongolia |
| PAM | Petroleum Authority of Mongolia |
| PIT | Personal Income Tax |
| RMC | Representative meeting of citizens |
| SBD | Sukhbaatar district |
| SKHD | Songinokhairkhan district |
| SPC | State Property Committee of Mongolia |
| SRD | State receipt department |
| USD | United States Dollars |
| VAT | Value Added Tax |

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10 June 2010

Hart Nurse Limited and Ulaanbaatar Audit Corporation have been appointed by the Mongolia Extractive Industries Transparency Initiative Secretariat to undertake the 3rd EITI Reconciliation for Mongolia for 2008 and to prepare a Report on this Reconciliation (“Engagement”).

The Engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures performed were those set out in the Terms of Reference appended to this report, except where stated otherwise in this report including its appendices.

We set out our findings in report including its appendices. Because the procedures were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose of informing the Multi-Stakeholder Working Group and National Council on the matters set out in the terms of reference and is not addressed to any other party or to be used for any other purpose.

This report relates only to the subject matter specifically set out herein and does not extend to any financial statements of any entity taken as a whole.

Hart Nurse Limited
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Ulaanbaatar Audit
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1. INTRODUCTION

This is the final report under the Mongolia 3rd EITI Reconciliation for the year 2008.

The report is intended for the use of the Mongolia EITI National Council and Multi-Stakeholder Working Group for the purpose of that initiative and is not to be relied upon by other parties.

The report comprises: Volume I - Report
 Volume II – Appendices

1.1. Objective

The objective of the Engagement is to ensure, in compliance with the procedures set out by the international EITI Secretariat, the transparency and credibility of mining sector payments and receipts in Mongolia. To this end, the Engagement entails an analysis and reconciliation of material payments and receipts made in the fiscal year 2008 in the mining sector.

1.2. Scope of work

Hart Group and UB Audit (“the Consultants”) were required to undertake the work set out in the Terms of Reference for the Engagement.

1.3. Limitations/Nature of exercise

Unless noted in our report, the reconciliation has been carried out on a cash accounting basis, with both cash and in-kind payments taken into account.

If there are material receipts or payments omitted from the reporting templates, our work would not be sufficient to detect them. Any such receipts or payments which were omitted would not therefore be included in our report.

In conducting our work, we have relied upon the information and explanations obtained from Covered Entities. No representation is made as to the accuracy or completeness of such information.

This report is prepared both in English and Mongolian. If there should be any differences or contradictions between the English version and the Mongolian version, the English version will prevail.

Our report incorporates information received up to 27th May 2010, which is the deadline set by the MTA following a review of our initial draft report by the Multi-Stakeholder Working Group of MEITI. Any information received after this date is not, therefore, included in our report.

1.4. Participants in the EITI Reconciliation

Templates for information from central government departments were provided by the Ministry of Finance. The central government departments participating in the 2008 EITI reconciliation are:-

- Ministry of Finance
- Tax Authority
- Ministry of Environment and Tourism
- Mineral Resources Authority
- Petroleum Authority
- Customs Office
- Labour and Social Welfare Service Agency and
- State Property Committee.

In addition, governors of capital, aimags, districts and soums have provided information. A full list of the Covered Entities is included at Appendix G.

46 companies with payments in excess of MNT 100 billion have been included in the exercise.

A full list of the Covered Companies is included at Appendix D.

1.5. Structure of the report

The report contains:-

- a. An Executive Summary
- b. A brief overview of the extractive sector in Mongolia
- c. Our approach to undertaking the Engagement
- d. An aggregation of the flows (payments and receipts) reported
 - i. Initially to the MEITIS
 - ii. After excluding items not included in the scope of the exercise
 - iii. After reconciliation of the initial differences, to the extent this was possible based upon the information and explanations provided by Covered Entities
- e. Unresolved differences, with information about the type of receipt/payment involved and the Covered Entities whose reported figures remain un-reconciled.
- f. A discussion on payments to aimags and soums, including the results of field trips
- g. A summary of issues arising during the Engagement
- h. Recommendations for improvements in transparency and EITI processes

Full details of initial differences, adjustments made and unresolved differences, analysed by company and by type of financial flow, are contained in Appendices, together with other supporting information.

1.6. Acknowledgement

The Consultants would like to express our sincere thanks to team of the MEITIS, Mr. Tsolmon Sh, and Mrs. Khurelchimeg T., for supporting and assisting us with organisation of meetings with major officials from the government and its various organisations and agencies, as well as with mining companies; and for sending and receiving official confirmation letters to/from these parties.

Also to Mrs. Dolgor B, Head of Working Group and Senior Adviser of Prime Minister, and Mr. Sumya E., Secretary of Working Group and Principal Officer of the Government of Mongolia, in particular, who have been instrumental assisting us in receiving timely replies from the government and as well as from the local governments.

2. EXECUTIVE SUMMARY

In this section, we summarise the main findings from the exercise to reconcile the receipts declared by the government from extractive companies included in the 2008 EITI reconciliation with the payments to government reported by those companies.

2.1. Financial flows

The table below shows:

- i. The aggregate flows reported by Covered Entities initially, and the differences between receipts reported by government and payments reported by companies
- ii. Adjustments made as a result of our reconciliation work
- iii. The adjusted aggregate flows and the differences which could not be resolved

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 |
|--|--------------------|--------------------|-----------------------------|-------------------|---------------------|--------------------|--------------------|--------------------------------|
| | | | | Government | Company | Government | Company | |
| Taxes | 513,176,775 | 529,354,346 | (16,177,571) | 821,835 | (15,428,524) | 513,998,607 | 513,925,821 | 72,788 |
| Fees | 117,144,724 | 118,715,936 | (1,571,212) | (11,678,010) | (13,172,267) | 105,466,713 | 105,543,670 | (76,955) |
| Charges and Service Charges | 2,434,776 | 2,918,513 | (483,737) | 52,050 | (74,897) | 2,486,826 | 2,843,616 | (356,790) |
| Dividends on state and local property | 27,349,905 | 21,133,422 | 6,216,483 | - | 6,216,483 | 27,349,905 | 27,349,905 | - |
| Other payments to recipient government | - | 26,669,948 | (26,669,948) | 26,669,948 | - | 26,669,948 | 26,669,948 | - |
| Donations to governmental organisations | 1,048,225 | 10,364,538 | (9,316,313) | 4,893,179 | (4,353,078) | 5,941,404 | 6,011,460 | (70,056) |
| Costs disbursed for the protection of the environment | 4,580,546 | 3,727,118 | 853,428 | (1,540,781) | (17,960) | 3,039,765 | 3,709,159 | (669,394) |
| Total | 665,734,951 | 712,883,821 | (47,148,870) | 19,218,221 | (26,830,242) | 684,953,171 | 686,053,578 | (1,100,407) |

Costs disbursed for the protection of the environment do not represent flows paid to the government and it became clear to us during our reconciliation that differences relating to these costs cannot, therefore, be adjusted.

Excluding costs disbursed for the protection of the environment, total unresolved differences are:

| Section | Unresolved Differences MNT 000 | Adjustments made | Unresolved Differences MNT 000 |
|---|--------------------------------|------------------|--------------------------------|
| Taxes | 72,789 | | 72,789 |
| Fees | (76,956) | | (76,956) |
| Charge, service charges | (356,790) | | (356,790) |
| Dividends on state and local property | - | | - |
| Other payments to recipient governments | - | | - |
| Donations to Governmental organisations | (70,056) | | (70,056) |
| Costs disbursed for protection of the environment | (669,394) | 679,511 | 10,117 |
| Total | (1,100,407) | 679,511 | (420,896) |

The unresolved difference of MNT1.1 billion are explained in this Report and Appendices and we set out which companies spent costs for the protection of the environment and how differences have occurred.

See Section 8.2 for comment on costs disbursed for the protection of the environment; and Section 9.2 (d) for recommendations on this area.

2.2. Initial flows

The templates submitted to MEITIS contained a number of obvious errors in completion or omissions, which arose due to a combination of

- i. inadequate understanding of the requirements, by government departments and companies
- ii. inadequate care over completion of the templates, particularly by MTA
- iii. failure to provide data requested, especially from aimags and soums

2.3. Adjusted flows

After our reconciliation work, there remain discrepancies totalling MNT 1.1 billion which could not be resolved with the parties reporting the different figures. These discrepancies represent 0.16% of total flows to the government. This figure is not material in the context of the EITI exercise but the Working Group should consider whether they wish to investigate them further.

The unresolved discrepancies arise almost entirely from lower reporting of receipts by local government, specifically on “Service charges paid to state and local administration in accordance with relevant law “ (MNT 357 million) and “Costs disbursed for protection of the environment“ (MNT 680 million).

2.4. Central government ministries and agencies

LWSA and MCO were slow to provide information and required much follow up work by our staff.

Communication of information between ministries and government agencies needs to be improved. Government figures were often mis-reported because of this. Communication between local offices of the MTA and the central functions also requires improvement.

The systems and processes at MTA require review and improvement. A number of adjustments were made to the initial information provided by the MTA from which it is evident that this initial information was not correctly prepared.

By way of example, the MTA reported receipts of MNT 7.35 billion for royalties from one company, which was MNT 3.38 billion lower than was reported by the company. The MTA eventually provided detailed reports showing receipts of MNT 10.73 billion, which was the figure declared by the company. The MTA has been unable to justify its original submission or the reason for the delay in producing the revised information.

2.5. Local government

Obtaining information from officials in the aimags and soums proved difficult as in previous years, in particular concerning donations, where the figure initially reported of MNT 1.0 billion was increased by MNT 4.9 billion as a result of the reconciliation.

There were two major changes and numerous smaller changes to local government templates.

- i. MNT 3.4 billion was added to government figures after comparison with the initially reported figures of Chin Hua MAK nariin sukhait LLC. The company provided detailed information confirming their initial reported figures for maintenance for Culture Centres of Gurvan tes soum of Umnugobi aimag and monetary donations for road construction work to the border point of Shivee huren. We sent letters to Governor of Umnugobi requesting confirmation of the amount reported by the company. The Culture Centre of Gurvan tes soum confirmed the donations while Mr.Otgonbayar, Development policy

department office of Aimag administration, commented that donations for road construction work to Border point expenditures and the terms of road completion provided are unclear.

- II. Donations of MNT 1.0 billion were reported by the company as provided to the Sustainable Development Fund of Mandal, Bayangol, and Tukhel soum of Selenge aimag. The Government initially did not report any amount. When our team member visited these soums, they saw in the local accounting records that the 1.0 billion was recorded

There is a need to examine the reporting systems and processes for recording and controlling expenditure and receipts at aimag and soum level so that government can be sure income is appropriately recorded, that expenditure is properly disbursed and is controlled within budgetary levels.

We also note that the figures from the aimags and soums are consolidated by MOF, which provides no support for the consolidation, making it impossible to see whether reporting deficiencies have arisen at local government level or within MOF.

2.6. Material receipts

The Working Group has determined which government receipts are material for the 2008 reconciliation and included them in the templates circulated to Covered Entities for completion. Our work has been carried out within this approved definition.

The scope of the reconciliation requires review for the future because we believe material receipts may have been omitted, while other receipts currently included are not flows between extractive companies and government, and other receipts currently included are not financially material.

i. Sub contractors

Many of the operating mining companies sub-contract part of their operations to other companies. Payments from these sub-contracting companies, if made by the operating mining companies, would be disclosed on the templates. We recommend that payments from these sub contractors should be included within the scope of future reconciliations if they are ascertained to be material.

ii. Donations

The donations reported by companies did not represent, in many cases, payments to government; rather, they were costs which the company incurred voluntarily and has designated as being for the benefit of the community (e.g. construction of a road).

We recommend that costs not paid to government should be excluded from the EITI template and reconciliation and shown under Section 2 of the EITI template.

We further recommend that the Working Group should consider a minimum individual value for reporting donations to government

iii. Charges and service charges

Total receipts reported by government for “charges and service charges” in 2008 amounted to MNT 2.5 billion, out of total adjusted receipts of MNT 685 billion. These charges, then, represent only 0.36% of total government receipts captured under the current EITI exercise. We recommend that the Working Group should consider whether they should be included since they are not a financially material receipt from the extractive sector.

2.7. Costs disbursed for protection of the environment

These costs are reported by companies but are not paid to government bodies; rather they are paid to local contractors for various works. This means that any reconciliation would be between

- a. costs declared by the company to MOF and the EITI reconciler; and
- b. figures which the government declares based upon returns the company itself has made, and not as actual receipts to the government

This is not an independent reconciliation. We recommend that such costs are included as voluntary disclosures in Section 2 of the EITI template rather than as costs which require reconciliation. Two thirds of the unresolved discrepancies relate to these costs.

We noted the report submitted to MOET notifying MOET of expenditure incurred is prepared by technical personnel, apparently without reference to company financial staff. The costs reported, therefore, do not appear to be substantiated by reference to expenditure records within the company. This requires further investigation by MOET, since these reports are the key control over environmental expenditure which the company is required to carry out.

2.8. Information based on audited financial statements

In addition to our terms of reference, when we found that Template #1 had not been checked by the company's auditors, we asked each company to confirm the status of the information by means of a letter addressed to us from its Board of Directors. 18 of the 46 companies replied, while 28 companies have not replied. Details are included in Appendix E.

2.9. Field visits to Selenge and Darkhan-Uul aimags

In view of the difficulties experienced in obtaining information from local governments, we carried out field visits to two aimags, six soums and thirty-five local organisations of eight companies to test the processes first hand. The results of these visits are set out in Section 7.

3. OVERVIEW OF EXTRACTIVE SECTOR IN MONGOLIA

Mongolia has rich natural resources, principally gold, copper, coal, and rare earth minerals. The country's gold and copper reserves are believed to be among the largest in the world.

Today the mining sector of Mongolia generates 75% of the total export income of Mongolia and provides almost 42 thousand people (4% of the total working capital) with working places.

The contribution of the extractive industries sector to the economy is as follows:

| | Year 2004 | Year 2005 | Year 2006 | Year 2007 | Year 2008 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Gross domestic production /GDP/ | 17.3% | 18,0% | 30.0% | 27,5 % | 28.2% |
| Industrial production | 64.7% | 65,5% | 68,4% | 67.8% | 64.3% |
| Export production | 70.80% | 75.8% | 76,0% | 68,8% | 80.7% |

Source: Mongolian Statistical Office

In addition to mining, oil exploration activities are also being undertaken, with some production now starting (see below).

3.1. Minerals

Mongolia produces gold, copper, coal, fluorspar, zinc, iron ore, tungsten, and exports nearly all its produced copper concentrate, molybdenum, coal and zinc to China, fluorspar to Russia, the United States, Ukraine, gold to Canada, the United States, United Kingdom, and China.

The Ministry Resources Authority of Mongolia (MRAM) publishes the following summaries of resource availability and exploitation:

Natural Resources of Mongolia

| Natural resources | Number of deposits |
|---------------------------------|--------------------|
| Gold | 511 |
| Copper | 6 |
| Molybdenum | 3 |
| Lead | 4 |
| Zinc | 4 |
| Tin | 12 |
| Tungsten | 17 |
| Iron | 29 |
| Coal | 85 |
| Fluorite | 83 |
| Limestone | 48 |
| Clay | 81 |
| Sand and gravel | 84 |
| Sand for construction materials | 53 |

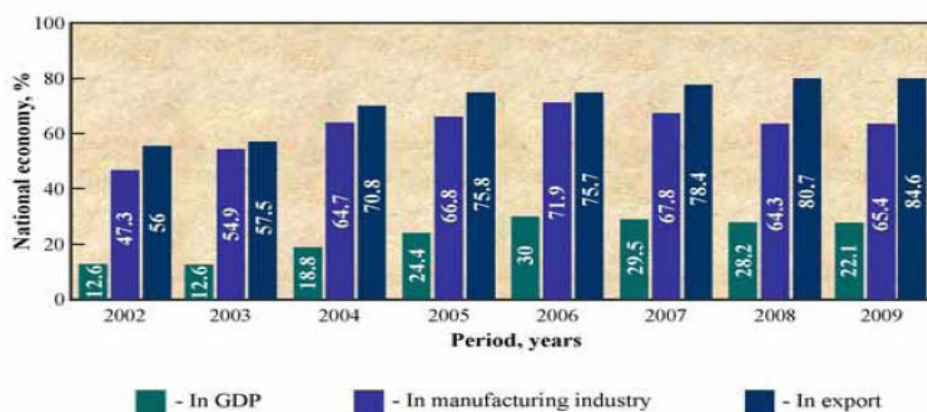
The Mining Production by Commodity

| [thousand tons] | | | | | | |
|-----------------------------|-------|--------|--------|--------|--------|--------|
| Commodity | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Fluorite | 206.7 | 233.4 | 239.4 | 245 | 219.1 | 344.2 |
| Fluorite concentrate | 102.7 | 93.7 | 108.3 | 109.9 | 115.7 | 115.3 |
| Copper in concentrate | 130 | 126.3 | 129.7 | 130.2 | 126.8 | 129.8 |
| Molybdenum in concentrate | 1.14 | 1.15 | 1.41 | 1.98 | 1.78 | 2.41 |
| Tin concentrate /50 %/ | 0.022 | 0.047 | | 0.03 | 0.09 | 0.015 |
| Tungsten concentrate /68 %/ | 0.077 | 0.078 | 0.182 | 0.244 | 0.142 | 0.039 |
| Coal | 6665 | 7517.1 | 8074.1 | 9237.6 | 9691.6 | 13164 |
| Gold | 0.019 | 0.022 | 0.021 | 0.018 | 0.015 | 0.001 |
| Cathode copper | 2.38 | 2.48 | 2.62 | 3.01 | 2.59 | 2.47 |
| Iron ore | 33.5 | 167.7 | 180 | 265.1 | 1387.4 | 1379.0 |
| Zinc concentrate /wet/ | | 22.8 | 109.9 | 154.7 | 143.6 | 156.5 |
| Cast copper | | 0.20 | 0.22 | | | |
| Molybdenum oxide | | | 0.16 | 2.66 | 2.11 | 0.157 |

In 2008, about 75% of Mongolia's total export revenue was derived from mineral commodities. Of that percentage, copper accounted for 33%; gold, 24%; coal, 7%; petroleum, 4%; and zinc, 6%. Mongolia received 66% of its total export revenue from China, followed by Europe, 17%; the United States and Canada, 11%; Russia, 3%; and the remainder, from other countries (Mineral Resources Authority of Mongolia, 2009; World Bank, 2009b).

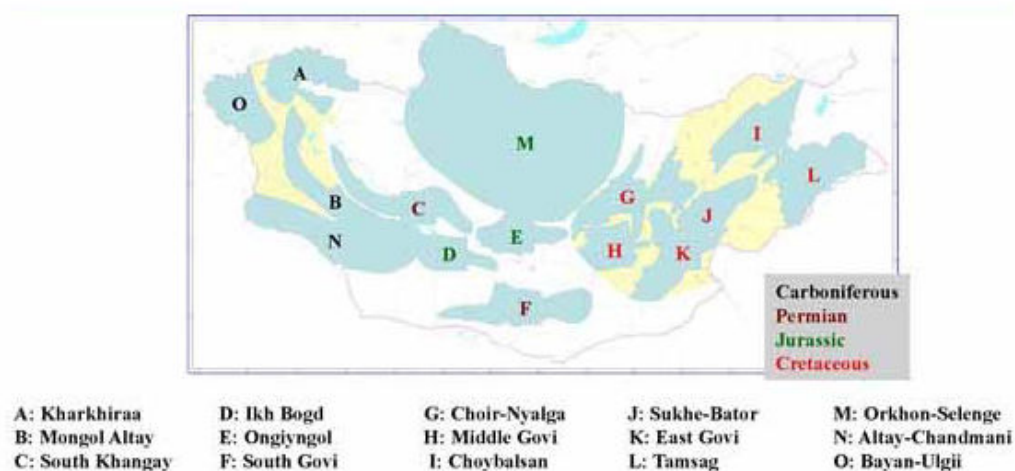
MRAM also summarises the financial contribution of the sector to the national economy:

The Role of Mining Sector in the National Economy



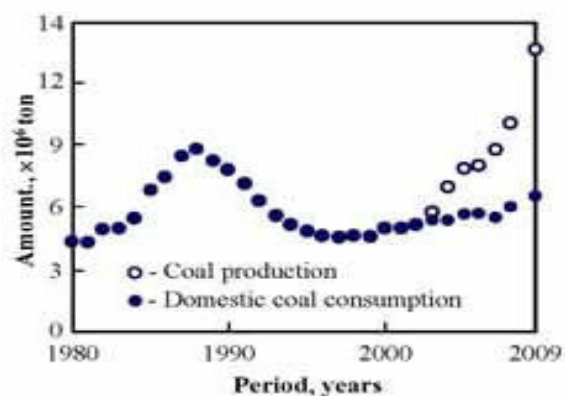
3.2. Coal

Coal deposits are largest in the east but are spread throughout the country:-



Mongolia is one of the prominent countries having large resources of coal in the world and the geological reserves reach about 162.3 billion tons in various coal quality ranks from lignite to anthracite. Approximately 300 coal deposits and occurrences are known.

Production has increased over recent years, and with domestic consumption remaining relatively static, exports – primarily to China – have increased significantly.



(Information from MRAM website)

3.3. Oil

Mongolia’s sedimentary basins were divided into 25 exploration blocks for international bidding, and the Petroleum Authority of Mongolia was working to add four more. Exploration blocks were located mostly in the southern half of the country in central, eastern, and western Mongolia. The East Gobi sedimentary basin encompassed four petroleum sub-basins in east-central Mongolia. The Zuun Bayan basin was discovered in 1941 when there was intensive exploration and extraction.

The Tamsag basin was discovered in eastern Mongolia in the 1990s and a 2001 Chinese National Oil Corp. survey of the basin estimated its reserves to be 1.5 billion bbl. In recent years, other fields have been explored and exploited, including the Tasagaan Els basin and some basins in western Mongolia. Exploration activities

from 1994 to 2008 included 17,600 km of two-dimensional seismic work, 6,000 km of three-dimensional seismic work, the drilling of 448 wells, and foreign direct investment of \$952 million¹.

In 2008, petroleum exploration and production activities were being conducted by one Canadian company (Shaman Resources, LLC); three Chinese companies (Petro China Daching Tamsag-Mongolia LLC, Dong Sheng Petroleum LLC, and China Golden Sea, LLC); and one Mongolian company (Petro Matad LLC). The Toson-Uul and PSC-97 Blocks were production blocks with 50 and 31 producing wells, respectively. The Toson-Uul Block produced 3,800 bbl/day and the PSC-97 Block produced 1,800 bbl/day, and together, the blocks have produced, cumulatively, about 3.4 Mbbbl (of which 3.1 Mbbbl was exported because the country does not have a refinery to process the petroleum). The country reported that, by 2010, Petro China Daching Tamsag-Mongolia would produce about 3 million barrels per year (Mbbbl/yr) and that, by 2015, that number would reach 11.3 Mbbbl/yr².

¹ Prost, 2004; Amarsaihan, 2009; Petroleum Authority of Mongolia, 2009

² Amarsaihan, 2009; Petroleum Authority of Mongolia, 2009

4. APPROACH

4.1. Basis of the exercise and materiality

The MOF issued a report for 2008 covering 184 companies operating in the extractive industries sector, showing receipts by the government from these companies under the headings used in the templates approved by the MSWG for use in the 2008 EITI reconciliation. The Government Departments, aimags, soums and other government agencies/organisations included in this exercise are the “Government Entities”: they are listed in Appendix G.

Under instructions from the MSWG, the MOF requested all companies where government receipts were shown to exceed MNT 100 million to complete a template, showing the payments made in 2008. There were 46 companies where the government reported receipts in excess of MNT 100 million for 2008 and these are the “Covered Companies”. They are listed in Appendix G.

The MOF schedules comparing the receipts declared by the government with the payments declared by the 46 companies formed the basis for the reconciliation exercise.

The MSWG has issued no guidance on materiality in respect of discrepancies between reported payments and receipts. On 14th May 2010, we presented a draft report to the MSWG, showing the discrepancies remaining unresolved. Following this meeting, at the request of the MSWG, the MTA wrote to 27 of the companies requesting that they provide further information by 25th May 2010 to explain the unresolved discrepancies between the figures they had reported and the figures reported by the government.

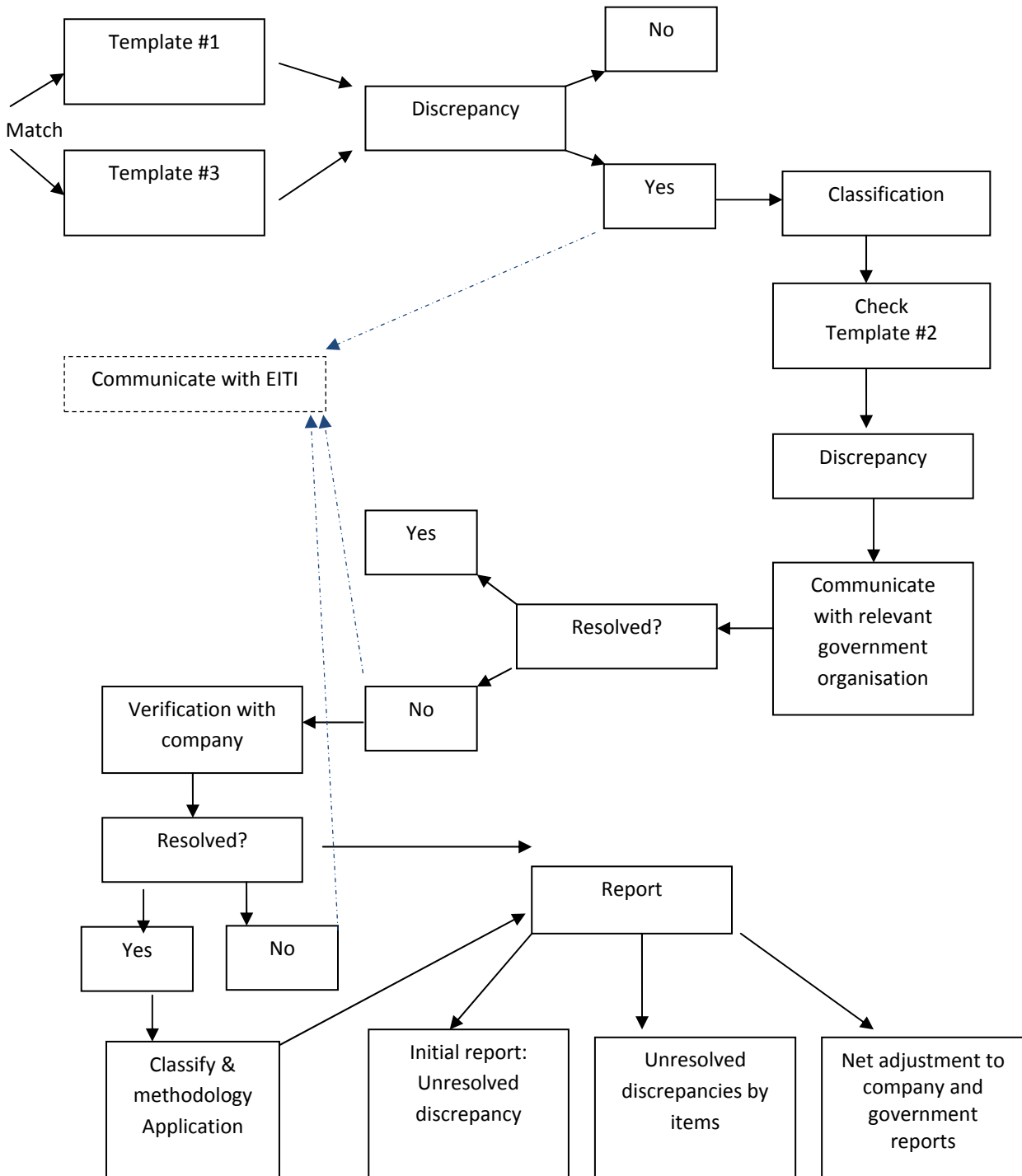
This report takes account of all replies received up to 27th May 2010.

4.2. Audit approach and methodology

The approach we have adopted is summarised below:

- Gained a thorough understanding of the EITI procedures established for Mongolia through discussions with the EITI Mongolia Secretariat and review of relevant documents, including in particular the accounting principles and treatments established for the reporting templates and the margin of error that has been established.
- Prepared schedules incorporating the information reported by Covered Entities and adjusted these returns to remove items which were incorrectly included (e.g. tax penalties and fines) or mis-stated (e.g. reported in MNT rather than MNT000 as required) Carried out reconciliation procedures with a view to resolving reported discrepancies.
- Liaised with both Company and Government Departments to resolve discrepancies.
- Explained all the adjustments made during the reconciliation.
- Provided EITI Mongolia with copies of detailed work sheets for each company supporting aggregated figures in report.

4.3. Interrelations of the work flow



4.4. Methodology

Data has been reported by companies on EITI Mongolia Template 1. Upon enquiring, we found that this Template (#1) had not been checked by the Company's auditors. Accordingly, we asked each company to confirm the status of the information by means of a letter addressed to us from its Board of Directors. Details of the replies received are included in Appendix E.

Template 1 is divided into 2 sections namely:

- Scope 1: Scope 1 consists of 2 main parts and the first part was stated cost of goods and sales amounts both in unit and currency monetary unit of mining companies. The Second part included taxes, fees, Dividends on state and local property, other payments to recipient Government, Donation to Governmental organisations, Costs disbursed for environment protection, paid by foreign and domestic companies to state and local budget, and
- Scope 2: Revenues and profit flow (voluntary basis)

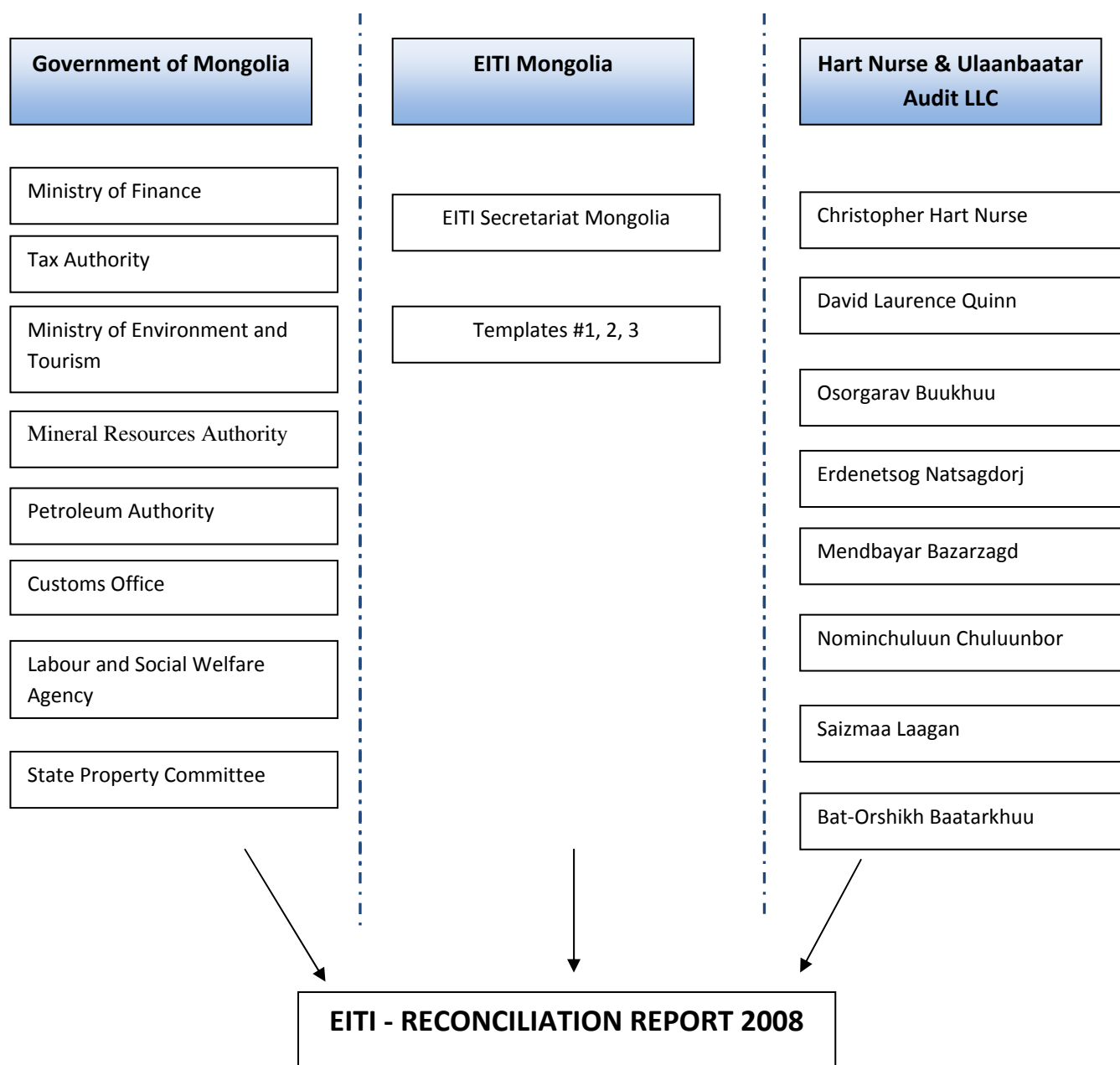
Excel spreadsheets were used to match taxes and fees paid by companies to government and local budget recorded for each Indicator on the template supplied by each company (EITI Template 1) with those recorded on each company's consolidated report prepared by government organisations (EITI Templates 2&3).

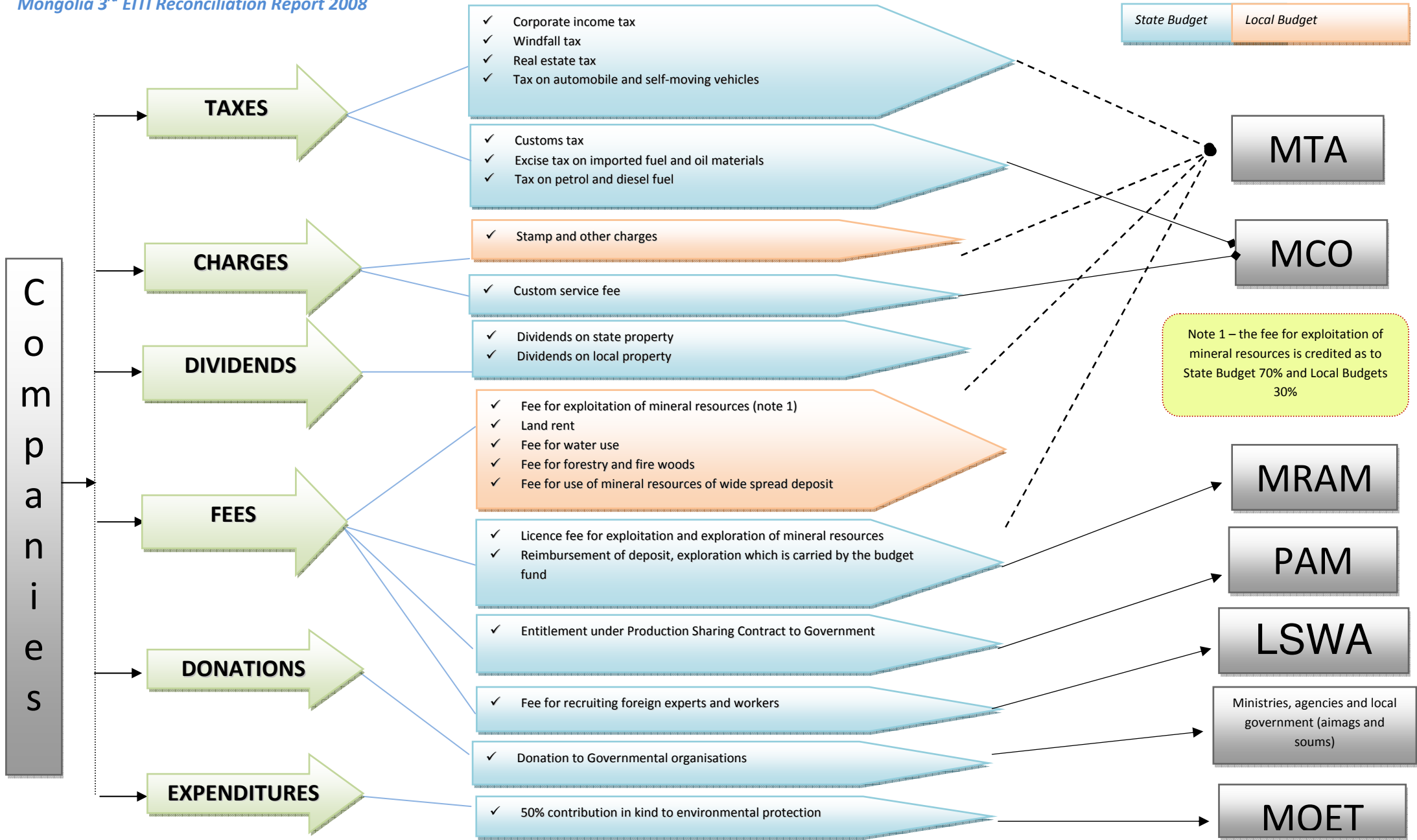
All discrepancies arising were tabulated and

The compilation of the consolidated figure(s) on EITI Template #3 was checked from information provided on EITI Templates #2 by each Government organisation and Taxation authority.

- Detailed reconciliations were requested as necessary from relevant Government Organisations and Taxation Authorities (detailing the dates and amounts of receipts making up the amount disclosed on Template 2) and used to match with reconciliations of payments made by companies in order to identify the details of, and where possible explain, the discrepancy as detailed below,
- After considering the number, size and type (indicator) of the discrepancies that have occurred for a particular company, we:-
 - Reviewed the validity of data contained in MEITIS Template #1. Depending on the nature of the item, this involved checking from source documents, analytical review or independent confirmation.
 - Requested the relevant Company to provide a copy of their reconciliation (workings detailing the payment dates and amounts) supporting the calculation of the payment figures they have included on EITI Template #1.
 - Where this procedure has not satisfactorily explained a discrepancy, we reverted to the review process outlined above.
- Where the process did not resolve the manner in which the discrepancy(s) should be corrected, joint meetings have been held with the company and relevant government organisation to agree a solution.
- Discrepancies identified by the matching process have been classified by type / nature once the reasons for the discrepancy(s) have been identified (or if necessary as unresolved) in order to highlight any common issues which occurred in the preparation of the Templates and the EITI process.

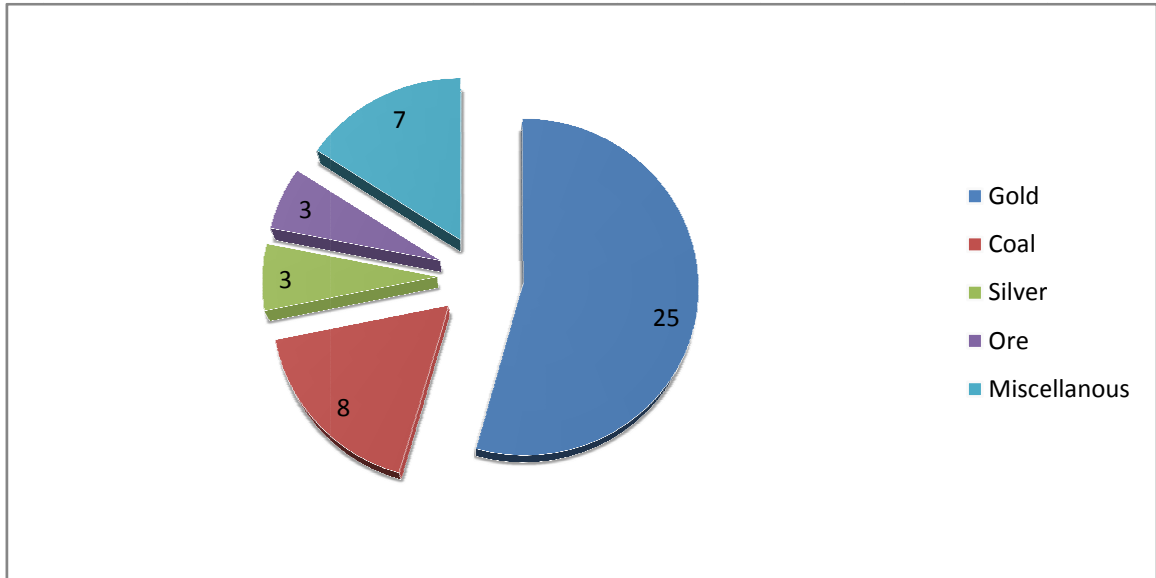
4.5. Stakeholders' participation chart



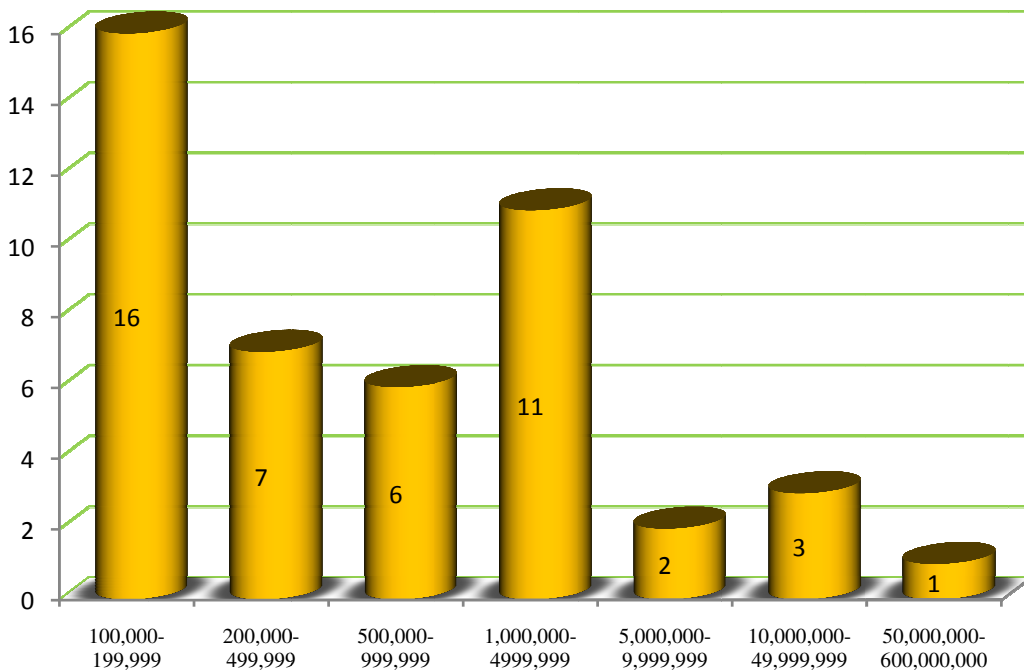


4.6. Covered Companies

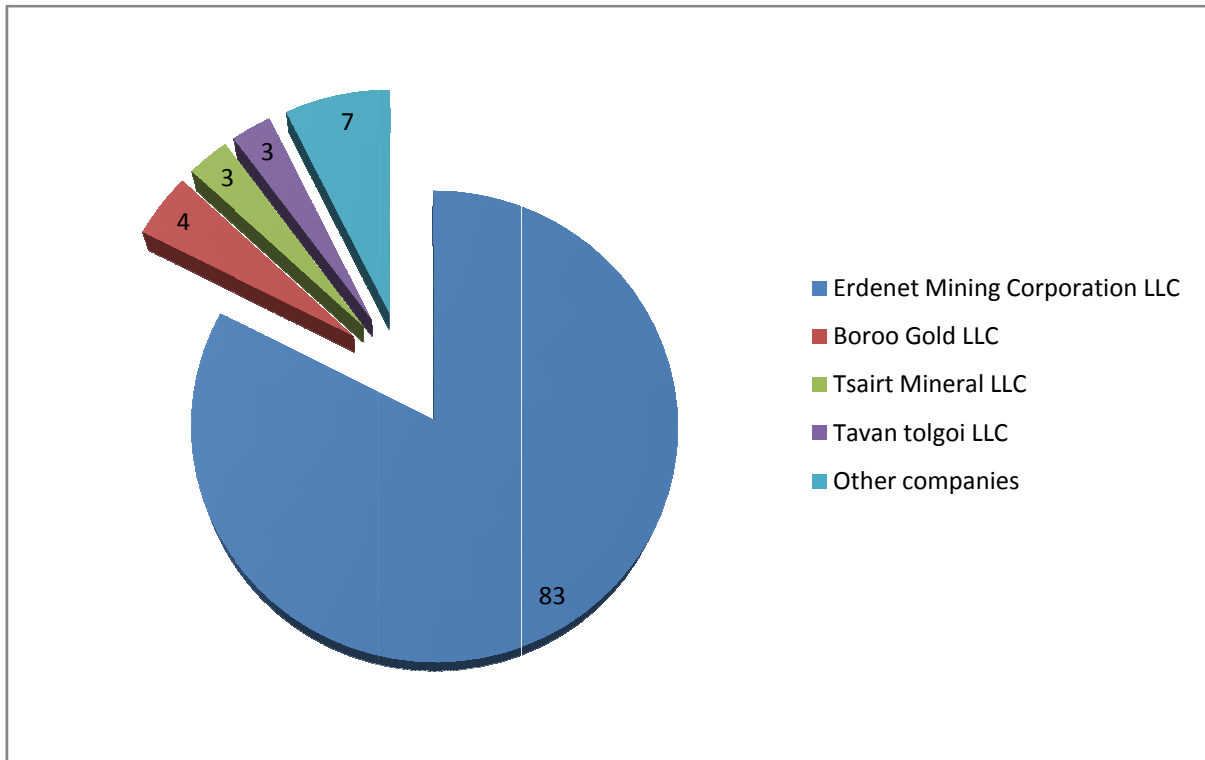
The 46 companies included in EITI Report were classified by their operations and activities as shown below (“Miscellaneous” includes 24 mining companies and one oil company):



The 46 companies’ corresponding payments to Government of Mongolia were as follows for the tax year 2008:



Payments were made to Governmental Organisations in 2008 by companies as shown below, expressed as a percentage of the total payments covered under EITI:



From this diagram, it can be seen that Erdenet Mining Corporation LLC is the largest paying company, by a large margin, and that the contribution from most of the 46 companies is relatively small.

5. RECONCILIATION OF FINANCIAL FLOWS

5.1 Aggregated financial flows reported initially

Following an initial review of the templates submitted by Covered Entities, it became clear that many companies had included taxes such as VAT, PIT and other payments, which were not required for the exercise. In addition, one company – Shijir Alt LLC – completed the templates in MNT rather than MNT 000 as requested.

After excluding taxes which were reported but not required, and including Shijir Alt LLC correctly as MNT, a comparison of the figures reported shows an initial net difference of **(MNT 47,148,870 thousand)**.

| Section | As reported by | | Net Differences MNT 000 |
|---|---------------------|--------------------|----------------------------|
| | Government Entities | Companies | |
| | MNT 000 | MNT 000 | |
| 5.1 Taxes | 513,176,775 | 529,354,346 | (16,177,571) |
| 5.2 Fees | 117,144,724 | 118,715,936 | (1,571,211) |
| 5.3 Charge, service charges | 2,434,776 | 2,918,513 | (483,737) |
| 5.4 Dividends on state and local property | 27,349,905 | 21,133,422 | 6,216,483 |
| 5.5 Other payments to recipient governments | - | 26,669,948 | (26,669,948) |
| 5.6 Donations to Governmental organisations | 1,048,225 | 10,364,538 | (9,316,313) |
| 5.7 Costs disbursed for protection of the environment | 4,580,546 | 3,727,118 | 853,428 |
| Total | 665,734,951 | 712,883,821 | (47,148,870) |

The table above shows the net differences resulting from a comparison of the returns from covered entities. Within this net figure, there were differences between reported payments and receipts as follows:

| | MNT 000 |
|--|--------------|
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (54,218,782) |
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 7,069,911 |

5.1.1 Aggregated financial flows reported to the MEITI Working Group on 14 May 2010

Following much effort to reconcile the figures reported initially by the Covered Entities, including meetings with companies and government entities, we reported on progress to the MEITI Working Group on 14th May 2010.

At this stage, the unresolved discrepancies were as follows:-

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|---------------------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| 5.1 Taxes | (16,177,571) | 571,368 | (13,649,744) | (1,956,459) |
| 5.2 Fees | (1,571,212) | (14,244,097) | (13,263,934) | (2,551,375) |
| 5.3 Charge, service charges | (483,737) | 52,050 | (73,882) | (357,805) |
| 5.4 Dividends on state and local property | 6,216,483 | - | 6,216,483 | - |
| 5.5 Other payments to recipient governments | (26,669,948) | 26,636,793 | - | (33,155) |
| 5.6 Donations to Governmental organisations | (9,316,313) | 1,735,053 | (3,948,674) | (3,632,586) |
| 5.7 Costs disbursed for protection of the environment | 853,428 | (3,636) | 841,769 | 8,023 |
| Total | (47,148,870) | 14,747,531 | (23,877,983) | (8,523,356) |

The table above shows the net differences resulting from a comparison of the returns from covered entities. Within this net figure, there were differences between reported payments and receipts as follows:

| | | MNT 000 |
|--|--------------|-------------|
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (54,218,781) | (8,531,380) |
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 7,069,911 | 8,023 |

5.2 Aggregated financial flows after reconciliation and adjustment

After the meeting with the MEITI Working Group, the MTA was asked to write to 27 of the companies requesting that they provide further information by 25th May 2010 to explain the unresolved discrepancies between the figures they had reported and the figures reported by the government.

We received additional information following this intervention, which we have incorporated into this report, taking account of any such additional information received by 27th May 2010.

A comparison of returns from Covered Entities as a result of our reconciliation work shows the following:-

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| 5.1 Taxes | (16,177,571) | 821,835 | (15,428,524) | 72,788 |
| 5.2 Fees | (1,571,212) | (11,678,010) | (13,172,267) | (76,955) |
| 5.3 Charges and service charges | (483,737) | 52,050 | (74,897) | (356,790) |
| 5.4 Dividends on state and local property | 6,216,483 | - | 6,216,483 | - |
| 5.5 Other payments to recipient governments | (26,669,948) | 26,669,948 | - | - |
| 5.6 Donations to governmental organisations | (9,316,313) | 4,893,179 | (4,353,078) | (70,056) |
| 5.7 Expenditure for environmental protection | 853,428 | (1,540,781) | (17,960) | (669,394) |
| Total | (47,148,870) | 19,218,221 | (26,830,242) | (1,100,407) |

The table above shows the net differences resulting from a comparison of the returns from covered entities. Within this net figure, there were differences between reported payments and receipts as follows:

| | MNT 000 | |
|--|--------------|-------------|
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (54,218,781) | (1,173,195) |
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 7,069,911 | 72,788 |

A large part of the initial differences is related to donation amounts given to government organisations from the companies. The below table shows large increase of the reported donation amount by the companies compare to year 2007. It is due to companies number taken under reconciliation, since there were 38 companies in year 2007 while 46 in year 2008.

| | Per government organisation reportings | Per companies reportings | Initial differences |
|------------|--|--------------------------|---------------------|
| Year 2007 | 1,776,238 | 6,543,559 | (4,767,321) |
| Year 2008 | 1,048,225 | 10,364,538 | (9,316,313) |
| Difference | (728,013) | 3,820,979 | 4,548,992 |

Details of all adjustments made to amounts in the templates initially submitted as a result of the reconciliation exercise are shown in the Appendices, analysed by financial flow in Appendix A and analysed by company in Appendix B.

The discrepancies remaining unresolved after the reconciliation are discussed further in Section 6 of this report.

6. UNRESOLVED DIFFERENCES

6.1 Aggregated unresolved differences

After reconciling the figures, certain differences remain unresolved. These are discussed in detail in this section, by type of financial flow.

A summary of the initial differences between receipts reported by Government Entities and companies, the adjustments made as a result of the reconciliation exercise, and the remaining unresolved net differences shows:

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|---|---------------------------|---------------------|---------------------|------------------------------|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| 1 Taxes | (16,177,571) | 821,835 | (15,428,524) | 72,788 |
| 2 Fees | (1,571,212) | (11,678,010) | (13,172,267) | (76,955) |
| 3 Charge, service charges | (483,737) | 52,050 | (74,897) | (356,790) |
| 4 Dividends on state and local property | 6,216,483 | - | 6,216,483 | - |
| 5 Other payments to recipient governments | (26,669,948) | 26,669,948 | - | - |
| 6 Donations to Governmental organisations | (9,316,313) | 4,893,179 | (4,353,078) | (70,056) |
| 7 Costs disbursed for protection of the environment | 853,428 | (1,540,781) | (17,960) | (669,394) |
| Total | (47,148,870) | 19,218,221 | (26,830,242) | (1,100,407) |

The table above shows the net differences resulting from a comparison of the returns from covered entities. Within this net figure, there were differences between reported payments and receipts as follows:

| | MNT 000 | |
|--|--------------|-------------|
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (54,218,781) | (1,173,195) |
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 7,069,911 | 72,788 |

The total unresolved differences of MNT 1,100,407 shown above arise in the following companies:

| Companies | Unresolved differences MNT 000 |
|---|-----------------------------------|
| <i>Company payments higher (net) than government receipts</i> | |
| "Boroo gold" LLC | (1,140,161) |
| "Mongolrustvetmet" LLC | (893,452) |
| "Erdenet Mining Corporation" LLC | (130,440) |
| "Ivanhoe mines mongolia" Ltd | (126,811) |
| "Chinkhua MAK nariin sukhait" LLC | (120,361) |
| "Bold tumur eruu gol" LLC | (109,750) |
| Other payments lower (net) than MNT43.000 thousand | (163,837) |
| Total | (2,684,812) |
| <i>Company payments lower than government receipts</i> | |
| "Tsairt mineral" LLC | 1,435,782 |
| "Mongol gazar" LLC | 101,747 |
| Other payments lower (net) than MNT44.200 thousand | 46,876 |
| Total | 1,584,404 |

6.2 Taxes

The unresolved differences in respect of taxes mostly arose from customs tax, windfall tax and real estate tax. Companies with material differences are shown below:

| Companies | Unresolved differences MNT 000 |
|---|-----------------------------------|
| <i>Company payments higher (net) than government receipts</i> | |
| "Baganuur" JSC | (8,436) |
| "Shijir Talst" LLC | (679) |
| Other payments lower than MNT350 thousand | (644) |
| Total | (9,759) |
| <i>Company payments lower than government receipts</i> | |
| "Tavan tolgoi" LLC | 50,105 |
| "Mongol gazar" LLC | 19,029 |
| "Boroo gold" LLC | 7,458 |
| "Ten khun" LLC | 4,866 |
| Other payments lower than MNT600 thousand | 1,088 |
| Total | 82,546 |

Main reasons for the differences are as follow:

- “Baganuur” LLC did not report the customs tax in the template initially submitted to the EITI; during the reconciliation, the company provided further detailed information and the relevant adjustments were made. However, there are still unresolved differences due to inconsistency of the reporting of the parties. In other words, the company reported the amount actually paid, whereas the government reported the amount of tax which is due to be imposed. Also the company has included customs service fee and payments to sub-contractors under customs tax, and cannot provide separate information for the customs tax alone.
- The government reported receipts of MNT 50,105,000 from “Tavan tolgoi” LLC; however, the company has not reported at all. The difference was not resolved since the company has not provided with detailed information to prove the government figure.
- “Mongol gazar” LLC did not initially submit the template to the EITI; during our reconciliation, further detailed information was provided after meeting with the company management. Per this detailed information, the company show customs paid amount of MNT 33,366,000 which is different from the MCO information by MNT 20,474,000, and it remains as an unresolved difference.
- “Ten khun” LLC has not provided detailed information to support amounts reported as CIT paid, while the government has confirmed its figure with detailed information. Therefore, the amount MNT 3,248 remains still unresolved. Also, real estate tax amount of MNT 3,480,000 of the company remains unresolved even after adjustments based on the detailed information of the two parties.

6.3 Fees

The unresolved difference in respect of fees results mostly from fee for exploitation of mineral resources (“Royalty fee”), licence fee for exploitation and exploration of mineral resources, land rent fee, fee for water use, fee for recruiting foreign experts and workers and fee for use of mineral resources of widespread deposit. Companies with material differences are shown below:

| Companies | Unresolved differences MNT 000 |
|--|-----------------------------------|
| <i><u>Company payments higher (net) than government receipts</u></i> | |
| “Ten khun” LLC | (34,440) |
| “Mongol gazar” LLC | (17,152) |
| “Boroo gold” LLC | (16,972) |
| “Tsairt mineral” LLC | (10,492) |
| Other payments lower than MNT3.250 thousand | (5,796) |
| Total | (84,852) |
| <i><u>Company payments lower than government receipts</u></i> | |
| “Baganuur” JSC | 4,866 |
| “Shivee Ovoo” LLC | 2,556 |
| Other payments lower than MNT400 thousand | 476 |
| Total | 7,898 |

Main reasons in respect of fee for exploitation of mineral resources (“Royalty fee”) are as follow:

- The “Mongol gazar” LLC has reported MNT91,385,000 in its detailed information, the government has reported MNT71,752,000 in its detailed information, the difference of MNT19,633,000 remained unsolved.

Main reasons in respect of land rent fee and fees for water use are as follow:

- The government has not included in its reporting the payments made from the companies to local governments operating near the locations of the mining areas of the companies. In order to clarify these amounts we approached the respective local tax authorities and made any adjustments necessary. However, the amounts paid by “Tsairt mineral” LLC, “Erel” LLC and “Ten Khun” LLC remain unresolved since these amounts could not be confirmed.

Main reasons in respect of fee for recruiting foreign experts and workers are as follow

- “Ten Khun” LLC has reported per its detailed information MNT 121,000,000 as paid, the government has reported MNT92,520,000 as received in its detailed information. We have made adjustments based on the both parties’ detailed information; however, MNT 28,480,000 remains unresolved.

6.4 Charges and service charges

The unresolved difference in respect of charge and charges are resulted mostly from stamp and other charge for state registration paid to state and local administration in accordance with relevant law, service charges paid to state and local administration in accordance with relevant law and the custom service fee. Companies with material differences are shown below:

| Companies | Unresolved differences MNT 000 |
|---|-----------------------------------|
| <u>Company payments higher (net) than government receipts</u> | |
| “Chinkhua MAK nariin sukhait” LLC | (120,361) |
| “Ivanhoe mines mongolia” Ltd | (112,482) |
| “Mongolyn alt MAK” LLC | (43,213) |
| “Boroo Gold” LLC | (21,613) |
| “Jump” LLC | (16,590) |
| “Zuriin bulan” LLC | (10,900) |
| Other payments lower than MNT 6.000 thousand | (33,326) |
| Total | (358,486) |
| <u>Company payments lower than government receipts</u> | |
| “Bold tumur eruu gol” LLC | 1,267 |
| “Mongol gazar” LLC | 429 |
| Total | 1,696 |

Main reasons in respect of stamp and other charge for state registration paid to state and local administration in accordance with relevant law are as follow:

- It was due to lack of detailed guidance in methodology of filling-up the Template No.1 on what types of charges to be maintained or included, and not clear information flow to consolidate to the government reporting.
- It is not reported in the government reporting due to not obvious seeing of the figures in the financial statements since the companies have reported charges and service charges as per their own classifications.
- In order to adjust the companies figures we have sent the confirmations letters to the local government organisations, however, the local government officials are not showing importance to reply to our letters, and the received replies are not satisfactory.

Main reasons in respect of custom service fee are as follow:

- It was difficult for us to resolve the difference since the companies have reported VAT amounts paid to Customs Office, customs service charges at their lump-sum amounts.

6.5 Dividends on state and local property

There is no unresolved difference remained after making the respective adjustments based on the detailed information receiving after sending an official letter to clarify the initial difference occurred in respect of dividends on state and local property.

6.6 Other payments to recipient government

In order to clarify the difference occurred per initial reconciliation, we have sent an official letter to “Petro China dachin tamsag” LLC and to government. We have resolved fully the unresolved difference based on the detailed information from the company and the government.

6.7 Donations to governmental organisations

| Companies | Unresolved differences MNT 000 |
|---|-----------------------------------|
| <i>Company payments higher (net) than government receipts</i> | |
| "Mongolrustsvetmet" LLC | (38,390) |
| "Gobi coal and energy" LLC | (12,350) |
| "Shariin gol" JSC | (11,096) |
| "Tsairt mineral" LLC | (4,420) |
| "Dazan Trade" LLC | (2,000) |
| "Bold tumur eruu gol" LLC | (1,300) |
| "Tavan tolgoi" LLC | (500) |
| Total | (70,056) |
| <i>Company payments lower than government receipts</i> | |
| Total | - |

The initial aggregated difference of the donations MNT9,316,313 thousand, which is 20% of the total unresolved differences.

It is directly related to non existence of certain government authority where the donations are consolidated, controlled on its spending. In order to clarify the difference relating to the donations, we have sent an official letter at the start of our reconciliation work to governor’s offices of the local governments. We have received detailed information from the companies, and noticed also that the companies have donated also to organisations. Because, of this case, we again sent an official letters to all the respective organisations to check the figures. It was difficult to check the figures since there were communication difficulties, and some officials were too sluggish to provide us the necessary information. Nevertheless, we could adjust several the differences based on replies after following-up many times. Also our team member has visited to Khentii and Darkhan-Uul aimags and has performed physical field work. It was big efficient influence to our adjustment work.

However, there are still unresolved amounts remain due to the following-reasons:

- The “Mongolrustsetment” LLC has donated most of its donations to Bayanjargalan, Berkh, Bor-Undur of Khentii aimag and its governor office since its mining areas are located in Bor-Undur soum of Khentii aimag. Also the company has donated to some organisations of the capital. We have sent letters to these soums, aimag and organisations, however, no replies, and the differences remain unresolved.

- "Gobi coal energy" LLC' initial difference was due to reporting of MNT189,788,000 under supporting to state organisations in the Template No.1. While reviewing the detailed information of the company, MNT17,866,000 was donated to non-government organisations and respective adjustment was made by deducting this amount. Most donations were to local government of Bayankhongor and Govi-Altai aimags since the company's mining areas is located at the territories of these aimags. We have received detailed information and explanations from governors of these two aimags. And adjustment of MNT159,572 thousand per government reporting was made and MNT12,350 thousand remain unresolved. This unresolved difference remains due to non-confirming information from the government side even if the company confirms.
- "Shariin gol" JSC has reported donation to Shariin Gol soum of Darkhan-Uul aimag amounting to MNT9,996 thousand for building the religious monument. We have sent a letter to governor of the Shariin Gol soum to confirm the amount. The reply was: "Our governor has changed, so it is not possible to provide the explanation." And the soum administration has sent us a copy of bank statements of year 2008. Also, we have sent a letter to confirm donation amount of MNT550 thousand which was reported as donations to Fire Department of Shariin Gol soum and Sport Committee of Darkhan-Uul aimag. However, there was no reply, so the differences remain unresolved.

To summarise the reasons for unresolved differences:

- No replies to the official letter sent to clarify the donation amount /several times followed-up/.
- The official letters are replied noting that donations are not received at all.
- The governors of the aimag, soums are changed, replaced and provided with explanations of "do know the 2008 events".
- Communications difficulties to contact with several aimag, soums and local governments.

6.8 Expenditure for environmental protection

| Companies | Unresolved differences MNT 000 |
|---|-----------------------------------|
| <i>Company payments higher (net) than government receipts</i> | |
| "Boroo gold" LLC | (1,109,033) |
| "Mongolrustsvetmet" LLC | (855,062) |
| "Erdenet Mining Corporation" LLC | (131,000) |
| "Bold tumur eruu gol" LLC | (110,280) |
| Other payments lower than MNT14.330 thousand | (14,354) |
| Total | (2,219,730) |
| <i>Company payments lower than government receipts</i> | |
| "Tsairt mineral" LLC | 1,450,865 |
| "Mongol gazar" LLC | 99,441 |
| "Tal bulag trade" LLC | 30 |
| Total | 1,550,336 |

The expenditures of environmental protection section of the EITI template consists from two parts namely 50% contribution in kind to environmental protection special account and expenditure incurred in relation to environmental protection. The reasons relating to the section are:

In order to clarify the difference occurred relating to 50% contribution in kind to environmental protection special account we have sent an official letters to MOET and the companies and have received their detailed information's and adjusted the initial differences. However, some differences are still remaining unresolved due to non-reporting of the one of parties. We have sent our official letters again still have not received any replies as far now.

It was really impractical to resolve the differences since the information of expenditures of environmental protection were taken from the different sources. Another word, it is directly related to non-possibility of the confirmation of the government figures. The mining companies submit their "Completion report of Environment plan" annually and our team has worked a one whole day at the MOET to review each report of each mining companies covered under Mongolia Third Reconciliation and Report 2008 and have noticed that the reports are not in consistence of their financial statements, and the reports mostly prepared by the geologist of the companies. Therefore, the differences were difficult to be resolved.

In order to clarify difference relating to 50% contribution in kind to environmental protection the adjustment was made after receiving the detailed information. Several differences are difficult to be resolved since the information sources for the expenditures of environmental protection are different. It is directly related to not enough confirmation documents to review the figures of the government template. The mining companies submit their "Completion report of Environment plan" annually and our team has worked a one whole day at the MOET to review each report of each mining companies covered under Mongolia Third Reconciliation and Report 2008 and have noticed that the reports are not in consistence of their financial statements, and the reports mostly prepared by the geologist of the companies. Therefore, the differences were difficult to be resolved.

7. PAYMENTS TO LOCAL GOVERNMENT (aimags and soums)

7.1 Reason for occurring differences on monetary donations

The value of donations initially reported by the companies exceeded the amounts initially reported as received by the government by MNT 3.6 billion. Significant initial difference arose for several reasons:

- i. non-consolidation of the donations amount from soums, aimags, local government and other units.
- ii. lack of knowledge of proper completion of EITI Template No.1
- iii. tardiness in completion of the template
- iv. companies reported all types of donations and support, including those given to individuals, non-government organisations, voluntary funds, commissions and business economic entities, not understanding the real meaning of phrase that says: “donations given to entities of state and state-owned organisations belonging to state and local government”.

In order to eliminate the difference, we sent official letters to the companies to provide us with detailed information, and have made adjustments on the companies’ reporting by deducting donation amounts given to individuals and non-state organisations in the light of the details received.

In addition, we sent official letters to local governments to confirm each donation given to government, but have received only few replies as far now. We could not send official letters to several soums due to less developed communication system - fax, internet, telephone etc – and were only able in these cases to communicate by telephone, and wait for the reply by post.

However, we have also received explanations showing a slow approach, complaining about the limited time, changes in the governor’s office and current staff having no idea about events of year 2008. Due to all these explanations we still cannot still eliminate the differences.

7.2 Field trip to some soums and aimags

We organised field trip to Selenge and Darkhan-Uul aimags in order to review and confirm the donations from some companies to the aimags, soums, local organisations, and funds disbursed by the companies in sustainable development and community relations.

| # | Location | Per company | Per aimag, soum and local | Difference | Notes |
|---|--------------------------------------|----------------------|---------------------------|--------------------|------------------------|
| A | “Boroo Gold” LLC | 1,414,346,808 | 1,404,887,203 | 9,459,605 | |
| 1 | Aimag development fund, Selenge | 348,247,903 | 348,247,900 | 3 | |
| 2 | Soum development fund, Mandal | 329,000,000 | 329,000,000 | | |
| 3 | Tunkhel Village, Mandal soum, | 14,546,000 | 14,546,000 | - | |
| 4 | Police department, Mandal soum, | 11,660,000 | 11,660,000 | | |
| | Soum Development Fund of | 355,233,704 | 355,206,000 | 27,704 | Foreign exchange |
| 5 | Soum development fund, Bayangol | 321,887,821 | 321,887,821 | - | |
| 6 | Music to Bayangol soum, Selenge | 3,349,720 | | -3,349,720 | The soum has not |
| 7 | Aimag Hospital, Darkhan-Uul aimag | 6,082,178 | - | -6,082,178 | An official letter was |
| 8 | Children Care Centre, Darkhan-Uul | 24,339,481 | - | -24,339,481 | An official letter was |
| B | “Bold tumur eruu gol” LLC | 138,885,300 | 128,748,800 | -10,136,500 | |
| 1 | Soum development fund, Eruu | 100,000,000 | 100,000,000 | - | |
| 2 | Tuition fees of students, Eruu soum, | 7,500,000 | 7,500,000 | - | |
| 3 | Soum development fund, Shaamar | 12,229,000 | 12,229,000 | - | |
| 4 | Tree planting, Dulaankhaan Village | - | 5,000,000 | 5,000,000. | The amount was |
| 5 | Tuition fees of students, Shaamar | 2,572,000 | - | -2,572,000 | The company has |
| 6 | Gifts for elders, Shaamar | 680,000 | - | -680,000 | The soum has not |

| # | Location | Per company | Per aimag, soum and local | Difference | Notes |
|----------|-------------------------------------|----------------------|---------------------------|-------------------|----------------------|
| 7 | Design fee of hospital building, | 4,000,000 | - | -4,000,000 | The company has |
| 8 | Trip expense for elders to Utai | 3,300,000. | - | -3,300,000.00 | The company has |
| 9 | An archery contest, Dulaankhaan | 1,640,000 | - | -1,640,000 | The soum has no |
| 10 | Donation to Shaamar soum, Selenge | 1,000,000 | 1,000,000 | - | |
| 11 | Festival of Dulaankhaan Village, | 1,000,000 | - | -1,000,000 | The soum has no |
| 12 | Governor's Office, Dulaankhaan | 600,000 | - | -600,000 | The soum has no |
| 13 | Religious worship ritual activity, | 945,500 | - | -945,500 | The soum has no |
| 14 | Sport and physical education | 1,000,000 | 1,000,000 | - | |
| 15 | Donation to elders of Eruu soum, | 399,000 | - | -399,000 | The company did not |
| 16 | Soum hospital, Bugant Village, Eruu | 1,000,000 | 1,000,000 | | |
| 17 | Soum school, Bugant Village, Eruu | 1,019,800 | 1,019,800 | - | |
| C | "Khunanjinlen" LLC | 4,750,000 | 4,500,000 | -250,000 | |
| 1 | Eruu soum, Selenge aimag | 4,500,000 | 4,500,000 | | |
| 2 | Soum hospital, Eruu soum, Selenge | 250,000 | - | -250,000 | The soum hospital |
| D | "Zuriin bulan" LLC | 1,250,000 | - | -1,250,000 | |
| 1 | Eruu soum, Selenge aimag | 1,000,000 | - | 1,000,000 | The soum hospital |
| 2 | Soum hospital, Eruu soum, Selenge | 250,000 | - | -250,000 | The soum hospital |
| E | "Jump" LLC | 200,000 | 200,000 | | |
| 1 | Eruu soum, Selenge aimag | 200,000 | 200,000 | - | |
| F | "Erdes holding" LLC | 1,400,000 | 500,000 | -900,000 | |
| 1 | Police department, Selenge aimag | 500,000 | 500,000 | - | |
| 2 | Dulaankhaan Village, Shaamar | 900,000 | - | -900,000 | The village does not |
| G | "Shariin gol" JSC | 25,500,000 | 25,000,000 | -500,000 | |
| 1 | Sport and physical education | 500,000 | - | -500,000 | There was no |
| 2 | Lkha TV, Darkhan-Uul aimag | 25,000,000 | 25,000,000 | - | Loan was paid. |
| H | "Erel" LLC | 866,500 | 866,500 | | |
| 1 | MRAM, Darkhan-Uul aimag | 866,500 | 866,500 | | |
| | Total amount | 1,587,198,608 | 1,564,702,503 | 22,496,105 | |

The review of the field trip covered 35 entities, 6 soums and villages of 2 aimags of 8 companies. The reports of donations received by covered aimags, soums and entities were under-reported by MNT 22.5 billion.

The local governments of Bayangol, Mandal and Eruu soums of Selenge aimag used and performed considerable activities by donations and fund given from the companies.

The Village Development Fund, Dulaankhaan and Shaamar soums of Selenge aimag, disbursements recordings are not satisfactory and the expenditures are not eligible. For example, Dulaankhaan village has issued information about loans amounting to MNT8.6 million, with 1% interest which were provided to citizens from the Village Development Fund. However, it was unclear that how the loans were recorded in accounting and whether the interest on loan was paid by the borrowers.

Also, we observed that an old vehicle was purchased at high cost from the same fund. (STANA mark, MNT 7.5 million). However, the vehicle is currently broken and used.

7.3 Common weaknesses

The following common weaknesses were noticed during our work:

1. Companies donate their support and make donations in cash and in kind; however, the recipient parties (aimags, soums and organisations) do not include it in their accounting fully, but only record cash received through bank accounts. The aimag does not prepare a consolidated statement, and there is poor or no control over the donated amounts and items. For example, “Bold tumnr Eruu gol” LLC has donated in total MNT 5,264.5 thousand to Dulaankhaan Village and Eruu soum of Selenge aimag. And it was not recorded in the aimag accounts. Also musical instruments costing MNT 3,349.7 thousand donated to Bayangol soum, Selenge was not recorded. The Governor of Shariin Gol soum of Darkhan-Uul aimag issued an official letter informing us that it is not possible to provide the amount of donations received for the year 2008 since the officials of the office were changed.
2. It is also related to movements of the accountants and finance personnel of the mining companies. For example, as per “Boroo Gold” LLC reporting the company has reported donations totalling to MNT 30,421.6 thousand that was donated to Hospital of Darkhan-Uul aimag and Children Care Centre. When we checked about this donation during our field work, the Hospital has said that there was no donation from the said company in year 2008, and the donation given to Children Care Centre was not for the centre, rather it was for a marathon contest, which was organised during children’s day. The Dulaankhaan Village Development Fund accounted for an amount of MNT 5.0 million as a tree planting donation from “Bold Tumor Eruu Gol” LLC, which was not mentioned in the company’s reporting.

8. ISSUES

8.1 Delays in preparation of the template

There were delays in providing information in connection with MEITI, both in terms of the initial data and also in terms of providing additional details to assist with the reconciliation.

By way of examples:

An accountant, Ulzijargal A, of “Ten khun” LLC did not prepare the report for year 2008 to MEITIS. At the commencement of our work, we sent our official letters to the companies on 2010-03-25. Although this accountant was asked many times on the phones but did not send the template, reasoning “Submission of the template is optional and there is no sanction to be taken if we do not submit the report to EITI”. Also the accountants of “Tavan tolgoi” LLC and “Cold Gold Mongolia” LLC were slow to provide their detailed information. The general accountant of “Gatsuurt” LLC has changed, the general accountant of “Petro China dachin tamsag” LLC was sick, and reasoned that she was employed after year 2008 therefore, does not know about events of the year, and the general accountant of “Monpoliment” LLC was on a business trip abroad and the company assistant accountants were slow; however, the details requested were later provided.

The companies which were pro-active and cooperative with our reconciliation work by providing their detailed information within the timescales requested were as follows:

- “Mongolrustsvetmet” LLC,
- “Mongolyn Alt MAK” LLC
- “Shijir alt” LLC
- “Bold tumur Eruu gol” LLC
- “Chinkhua MAK nariin sukhait” LLC
- “Dazan Trade” LLC
- “Tethys mining” LLC and
- “Gobi coal and energy” LLC.

8.2 Expenditure incurred in relation to environmental protection

In order to adjust the costs disbursed for protection of the environment we have tried to match the company’s version of the detailed information with their “Report, planning indications of mining, environment information”/Form -3/ submitted to the Environmental Resources Department figures, however we could not achieve agreement between these reports. The “Report, planning indications of mining, environment information” is prepared by the companies’ geologists, mining engineers and technical personnel and submitted to the MOET and the figures of this report are not based on actual expenses per financial statements, rather on non-accounting estimates, which are not supported by primary financial documents. Under these circumstances, it has not proved possible to resolve the differences.

8.3 Licence fee for exploitation and exploration of mineral resources

The licence fee for exploitation and exploration of mineral resources is paid in US dollars. The template instructions require that Covered Entities provide this information in US dollars. Companies have nevertheless incorrectly completed Template I in tugrugs (converted from dollars), while the government has completed Template II in US dollars, as the instructions require. So, a difference arises.

8.4 Incomplete government data

Most donation amounts are not complete in the government report. It is due to poor information submission procedures to the MTA with regards taxes, fees, and charges paid to local governments. Also there is no efficient structure to cover all donation amounts into the government reporting.

If the organisations financed from the state budget fund receive monetary and non-monetary donations, then they should record them as revenue in their accounting, and include them in their financial statements so that the amounts are consolidated for state budget reporting.

This will then permit the MOF to consolidate amounts for donations correctly.

8.5 Charges and service charges

The amounts paid are not completely reported by the government. Various types of charges and service charges are paid to different places and the nature of these charges – a large number of individually small lump-sum amounts - makes reconciliation difficult. There is no proper procedure within government for consolidation of these charges and reporting by government is very limited. .

The mining companies pay the following charges and service charges through the following ways:

- Weight confirmation charge to Professional Inspection Department,
- Transport purification charge, DC permission document to Local Government Budget Fund and Transport Service Department,
- Visa sheet, service charge, residential permission charge, description fee and employment invitation charge to the LWSA and Local Government Budget Fund,
- Licence service fee, registration fee, report service charge, geology information charge and report reviewing charge to the MRAM,
- Special permission charge to the MOET,
- Identification charge, inspection charge to Traffic Police Department,
- Stamp charge to Court Decision Action Department,
- Service charge to Water Economizing Centre,
- Issuance charge of assurance to State Social Insurance Department,
- Sample analysis charge to Sampling Department,
- Certificate price to Local Government,
- Detailed measurement charge, standard service charge to Standard, Measurement Centre and
- Permission charge to the MTA.

8.6 Accounting personnel's skills and ability

For almost all companies, the template figures and the detailed information subsequently provided do not match with each other. It is directly related to lack of skills, knowledge of the accountants, and the companies' often casual approach to the preparation of the template.

8.7 Difficulty in communication

It was difficult to confirm donations amount from the government side since there is no body that consolidate all information about the donations of state and state-owned organisations and government organisations, some of them are located in remote areas, the communication system is hardly developed. And the officials do not know about event of year 2008, the governor is changed and others.

9. RECOMMENDATIONS

We are aware that the MEITI Working Group has set up work-groups to consider suitable EITI legislation and to review the data collection templates, and that accordingly many of the matters we have raised in this section may already be under active consideration. We note also that the Working Group has held workshops and seminars in Ulaanbaatar as part of the awareness and education process for EITI.

We nevertheless have recommendations arising from our work which we contribute to the process of improving Mongolia's EITI implementation.

9.1 The EITI process and its execution should be formalised

a. The EITI objectives and process for Mongolia should be codified in legislation

The elements and principles of the Mongolia EITI would normally be set out in a law approved by the parliament, while more detailed provisions would be determined by regulation by the designated Ministry. Consideration should be given to sanctions for non compliance

b. A timetable should be established and published .

This should set out, for example, the dates for

- appointment of the Independent Reconciler
- return of templates by Covered Entities
- execution of reconciliation work
- reporting findings of the Reconciliation
- publication of the report

c. There should be improved definitions for each revenue stream included in EITI

The scope of each revenue stream and the items to be included in it should be defined. This will help to avoid confusion over the correct completion of the templates.

d. Company EITI submissions should be subject to audit confirmation

Information submitted by companies under EITI requirements should be accompanied by a certificate from the company's auditor that the information is based on audited accounts to international standard.

Consideration could be given to exempting from this process companies whose payments fall below a minimum threshold, since it can be burdensome for small organisations, whose payments may not be material to overall EITI revenues.

e. Government processes for collection and reporting of information for EITI should be audited periodically

There is currently no provision for government processes to be audited as envisaged under EITI rules. A periodic review would assist in improving these processes and making them more robust (see section 8.5 on difficulties experienced during the 2008 reconciliation).

9.2 The MEITI Working Group should review the revenues and payments to be included in EITI reporting

This review should seek to ensure that all material revenues and payments from oil, gas and mining companies are included.

We recommend that, amongst others, the following revenues/payments are considered during the review:

a. Sub contractors

Sub-contractors are used by some mining companies in Mongolia to carry out activities which are carried out by other mining companies themselves; for example, drilling, earthmoving and restoration-these are directly connected to extractive activity. In companies where they are used, sub contractors will make payments to government which would be included in EITI if the operation were carried out by the company itself but which are omitted under the existing selection criteria used by the MEITI Working Group.

We recommend that the Working Group should consider the inclusion of sub contractors to mining companies in EITI, and require them to make EITI returns if applicable.

b. Donations

The donations reported by companies did not represent, in many cases, payments to government; rather, they were costs which the company incurred voluntarily and has designated as being for the benefit of the community (e.g. construction of a road).

We recommend that the Working Group should

- i. review the definition of items to be included under donations for EITI and require companies to exclude, or to show under the voluntary return, all items which are not paid to government; and
- ii. consider whether a minimum value is appropriate for reporting donations

c. Charges and service charges

The total receipts reported for these charges by government in 2008 amounted to MNT 2.5 billion, out of total adjusted receipts of MNT 685 billion. These charges represent only 0.36% of total government receipts captured under the current EITI exercise and the Working Group should consider whether they should be included as a material receipts from the extractive sector.

d. Costs disbursed for protection of the environment

These costs are reported by companies but are not paid to government bodies, rather they are paid to local contractors for various works. This means that any reconciliation would be between

- c. costs declared by the company to MOF and the EITI reconciler; and
- d. figures which the government declares based upon returns the company itself has made, and not as actual receipts to the government

This is not an independent reconciliation. We recommend that such costs are included as voluntary disclosures in Section 2 of the EITI template rather than as costs which require reconciliation. Two thirds of the unresolved discrepancies relate to these costs.

We noted the report submitted to MOET notifying MOET of expenditure incurred is prepared by technical personnel, apparently without reference to company financial staff. The costs reported, therefore, do not appear to be substantiated by reference to expenditure records within the company. This requires further investigation by MOET, since these reports are the key control over environmental expenditure which the company is required to carry out.

9.3 The MEITI Working Group should determine an acceptable margin of error for any discrepancy between payments reported by companies and revenues reported by government

The Working Group should provide guidance on a level of materiality which should be applied to the investigation of discrepancies. This could lead to improved value for money, by directing effort in a more targeted fashion without harming the overall conclusions reached from the exercise.

By way of example, it is interesting to analyse the data provided on donations. Within the templates for 2008, 256 separate donations were initially reported by companies with a financial value of MNT 11.5 billion. Within these items, 38 items had a combined financial value of MNT 11.0 billion. None of these 38 items was individually less than MNT 10 million. In other words, 95% of the financial value of reported donations derived from 38 items in excess of MNT 10 million.

9.4 Unresolved discrepancies should be examined

Despite extensive efforts, it was not possible to obtain information and explanations which enabled all the discrepancies to be resolved, although the overall discrepancies were reduced to 0.16% of reported government receipts. The Working Group should consider how these should be treated.

9.5 Communication to Covered Entities and training of their staff requires improvement

The level of understanding of what information should be provided when completing the templates is generally insufficient amongst staff at companies, government departments and agencies and at local government level.

This results in discrepancies being created through poor completion of the templates, and difficulties in the process of reconciliation.

We recommend that, as part of improving awareness of EITI, and in order to improve the processes surrounding the reconciliation of the revenues and payments reported under EITI, a series of workshops should be held in suitable geographical locations, supported by suitable EITI literature, to increase awareness of EITI reporting requirements and to encourage improvement in the processes used to provide information.

9.6 Systems and supporting information at a number of government agencies require improvement

a. Mongolian Tax Authority

A number of adjustments were made to the initial information provided by the MTA from which it is evident that this initial information was not correctly prepared. Much discussion was required with the MTA in order to obtain substantiated information about receipts; and having obtained such information, which changed the value of the reported receipt, the MTA was unable to explain where the original figure came from.

By way of example, the MTA reported receipts of MNT 7.35 billion for royalties from one company, which was MNT 3.38 billion lower than was reported by the company. The MTA eventually provided detailed reports showing receipts of MNT 10.73 billion, which was the figure declared by the company. The MTA has been unable to justify its original submission or the reason for the delay in producing the revised information.

b. Aimags and soums

Obtaining information from officials in the aimags and soums proved difficult as in previous years, in particular concerning donations, where the figure initially reported of MNT 1.0 billion was increased by MNT 4.9 billion as a result of the reconciliation.

There is a need to examine the reporting systems and processes for recording and controlling expenditure at aimag and soum level so that government can be sure that expenditure is properly disbursed and controlled within budgetary levels.

9.7 Other recommendations

a. The audited accounts of companies should include a statement of cash flows reported under EITI

Such a statement would be prepared on a cash basis, reconciled where applicable to amounts included in the financial statements, and included in the audit opinion given by the company's independent auditor.

b. Consideration should be given to treating mining and oil companies separately within MEITI where appropriate

There are commonalities between the regulation of the mining and oil sectors. However, there are also differences, both in certain areas of regulation and also in the contractual environment.

The Working Group should review these and make any necessary changes for future reconciliation exercises.

c. Communication methods

Communications between local offices around Mongolia and central Ministry offices is hampered by lack of any reliable form of electronic communication, for example an email system. This makes transfer of information slow and cumbersome, as well as introducing the potential for error and omission due to the need to transfer data through the post. Consideration should be given to introducing an email system, and in the medium term, shared electronic databases to improve working efficiency.

10. APPENDICES

| | |
|---|-----|
| Appendix A Adjustments resulting from the reconciliation exercise – by financial flow | 44 |
| Appendix B Adjustments resulting from the reconciliation exercise – by company | 59 |
| Appendix C Source of information – Government Entities | 229 |
| Appendix D List of Companies | 230 |
| Appendix E Letters of Representation from companies | 232 |
| Appendix F List of people we met | 234 |
| Appendix G Covered Entities | 235 |
| Appendix H Covered entities’ contact information | 236 |
| Appendix I Schedule of initial differences | 244 |
| Appendix J Schedule of net adjustments resulting from the reconciliation | 254 |
| Appendix K Schedule of unresolved differences | 262 |
| Appendix L Donations, assistance provided by the companies (per detailed reports of | 270 |

Appendix A Adjustments resulting from the reconciliation exercise – by financial flow

The aggregated flows submitted on the initial templates were discussed in section 5.1 of the Report. This Appendix describes the adjustments made to the initial templates, according to the type of financial flow as set out in the EITI Mongolia templates.

1. Taxes

The differences in the taxes section of the initial templates, together with the adjustments made to figures provided by Government Entities and companies as a result of the reconciliation exercise, are as follows:

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| 1.1 Corporate income tax | 19,644,800 | 528,280 | 20,168,943 | 4,137 |
| 1.2 Customs tax | (20,076,011) | - | (20,135,838) | 59,827 |
| 1.3 Windfall tax | (9,460,508) | 32,021 | (9,428,487) | - |
| 1.4 Real estate tax | (203,487) | 225,192 | 18,225 | 3,480 |
| 1.5 Excise on imported fuel and oil materials | 807,210 | - | 807,210 | (1) |
| 1.6 Tax on petrol and diesel fuel | (73,801) | - | (73,801) | - |
| 1.7 Tax on automobiles and self moving vehicles | (13,330) | 36,152 | 17,477 | 5,345 |
| 1.8 Other taxes in monetary value (1) | (6,729,772) | 52 | (6,729,720) | - |
| 1.9 Other taxes in monetary value (2) | (72,672) | 138 | (72,534) | - |
| Total | (16,177,571) | 821,835 | (15,428,524) | 72,788 |

1.1 Corporate income tax

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|----------------------|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Corporate income tax | 19,644,800 | 528,280 | 20,168,943 | 4,137 |

The adjustments to the initial net differences for this item are as follows:

- “Erdenet Mining Corporation” LLC has not reported completely the offset deduction amounts against other taxes in its initial template.
- The Mongolian Tax Authority has not reported tax amount deducted from loan interest income of “Boroo Gold” LLC.
- “Tsairt mineral” LLC has reported tax amounts deducted from dividend and foreign transfer income under other taxes section.
- The government has under reported paid amount of MNT1,228.8 thousand, which “Ankhai international” LLC has paid on 31 October, 2008.
- “Uuls zaamar” LLC has not maintained any payment of corporate income tax amount in its initial template, however, has provided and reported the payment as per its detailed information.
- “Erel” LLC has paid its unpaid outstanding balance for CIT of year 2007 in year 2008; however it was not reported in the template initially.

- “Adamas mining” LLC has not maintained any payment of corporate income tax amount in its initial template; however, it was approved by its detailed information.
- The Mongolian Tax Authority has not reported completely received payments of “Ivanhoe mines mongolia” Ltd and it was approved by the detailed information received from the MTA and the company has reported at accrual basis not at cash basis.
- “Chinkhua MAK nariin sukhait” LLC” has reported its dividend tax and return of VAT under other taxes.

1.2 Customs tax

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-------------|--------------------------------------|---------------------|--------------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Customs tax | (20,076,011) | - | (20,135,838) | 59,827 |

The adjustments to the initial net differences for this item are as follows:

- We have worked to reconcile the amounts from the reporting of the MCO and its detailed information into the companies information, however, the companies has reported their paid VAT, Excise on imported fuel and oil materials, Tax on petrol and diesel fuel and Customs tax as a whole. Therefore, we have made the adjustments based on the reporting of the MCO.

1.3 Windfall tax

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--------------|--------------------------------------|---------------------|-------------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Windfall tax | (9,460,508) | 32,021 | (9,428,487) | - |

The adjustments to the initial net differences for this item are as follows:

- The MTA has not reported paid amount, which “Erdenet Mining Corporation” LLC has paid on 31 December, 2008.
- While checking “Gatsuurt” LLC’s detailed information and its monthly report for the windfall tax we have noticed that, the company has reported its imposed amount not by it paid amount.
- “Monpolimet” LLC has submitted its template to Mongolia EITIS, during our audit it was submitted and we have made the respective adjustment.
- “Uurt gold” LLC has reported the setting of this tax against to overpayment of the other taxes.

1.4 Real estate tax

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-----------------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Real estate tax | (203,487) | 225,192 | 18,225 | 3,480 |

The adjustments to the initial net differences for this item are as follows:

- “Tavan tolgoi” LLC, “Mongolyn alt MAK” LLC, “Shijir alt” LLC, “Chinkhua MAK nariin sukhait” LLC and “Shanlun” LLC” companies have reported this tax as overstated.
- The MTA has not reported the received amount of payment of “Boroo Gold” LLC, while the company has shown it on this detailed information.

1.5 Excise on imported fuel and oil materials

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Excise on imported fuel and oil materials | 807,210 | - | 807,210 | (1) |

The adjustments to the initial net differences for this item are as follows:

- “Erdenet Mining Corporation”, “Mongolrustvetmet” LLC, “Erel” LLC, “Jump” LLC and “Berleg mining” LLC companies have reported their excise on imported fuel and oil materials under customs taxes.

1.6 Tax on petrol and diesel, fuel

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--------------------------------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Tax on petrol and diesel, fuel | (73,801) | - | (73,801) | - |

The adjustments to the initial net differences for this item are as follows:

- “Erdenet Mining Corporation”, “Mongolrustvetmet” LLC and “Petro China dachin tamsag” LLC companies have reported their tax on petrol and diesel, fuel under customs tax.

1.7 Tax on automobiles and self moving vehicles

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Tax on automobiles and self moving vehicles | (13,330) | 36,152 | 17,477 | 5,345 |

The adjustments to the initial net differences for this item are as follows:

- “Shijir alt” LLC and “Ivanhoe mines mongolia” Ltd have under reported their tax on automobiles and self moving vehicles at their reporting.
- The MTA has misreported paid amount of “Erel” LLC in Darkhan Uul aimag.

1.8 Other taxes in monetary value (1)

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-----------------------------------|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Other taxes in monetary value (1) | (6,729,772) | 52 | (6,729,720) | - |

The adjustments to the initial net differences for this item are as follows:

- “Ivanhoe mines mongolia” Ltd and “Petro China dachin tamsag” LLC have reported not required taxes amounts
- initially; therefore, we have made the adjustment deducting the amounts.
- “Chinkhua MAK” LLC has reported tax amount, which deducted from the dividend distributed to its own Chinese shareholders and paid to tax institutions.

1.9 Other taxes in monetary value (2)

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-----------------------------------|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Other taxes in monetary value (2) | (72,672) | 138 | (72,534) | - |

The adjustments to the initial net differences for this item are as follows:

- “Gobi coal and energy” LLC has reported initially its CIT tax amount under this section.

2. Fees

The differences in the fees section of the initial templates, together with the adjustments made to figures provided by Government Entities and companies as a result of the reconciliation exercise, are as follows:

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| 2.1 Fee for exploitation of mineral resources (“Royalty fee”) | 12,063,450 | (14,718,202) | (2,636,553) | (18,200) |
| 2.2 Licence fee for exploitation and exploration of mineral resources | (5,039,899) | 227,219 | (4,815,382) | 2,702 |
| 2.3 Licence fee for exploitation and exploration of mineral resources /in USD/ | 5,792 | 6,800 | 12,598 | (6) |
| 2.4 Reimbursement of deposit, exploration of which is carried out by the budget fund | 2,373,021 | 476 | 2,373,496 | - |
| 2.5 Land fee | (9,569,969) | 889,486 | (8,674,701) | (5,782) |
| 2.6 Fee for water use | (239,229) | 297,350 | 67,366 | (9,246) |
| 2.7 Fee for forestry use and firewood | (41,975) | 36,656 | (5,169) | (150) |

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) | |
|---------|--|---------------------|---------------------|------------------------------|-----------------|
| | | Government Entities | Companies | | |
| | | MNT 000 | MNT 000 | | |
| 2.8 | Fee for recruiting foreign experts and workers | (36,960) | 551,936 | 544,402 | (29,426) |
| 2.9 | Fee for use of mineral resources of widespread deposit | (1,031,109) | 1,030,269 | (840) | - |
| 2.10 | Other | (54,333) | - | (37,485) | (16,848) |
| | Total | (1,571,212) | (11,678,010) | (13,172,267) | (76,955) |

2.1 Fee for exploitation of mineral resources (“Royalty fee”)

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) | |
|---------|---|---------------------|--------------|------------------------------|----------|
| | | Government Entities | Companies | | |
| | | MNT 000 | MNT 000 | | |
| | Fee for exploitation of mineral resources (“Royalty fee”) | 12,063,450 | (14,718,202) | (2,636,553) | (18,200) |

The adjustments to the initial net differences for this item are as follows:

- The MTA has reported including fee paid in December, 2007 by “Bold tumur eruu gol” LLC. On the other hand, the MTA have not included paid fees of this company and also of “Tsairt minerals” LLC in December, 2008.
- The MTA has not reported initially fee paid from “Boroo Gold” LLC; however, it was adjusted and reported after checking the detailed information received from the MTA.
- “Tavan tolgoi” LLC has reported initially not by paid amount rather the expensed amount.
- The government has reported doubly the payment of “Mongolyn alt MAK” LLC on its detailed information.

2.2 Licence fee for exploitation and exploration of mineral resources

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) | |
|---------|---|---------------------|-----------|------------------------------|-------|
| | | Government Entities | Companies | | |
| | | MNT 000 | MNT 000 | | |
| | Licence fee for exploitation and exploration of mineral resources | (5,039,899) | 227,219 | (4,815,382) | 2,702 |

- The MRAM has reported this fee in USD, while most companies reported it in MNT.

2.3 Licence fee for exploitation and exploration of mineral resources /in USD/

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) | |
|---------|--|---------------------|-----------|------------------------------|-----|
| | | Government Entities | Companies | | |
| | | USD 000 | USD 000 | | |
| | Licence fee for exploitation and exploration of mineral resources /in USD/ | 5,792 | 6,800 | 12,598 | (6) |

- The MRAM has reported this fee in USD, while most companies reported it in MNT.

2.4 Reimbursement of deposit, exploration of which is carried out by the budget fund

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Reimbursement of deposit, exploration of which is carried out by the budget fund | 2,373,021 | 476 | 2,373,496 | - |

- “Engui tal” LLC has not submitted its template initially to Mongolia EITIS, during our audit we have required the template and made the respective adjustments.

2.5 Land rent

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-----------|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Land rent | (9,569,969) | 889,486 | (8,674,701) | (5,782) |

- “Erdenet Mining Corporation” LLC provides Orkhon aimag with water service; therefore, its land rent fee is set-off against fee for water use.
- The MTA has not reported the following companies land rent fees, which were paid to land units of aimag, capital, soum and district and tax institutions from the companies:

| # | Company names | Recipient organisations |
|----|----------------------------|--|
| 1 | “Boroo Gold” LLC | Bayangol and Mandal soums, Selenge aimag |
| 2 | “Mongolrustvetmet” LLC | City land department |
| 3 | “Baganuur” JSC | District land department, Baganuur district |
| 4 | “Uuls zaamar” LLC | Dornod aimag |
| 5 | “Mongolyn alt MAK” LLC | Gurvantes soum, Umnugovi aimag and City Land Department |
| 6 | “Ankhai International” LLC | Bayanjargalan soum, Tuv aimag |
| 7 | “AUM” LLC | Uyanga soum, Uvurkhangai aimag, City Land department |
| 8 | “Erdes holding” LLC | Khuder soum, Selenge aimag |
| 9 | “Jump” LLC | Dornod aimag |
| 10 | “Shariin gol” JSC | Shariin gol soum, Darkhan Uul aimag |
| 11 | “Khan shijir” LLC | Bumbugur soum, Bayankhongor aimag |
| 12 | “Sonor trade” LLC | Bayangol soum, Selenge aimag |
| 13 | “Tun sin” LLC | Darkhan soum, Khentii aimag |
| 14 | “Talbulag trade” JSC | Bayan-Ovoo soum, Bayankhongor aimag |
| 15 | “Eltrana” LLC | Buren soum, Tuv aimag |
| 16 | “Erel” LLC | City land department, Tuv, Darkhan-Uul, Dornogobi aimags |

To solve the above difference, we approached to the government organizations and adjusted based on the detailed information.

2.6 Fee for water use

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-------------------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Fee for water use | (239,229) | 297,350 | 67,366 | (9,246) |

- “Shijir alt” LLC, “Gatsuurt” JSC and “Khan shijir” LLC companies have reported its service charge fees paid to Water Economizing Centre under this type of fee.
- “Ten khun” LLC has not reported its paid amounts in its initial template and it was approved by its detailed information.
- “Shijir talst” LLC has over reported initially this amount in the template.
- The MTA has not reported the following companies land rent fees, which were paid to land units of aimag, capital, soum and district and tax institutions from the companies:

| # | Company names | Recipient organisations |
|----|----------------------------|--|
| 1 | “Tsairt mineral” LLC | Sukhbaatar and Asgat soums, Sukhbaatar aimag |
| 2 | “Mongolrustvetmet” LLC | City land department |
| 3 | “Adamas mining” LLC | Dashinchilen soum, Bulgan aimag |
| 4 | “Zuriin bulan” LLC | Eruu soum, Selenge aimag and Khongor soum, Darkhan aimag |
| 5 | “Dazan trade” LLC | Tarialan soum, Uvs aimag |
| 6 | “Tethys mining” LLC | Bugat and Chandmani soums, Govi-Altai aimag and Murun |
| 7 | “Shin shin” LLC | Dashbalbar soum, Dornod aimag |
| 8 | “Jump” LLC | Dornod aimag |
| 9 | “Gobi coal and energy” LLC | Chandmani soum, Govi-Altai aimag and Shinejinst soum, |
| 10 | “Shariin gol” JSC | Shariin gol soum, Darkhan Uul aimag |
| 11 | “Erdes Holding” LLC | Khuder soum, Selenge aimag |
| 12 | “Sonor trade” LLC | Bayangol soum, Selenge aimag |
| 13 | “Tun sin” LLC” | Darkhan soum Khentii aimag |

2.7 Fee for forestry use and firewood

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-----------------------------------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Fee for forestry use and firewood | (41,975) | 36,656 | (5,169) | (150) |

- The MTA has not reported “AUM” LLC’s paid fees in its initial template, we have checked and confirmed from the detailed information received from the MTA.
- “Khunanjinlen’ LLC and “Zuriin bulan” LLC have not reported their payment initially, but proved on their detailed information.

2.8 Fee for recruiting foreign experts and workers

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Fee for recruiting foreign experts and workers | (36,960) | 551,936 | 544,402 | (29,426) |

- Under this fee, the companies mostly included the followings:
 - Service charge,
 - Invitation,
 - Identification price and
 - Charge for issuing description.
- “Ivanhoe mines mongolia” Ltd and “Bold tumur eruu gol” LLC have reported received amount from LWSA as returns of workers’ accommodation fee of workers who have departed back before their visa expiration date.
- The LWSA has not reported paid amount of “Khunanjinlen” LLC to local budget fund.
- “Mongolrustvetmet” LLC, “Jump” LLC, “Gatsuurt” LLC and “Ten khun” LLC have not reported initially in their templates: however, their detailed information has confirmed the payments.
- The LWSA has not reported payment of “Tun sin” LLC: however, it was confirmed by the detailed information.

2.9 Fee for use of mineral resources of widespread deposit

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Fee for use of mineral resources of widespread deposit | (1,031,109) | 1,030,269 | (840) | - |

- “Mongolyn alt MAK” LLC has not reported its paid fees initially in the template; however, it was confirmed after checking the detailed information received from the company.
- The government has not reported payment fee for MNT 1,030,269 thousand from “Broo Gold” LLC. Because, this amount was paid to local government budget, therefore, the government has not consolidated. The company has confirmed this payment.

2.10 Other

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Other | (54,333) | - | (37,485) | (16,848) |

- “Tun sin” LLC has reported its charges and service charges under other fees initially.

3. Charges and service charges

The differences in the charges and service charges section of the initial templates, together with the adjustments made to figures provided by Government Entities and companies as a result of the reconciliation exercise, are as follows:

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|-----------------------------------|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| 3.1 Stamp and other charge for state registration paid to state and local administration in accordance with relevant law | (94,084) | - | (40,062) | (54,022) |
| 3.2 Service charges paid to state and local administration in accordance with relevant law | (365,547) | 762 | (60,135) | (304,650) |
| 3.3 Custom service fee | (24,107) | 51,288 | 25,299 | 1,882 |
| Total | (483,737) | 52,050 | (74,897) | (356,790) |

3.1 Stamp and other charge for state registration paid to state & local administration in accordance with relevant law

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Stamp and other charge for state registration paid to state and local administration in accordance with relevant law | (94,084) | - | (40,062) | (54,022) |

3.2 Service charges paid to state & local administration in accordance with relevant law

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Service charges paid to state and local administration in accordance with relevant law | (365,547) | 762 | (60,135) | (304,650) |

- “Shanlun” LLC and “Tun sin” LLC have reported their paid fees in their initial template: however, their payments could not be confirmed by their detailed information.
- “Shijir alt” LLC has not reported its paid service charge amount initially; however, it was confirmed by its detailed information.
- “Chinkhua MAK nariin sukhait” LLC has decreased its initially reported amount by its detailed information.

3.3 Custom service fee

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|--------------------|---------------------------|---------------------|-----------|------------------------------|
| | | Government Entities | Companies | |
| | MNT 000 | MNT 000 | MNT 000 | MNT 000 |
| Custom service fee | (24,107) | 51,288 | 25,299 | 1,882 |

The companies mostly reported their customs service charges under customs taxes.

4. Dividends on state and local property

The differences in the dividends on state and local property section of the initial templates, together with the adjustments made to figures provided by Government Entities and companies as a result of the reconciliation exercise, are as follows:

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|---------------------------------|---------------------------|---------------------|------------------|------------------------------|
| | | Government Entities | Companies | |
| | MNT 000 | MNT 000 | MNT 000 | MNT 000 |
| 4.1 Dividends on state property | 194,991 | - | 194,991 | - |
| 4.2 Dividends on local property | 6,021,492 | - | 6,021,492 | - |
| Total | 6,216,483 | - | 6,216,483 | - |

4.1 Dividends on state property

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|-----------------------------|---------------------------|---------------------|-----------|------------------------------|
| | | Government Entities | Companies | |
| | MNT 000 | MNT 000 | MNT 000 | MNT 000 |
| Dividends on state property | 194,991 | - | 194,991 | - |

Adjustments made to the initial differences were due to the following reasons:

- “Chinkhua MAK nariin sukhait” LLC’s MNT 262,134 thousand was reported as payment for CIT per company’s reporting, however, the government has reported this amount as payments for CIT and also Dividend on state property for year 2008 at same date. We have clarified with MTA and adjusted the amount since the MTA has accepted its incorrect reporting.
- “Shijir alt” LLC” has reported MNT 71,176 thousand initially in the template, however, this amount was adjusted because, the company has accepted its incorrect reporting since the received detailed information from the company show differently.
- “Mongol alt” JSC has not submitted its 2008 reporting to Mongolia EITIS, which resulted to the initial difference, and after receiving the detailed information from the company we have made adjustments amounting to MNT 4,033 thousand.

4.2 Dividends on local property

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|-----------------------------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Dividends on local property | 6,021,492 | - | 6,021,492 | - |

- “Tavan tolgoi” JSC has accepted its under reporting and sent us the detailed information and it was adjusted.

5. Other payments to recipient government

The differences in the other payments to recipient government section of the initial templates, together with the adjustments made to figures provided by Government Entities and companies as a result of the reconciliation exercise, are as follows:

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| 5.1 Entitlement under Production Sharing Contract with the government | (26,390,273) | 26,390,273 | - | - |
| 5.2 Other | (279,675) | 279,675 | - | - |
| Total | (26,669,948) | 26,669,948 | - | - |

5.1 Entitlement under Production Sharing Contract with the government

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Entitlement under Production Sharing Contract with the government | (26,390,273) | 26,390,273 | - | - |

Adjustments made to the initial differences were due to the following reasons:

- “Petro China dachin tamsag” LLC’s initial difference was due to non-reporting by the government side and the figure was adjusted in accordance to the detailed information received from the PAM.

5.2 Other

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---------|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Other | (279,675) | 279,675 | - | - |

- “Petro China dachin tamsag” LLC’s initial difference was due to non-reporting by the government side and the figure was adjusted in accordance to the detailed information received from the PAM.

6. Donations to governmental organisations

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) | |
|--------------|---|---------------------|--------------------|------------------------------|----------|
| | | Government Entities | Companies | | |
| | | MNT 000 | MNT 000 | | |
| 6.1 | Monetary donation from companies to ministries and agencies | (305,533) | 86,802 | (211,925) | (6,806) |
| 6.2 | Monetary donation from companies to aimags | (6,041,969) | 115,177 | (5,926,293) | (500) |
| 6.3 | Monetary donation from companies to soums | (55,492) | (194,674) | (211,342) | (38,824) |
| 6.4 | Monetary donation from companies to local organisations | (626,337) | 121,669 | (495,192) | (9,476) |
| 6.5 | Funds disbursed by company in sustainable development and community relations | (2,286,982) | 4,764,206 | 2,491,674 | (14,450) |
| Total | (9,316,313) | 4,893,179 | (4,353,078) | (70,056) | |

6.1 Monetary donations from companies to Ministries and agencies

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|---|---------------------------|---------------------|-----------|------------------------------|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Monetary donation from companies to ministries and agencies | (305,533) | 86,802 | (211,925) | (6,806) |

Adjustments made to the initial differences were due to the following reasons:

- “Erdenet Mining Corporation” LLC has accepted the incorrect reporting of MNT 57,768 thousand firstly in its template, and it caused the difference and was adjusted based on the detailed information received from the company.
- “Tsairt mineral” LLC has reported MNT 142,720 thousand initially in the template, during our clarification only MNT 131,000 was approved by the detailed information and it is related to donation given to Standard and Measurement Centre and Auto road Fund of the aimag.
- The following ministries and agencies have not reported their received donations in the government reporting from the mining companies:
 - MRAM
 - MNMA
 - Ministry of Foreign Affairs
- The following companies’ donations were classified incorrectly, reported under and over:
 - “Gatsuurt” JSC
 - “Shijir alt” LLC
 - “Erdes holding” LLC
 - “Boroo Gold” LLC
 - “Petro China dachin tamsag” LLC

6.2 Monetary donation from company to aimags

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|--|---------------------------|---------------------|-------------|------------------------------|
| | | Government Entities | Companies | |
| | MNT 000 | MNT 000 | MNT 000 | MNT 000 |
| Monetary donation from companies to aimags | (6,041,969) | 115,177 | (5,926,293) | (500) |

- “Erdenet Mining Corporation” LLC has reported MNT 5,767,007 thousand which does not belong to year 2008.
- “Tsairt mineral” LLC has recorded its donation amount belonging to this item by classifying incorrectly, and the figures were adjusted based on the received confirmation from the centre of the aimag.
- The following aimags have not reported their received donations in the government reporting from the mining companies:
 - Dornod aimag
 - Umnugovi aimag
 - Sukhbaatar aimag
 - Selenge aimag
 - Bayankhongor aimag
 - Govi-Altai aimag
- The following companies have recorded donations given to non-government organisations:
 - “Ivanhoe mines mongolia” Ltd
 - “Gobi coal and energy” LLC
 - “Erdes holding” LLC
 - “Jump” LLC
 - “Uurt gold” LLC

6.3 Monetary donation from company to soums

| Section | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) |
|---|---------------------------|---------------------|-----------|------------------------------|
| | | Government Entities | Companies | |
| | MNT 000 | MNT 000 | MNT 000 | MNT 000 |
| Monetary donation from companies to soums | (55,492) | (194,674) | (211,342) | (38,824) |

- The following soums have not reported their received donations in the government reporting from the mining companies:
 - Shariin gol soum, Darkhan Uul aimag
 - Bumbergur soum, Bayankhongor aimag
 - Khuder, Eruu soums, Selenge aimag
 - Sevree, Noyon soums, Umnugovi aimag
 - Buregkhangai soum, Bulgan aimag
- The following companies’ donation amounts were adjusted due to donations to non-government organisations:
 - “Boroo Gold” LLC
 - “Bold tumur eruu gol” LLC
 - “Chinkhua MAK nariin sukhat” LLC
- The following companies’ donation amounts were adjusted due to confirmation letter received from the local government:
 - “Boroo Gold” LLC
 - “Gobi coal and energy” LLC
 - “Tsairt mineral” LLC
 - “Tavan tolgoi” JSC

- “Bold tumur eroo gol” LLC
- “Chinhua MAK nariin sukhait” LLC

6.4 Monetary donation from company local organisations

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Monetary donation from companies to local organisations | (626,337) | 121,669 | (495,192) | (9,476) |

- The following companies’ donation amounts were adjusted due to donations to non-government organisations and confirmation letter received from the local government:
 - “Erdenet Mining Corporation” LLC
 - “Boroo Gold” LLC
 - “Gobi coal and energy” LLC
- The following companies’ template amounts were adjusted based on confirmation letter received from the local government:
 - “Mongolyn alt MAK” LLC
 - “Ivanhoe mines mongolia” Ltd
 - “Petro China dachin tamsag” LLC

6.5 Funds disbursed by companies in local sustainable development and local community relations

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|---|--------------------------------------|---------------------|-----------|---|
| | | Government Entities | Companies | |
| | | MNT 000 | MNT 000 | |
| Funds disbursed by company in sustainable development and community relations | (2,286,982) | 4,764,206 | 2,491,674 | (14,450) |

- The following companies’ donation amounts were adjusted due to donations to non-government organisations and confirmation letter received from the local government:
 - “Boroo Gold” LLC
 - “Gobi Cold and Energy” LLC
 - “Chinhua MAK nariin sukhait” LLC
 - “Tsairt mineral” LLC
- “Chinhua MAK nariin sukhait” LLC’s understated amounts were adjusted based on the received detailed information. The company has provided detailed information confirming its donation amounting to MNT3,396,158 thousand given for maintenance for Culture Centres of Gurvan tes soum of Umnugobi aimag and monetary donations for road construction work to the border point of Shivee huren. In order to confirm the amount, we have sent letter to Governor of Umnugobi requesting confirmation of the amount reported by the company. The Culture Centre of Gurvan tes soum has confirmed the donations while the Mr.Otgonbayar, Development policy department office of Aimag administration, commented that donations for road construction work to Border point was received and its expenditures and a work of the road completion are at 70% currently.
- “Erdenet Mining Corporation” LLC has recorded donation given to non-government organisation.

7. Expenditure for environmental protection

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| 7.1 50% contribution in kind to environmental protection special account | (104,505) | 63,154 | (51,469) | 10,118 |
| 7.2 Expenditure incurred in relation to environmental protection | 957,933 | (1,603,935) | 33,509 | (679,511) |
| Total | 853,428 | (1,540,781) | (17,960) | (669,394) |

7.1 50% contribution in kind to environmental protection special account

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| 50% contribution in kind to environmental protection special account | (104,505) | 63,154 | (51,469) | 10,118 |

- “Erdenet Mining Corporation” LLC’s reported figures were adjusted after getting confirmation from the MOET.
- “Boroo Gold” LLC has reported figure of year 2007 under 50% contribution in kind to environmental protection special account
- The Government has reported incorrectly for “Mongolrustvetmet” LLC, we have made the necessary adjustment.
- “Chinkhua MAK nariin sukhai” LLC and “Gatsuurt” JSC over reported their amount in the template.

7.2 Expenditure incurred in relation to environmental protection

| Section | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 |
|--|--------------------------------------|--------------------------------|----------------------|---|
| | | Government Entities MNT 000 | Companies MNT 000 | |
| Expenditure incurred in relation to environmental protection | 957,933 | (1,603,935) | 33,509 | (679,511) |

- “Gatsuurt” JSC’s incomplete reported figures were adjusted after receiving the detailed information the company.
- “Adamas mining” LLC has accepted that the template was filled-up improperly.
- “AUM” LLC’s initial figures were over reported, we have adjusted based on the received detailed information.
- “Jump” LLC has not reported its expenditure initially, we have adjusted based on the received detailed information from the company.
- We have adjusted for “Erdes holding” LLC, due to the government has reported amount in initially template, that are not real numbers.

Appendix B Adjustments resulting from the reconciliation exercise – by company

The aggregated flows submitted on the initial templates were discussed in section 5.1 of the Report.

This Appendix describes the adjustments made to the initial templates, analyzed by company.

Tables showing the adjustments made for each company follow. A summary of the differences for all companies shows:

| No | Company Name | Initial Differences (net) MNT 000 | Adjustments made | | Unresolved Differences (net) MNT 000 | App No |
|----|-----------------------------------|--------------------------------------|--------------------------------|----------------------|---|--------|
| | | | Government Entities MNT 000 | Companies MNT 000 | | |
| 1 | "Erdenet mining corporation" LLC | (12,471,165) | (20,232,277) | (32,573,343) | (130,099) | B1 |
| 2 | "Boroo Gold" LLC | (7,763,628) | 6,254,898 | (368,569) | (1,140,161) | B2 |
| 3 | "Tsairt mineral" LLC | (2,145,811) | 576,337 | (3,005,255) | 1,435,782 | B3 |
| 4 | "Tavan tolgoi" JSC | 10,717,214 | (597,555) | 10,075,525 | 44,133 | B4 |
| 5 | "Bold tumur eruu gol" LLC | (177,184) | (1,163,321) | (1,230,755) | (109,750) | B5 |
| 6 | "Mongolyn alt MAK" LLC | (498,486) | 266,607 | (188,946) | (42,933) | B6 |
| 7 | "Mongolrustvetmet" LLC | (2,880,297) | 2,112,097 | 125,251 | (893,452) | B7 |
| 8 | "Shijir alt" LLC | (541,228) | 217,389 | (323,839) | - | B8 |
| 9 | "Chinkhua MAK nariin sukhait" LLC | (742,827) | 3,438,190 | 2,815,723 | (120,361) | B9 |
| 10 | "Gatsuurt" JSC | (1,032,717) | (775,385) | (1,808,102) | - | B10 |
| 11 | "Monpolimet" LLC | 2,283,547 | (96,861) | 2,186,686 | - | B11 |
| 12 | "Engui tal" LLC | 1,985,734 | 6,999 | 1,992,733 | 0 | B12 |
| 13 | "Ivanhoe mines mongolia" Ltd | (3,650,450) | 190,545 | (3,333,094) | (126,811) | B13 |
| 14 | "Ankhai international" LLC | (74,557) | 81,552 | 6,995 | - | B14 |
| 15 | "Petro China dachin tamsag" LLC | (27,157,635) | 27,136,184 | (21,451) | - | B15 |
| 16 | "Baganuur" JSC | (325,358) | 249,746 | (72,042) | (3,570) | B16 |
| 17 | "Erdes holding" LLC | 126,828 | (188,458) | (60,554) | (1,076) | B17 |
| 18 | "Shin shin" LLC | (2,080,673) | 194,849 | (1,885,824) | - | B18 |
| 19 | "Mongol gazar" LLC | (376,113) | (3,458) | (481,317) | 101,747 | B19 |
| 20 | "Jump" LLC | 262,365 | 39,615 | 318,729 | (16,749) | B20 |

Appendix B-cont.

| No | Company Name | Initial Differences (net) | Adjustments made | | Unresolved Differences (net) | App. No |
|---------------------|----------------------------|---------------------------|---------------------|---------------------|------------------------------|---------|
| | | | Government Entities | Companies | | |
| | | | MNT 000 | MNT 000 | | |
| 21 | "Urmun Uul" LLC | 784,156 | 40,164 | 824,319 | 1 | B21 |
| 22 | "Shanlun" LLC | (2,976) | (10,518) | (4,926) | (8,567) | B22 |
| 23 | "Gobi coal and energy" LLC | (87,306) | 170,745 | 97,012 | (13,573) | B23 |
| 24 | "Shivee owoo" LLC | (37,055) | 67,012 | 27,401 | 2,556 | B24 |
| 25 | "Shariin gol" JSC | (49,209) | 85,584 | 47,491 | (11,116) | B25 |
| 26 | "Khan shijir" LLC | 3,609 | (8,998) | (5,389) | - | B26 |
| 27 | "Sonor trade" LLC | (30,255) | 42,206 | 11,894 | 56 | B27 |
| 28 | "Mongol alt" JSC | 233,455 | (11,218) | 222,237 | - | B28 |
| 29 | "Tun sin" LLC | (577,903) | 530,144 | (43,830) | (3,929) | B29 |
| 30 | "Mongol tsamkhag" LLC | 126,924 | 44,721 | 171,635 | 10 | B30 |
| 31 | "AUM" LLC | (268,522) | 30,128 | (237,115) | (1,279) | B31 |
| 32 | "Khunanjinlen" LLC | (26,340) | 28,393 | 7,839 | (5,785) | B32 |
| 33 | "Adamas mining" LLC | 84,718 | 20,023 | 104,792 | (51) | B33 |
| 34 | "Zuriin bulan" LLC | (212,625) | 211,758 | 10,033 | (10,901) | B34 |
| 35 | "Dazan trade" LLC | (24,037) | 1,572 | (20,465) | (2,000) | B35 |
| 36 | "Erel" LLC | 150,801 | 161,336 | 313,784 | (1,647) | B36 |
| 37 | "Tethys mining" LLC | (843,582) | (15,897) | (859,479) | - | B37 |
| 38 | "Shijir talst" LLC | (3,151) | 1,205 | (1,267) | (679) | B38 |
| 39 | "Uuls zaamar" LLC | (19,503) | 26,918 | 7,327 | 89 | B39 |
| 40 | "Aduunchuluun" JSC | 54 | 5,256 | 12,431 | (7,121) | B40 |
| 41 | "Berleg mining" LLC | 124,775 | 2,900 | 127,681 | (5) | B41 |
| 42 | "Talbulag trade" JSC | (11,470) | 11,515 | 15 | 30 | B42 |
| 43 | "Eltrana" LLC | (20,253) | 6,363 | (10,991) | (2,899) | B43 |
| 44 | "Uurt gold" LLC | 24,893 | 36,615 | 61,838 | (330) | B44 |
| 45 | "Cold gold mongol" LLC | (25,719) | 25,757 | 38 | - | B45 |
| 46 | "Ten khun" LLC | 100,089 | 7,184 | 136,902 | (29,629) | B46 |
| Total Amount | | (47,148,870) | 19,218,221 | (26,830,242) | (1,100,407) | |

B1. "Erdenet mining corporation" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|--------------------|--------------------|--------------------------------|---------------------|---------------------|--------------------|--------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 448,121,151 | 457,484,749 | (9,363,598) | 138 | (9,364,020) | 448,121,289 | 448,120,729 | 560 | |
| Corporate income tax | 65,823,230 | 48,305,467 | 17,517,764 | | 17,516,884 | 65,823,230 | 65,822,350 | 880 | 1 |
| Customs tax | 8,372,609 | 25,425,090 | (17,052,481) | | (17,052,481) | 8,372,609 | 8,372,609 | - | 2 |
| Windfall tax | 372,044,016 | 381,286,854 | (9,242,839) | | (9,242,839) | 372,044,016 | 372,044,016 | - | 3 |
| Real estate tax | 1,233,299 | 1,233,299 | - | | | 1,233,299 | 1,233,299 | - | 4 |
| Excise tax on imported fuel and lubricants | 575,949 | | 575,949 | | 575,949 | 575,949 | 575,949 | - | 5 |
| Tax on petrol and diesel fuel | 47,088 | | 47,088 | | 47,088 | 47,088 | 47,088 | - | 5 |
| Tax on automobile and self moving vehicles | 24,960 | 25,280 | (320) | | | 24,960 | 25,280 | (320) | |
| Asset tax | | 190,543 | (190,543) | | (190,543) | - | - | - | |
| Corporate income tax deducted from non-resident entity | | 599,349 | (599,349) | | (599,349) | - | - | - | |
| Income tax of the dividend | | 418,730 | (418,730) | | (418,730) | - | - | - | |
| Other taxes in monetary value (1) | | 138 | (138) | 138 | | 138 | 138 | - | 6 |
| 2. Fees | 80,364,977 | 77,122,803 | 3,242,174 | (20,296,756) | (17,054,582) | 60,068,221 | 60,068,221 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 78,286,883 | 66,264,513 | 12,022,370 | (20,296,415) | (8,274,045) | 57,990,468 | 57,990,468 | - | 7 |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | - | - | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 341 | | 341 | (341) | | - | - | - | 8 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 8,780,537 | (8,780,537) | | (8,780,537) | - | - | - | 9 |
| Fee for water use | 1,295,000 | 1,295,000 | - | | | 1,295,000 | 1,295,000 | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 782,753 | 782,753 | - | | | 782,753 | 782,753 | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 82,681 | - | 82,681 | - | 82,681 | 82,681 | 82,681 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B1. "Erdenet mining corporation" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|--|--------------------|--------------------|--------------------------------|---------------------|---------------------|--------------------|--------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | 82,681 | | 82,681 | | 82,681 | 82,681 | 82,681 | - | 10 |
| 4. Dividends on state and local property | 21,062,246 | 21,062,246 | - | - | - | 21,062,246 | 21,062,246 | - | |
| Dividends on state property | 21,062,246 | 21,062,246 | - | | | 21,062,246 | 21,062,246 | - | |
| Dividends on local property | | | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 6,237,421 | (6,237,421) | - | (6,237,421) | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | 57,768 | (57,768) | | (57,768) | - | - | - | 11 |
| Monetary donation from business entity to aimag | | 5,767,007 | (5,767,007) | | (5,767,007) | - | - | - | 11 |
| Monetary donation from business entity to soums | | | - | | | - | - | - | 11 |
| Monetary donation from business entity to local organisations | | 279,377 | (279,377) | | (279,377) | - | - | - | 11 |
| Funds disbursed by company in sustainable development and community relations | | 133,270 | (133,270) | | (133,270) | - | - | - | 11 |
| 7. Costs disbursed for protection of the environment | - | 195,000 | (195,000) | 64,000 | - | 64,000 | 195,000 | (131,000) | |
| In kind contribution at rate of 50% to environmental special account | | 65,000 | (65,000) | 64,000 | | 64,000 | 65,000 | (1,000) | 12 |
| Costs disbursed for protection of the environment | | 130,000 | (130,000) | | | - | 130,000 | (130,000) | 12 |
| ДҮН | 549,631,055 | 562,102,220 | (12,471,165) | (20,232,618) | (32,573,343) | 529,398,437 | 529,528,877 | (130,440) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies

880

Payments reported by companies which exceed the corresponding receipts reported by Government Entities

(131,320)

Net differences

(130,440)

B1. Erdenet Mining Corporation LLC

Brief introduction

Mongolia-Russian Joint venture "Erdenet Mining Corporation" LLC /EMC/ was established in 1971, and started its operation in 1978. It locates in Orkhon aimag.

The company's main activities are mining of copper and ore and producing and exporting of copper and molybdenum concentrate, and also produces heat, steam, water, acid and acetylene for Erdenet city settlers and other organisations.

The EMC is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The Government reported that EMC paid amount of MNT65,823,230 thousand and the EMC reported amount of MNT48,305,466 thousand for corporate income tax. The discrepancy was due to that the EMC reported incompletely when the corporate income tax setting against other taxes.

2. Customs tax

The EMC reported VAT, Customs tax and Customs service charges at its paid amounts.

3. Windfall tax

The Government has not included the windfall tax amount that was paid by EMC in December 31, 2008.

4. Real estate tax

There is no difference between government receipt and the EMC payment for real estate tax.

5. Excise tax on imported fuel and lubricants

The EMC reported excise tax amounting to MNT 575,949 thousand and tax on imported fuel and oil materials amounting to MNT 47,088 thousand under Customs Tax Section.

6. Other

The EMC has reported the following taxes separately from corporate income tax: property tax (such as income from leasing property, income from interest e.g), income tax for legal entities not residing in Mongolia and dividend and gains of shareholders. The above taxes shall be reported as a corporate income tax in according to Template #1 of MEITIS.

7. Fee for exploitation of mineral resources ("royalty fee")

The MTA and EMC agreed to shift other tax setting against Royalty fee at the ending of 2008 and the discrepancy was due to MTA reported by this amount and EMC reported by its net payment. We have made adjustments based on details of related parties.

8. Licence fee for exploitation and exploration of mineral resources

The EMC initially did not report licence for exploitation and exploration of mineral resources and however, reported the tax by its detailed information. PAM reported amounting to USD340 thousand and the EMC reported MNT397,164 thousand. We have made adjustments.

9. Land rent fee

The EMC provides water utility to Orkhon aimag. Land rent fee to Orkhon aimag is sett-off against State budget organisation water fee.

10. Custom service fee

The EMC confirmed that Customs service charges of MNT82,681 thousand reported in Customs tax. The accountant who responsible for Customs service charges explained the EMC does not record account for Customs tax and Customs service charges separately. Therefore, it is impossible to report them separately.

11. Donations to government organisations:

Monetary donation from business entity to ministries and agencies:

The EMC reported monetary donations amounting to MNT57,567 thousand to Ministries and Agencies and the Government reported that they did not receive any donations. The EMC reported us they did not provide donations to Ministries and Agencies in process of our review.

Monetary donation from business entity to aimags:

The division of Thermal canal and network of EMC was transferred to local property. The EMC made maintenance and repairs for city thermal canal and network and disbursed amounting to MNT5.7billion in according to order of Board of Directors of EMC before transferring the division. Therefore, the expenditures should not be reported in donation for fiscal year 2008.

Monetary donation from business entity to local organisations:

The EMC reported monetary donations to local government amounting to MNT279,377 thousand. However the recipients were non-government organisations and profit entities, not government organisation.

Funds disbursed by company in sustainable development and community relations:

The EMC reported monetary donations to Mongolian Management Association, Mongolian Badminton Union, Mongolian Football Union and Mongolian Bend Union as a fund in sustainable development and community relations.

12. Costs disbursed for protection of the environment

The EMC reported amounting to MNT130,000 thousand expenditures incurred in relation to environmental protection. The discrepancy was due to the Government did not report it.

Disclosure:

We sent confirmation letter to company on March 25, 2010 and received the reply on April 28, 2010. The confirmation was made by getting detailed information from the company and receiving clarifications on donations and fee for water use from the Governor of Orkhon and Bulgan aimags.

Summary:

The difference is remained unresolved since it was difficult to confirm the company paid amount with the government amount.

B2 . "Boroo Gold" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|-------------------|-------------------|--------------------------------|------------------|-----------------|-------------------|-------------------|-----------------------------------|-----------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 22,249,050 | 22,790,478 | (541,428) | 563,989 | 15,102 | 22,813,039 | 22,805,581 | 7,458 | |
| Corporate income tax | 19,624,287 | 19,957,011 | (332,724) | 332,724 | | 19,957,011 | 19,957,011 | - | 1 |
| Customs tax | 74,335 | 58,551 | 15,784 | | 15,784 | 74,335 | 74,335 | - | |
| Windfall tax | 2,546,486 | 2,570,963 | (24,477) | 24,477 | | 2,570,963 | 2,570,963 | - | 2 |
| Real estate tax | | 197,428 | (197,428) | 197,428 | | 197,428 | 197,428 | - | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 3,942 | 6,525 | (2,583) | 9,359 | (681) | 13,302 | 5,843 | 7,458 | 4 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 7,436,676 | 12,084,819 | (4,648,143) | 4,631,171 | - | 12,067,847 | 12,084,819 | (16,972) | |
| Fee for exploitation of mineral resources ("royalty fee") | 7,351,137 | 10,729,982 | (3,378,845) | 3,378,845 | | 10,729,982 | 10,729,982 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | | 141,883 | (141,883) | 141,883 | | 141,883 | 141,883 | - | 6 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 121 | | 121 | (121) | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 50,383 | (50,383) | 50,383 | | 50,383 | 50,383 | - | 7 |
| Fee for water use | | 29,913 | (29,913) | 29,913 | | 29,913 | 29,913 | - | 7 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 85,418 | 85,542 | (124) | | | 85,418 | 85,542 | (124) | |
| Fee for use of mineral resources of widespread deposit | | 1,030,269 | (1,030,269) | 1,030,269 | | 1,030,269 | 1,030,269 | - | 8 |
| Other | | 16,848 | (16,848) | | | - | 16,848 | (16,848) | 9 |
| 3. Charges and service charges | 8,528 | 99,230 | (90,702) | - | (69,089) | 8,528 | 30,142 | (21,613) | 10 |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 7,430 | (7,430) | | | - | 7,430 | (7,430) | 10 |
| Service charges paid to state and local administration in accordance with relevant law | | 14,183 | (14,183) | | | - | 14,183 | (14,183) | 10 |

B2 . "Boroo Gold" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|-------------------|-------------------|--------------------------------|------------------|------------------|-------------------|-------------------|-----------------------------------|-----------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 8,528 | 77,617 | (69,089) | | (69,089) | 8,528 | 8,528 | - | 11 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | - | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 1,328,879 | (1,328,879) | 1,059,739 | (269,141) | 1,059,739 | 1,059,739 | - | 12 |
| Monetary donation from business entity to ministries and agencies | | 34,095 | (34,095) | 28,315 | (5,780) | 28,315 | 28,315 | - | 12 |
| Monetary donation from business entity to aimag | | 29,576 | (29,576) | 6,082 | (23,494) | 6,082 | 6,082 | - | 12 |
| Monetary donation from business entity to soums | | 19,319 | (19,319) | 14,546 | (4,773) | 14,546 | 14,546 | - | 12 |
| Monetary donation from business entity to local organisations | | 236,700 | (236,700) | | (236,700) | - | - | - | 12 |
| Funds disbursed by company in sustainable development and community relations | | 1,009,190 | (1,009,190) | 1,010,796 | 1,606 | 1,010,796 | 1,010,796 | - | 12 |
| 7. Costs disbursed for protection of the environment | - | 1,154,475 | (1,154,475) | - | (45,442) | - | 1,109,033 | (1,109,033) | |
| In kind contribution at rate of 50% to environmental special account | | 45,442 | (45,442) | | (45,442) | - | - | - | 13 |
| Costs disbursed for protection of the environment | | 1,109,033 | (1,109,033) | | | - | 1,109,033 | (1,109,033) | 14 |
| Total | 29,694,255 | 37,457,882 | (7,763,628) | 6,254,898 | (368,569) | 35,949,153 | 37,089,313 | (1,140,161) | |

| | |
|--|--------------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 7,458 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (1,147,619) |
| Net differences | (1,140,161) |

B2. "Boroo Gold" LLC

Brief introduction

The BG is 100% owned by Centrera Gold LLC /BG/ of Canada and located and operates its activities in Mandal and Bayagol soums of Selenge aimag.

The BG is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The discrepancies were due to the Government did not report tax for income from interest on loan amounting to MNT332,724 thousand. The bank withheld tax from interest income earnings on BG cash ending and transferred to Tax Authority. Therefore, we have made adjustments based on detailed information provided by the BG.

2. Windfall tax

The BG reported windfall tax of MNT24,476 thousand that paid in December 31, 2008 and the Government did not report. Therefore we considered it after the balance sheet event and made adjustments in it.

3. Real estate tax

The BG provided us details on Real estate tax of MNT197,428 thousand and the Government did not report it. The WG has issued decision to resolve this difference after our draft report presentation. We have contacted with aimag and local government organisations with support of MTA and has received the details. And it was approved that the payment was made by the BG.

4. Tax on automobiles and self moving vehicles

The initial figures were changed by next submission from both the BG and the Government. Amounting to MNT7,458 remained as unresolved differences after making adjustments. We sent a letter to the BG regarding differences and did not receive a reply

5. Fee for exploitation of mineral resources ("royalty fee")

The initial discrepancy was MNT3,378,845 thousand for Royalty fee. The Government changed the initial figures on their next details and the discrepancy decreased amounting to MNT61,776 thousand. When reviewing details provided by both the BG and the Government, amounting to MNT61,776 thousand was recorded twice on Government records.

6. Licence fee for exploitation and exploration of mineral resources

The discrepancy was due to the Government reported in USD and the BG reported in MNT. The company's foreign currency translation was generally recorded properly, therefore we adjusted it.

7. Land rent fee, Fee for water use

The Government did not report land rent fee amounting to MNT50,382 thousand, fee for water use amounting to MNT29,913 thousand that paid by the BG. The BG transferred the above fees to Local tax organisation and confirmed and provided us detailed information.

8. Fee for use of mineral resources of widespread deposit

The Government did not report fee for use of mineral resources of wide spread deposit amounting MNT1,030,269 thousand. The BG confirmed the amount reported and provided details on the reported amount. The discrepancy was due to the fees transferred to Local tax organisation was not including in Government report. However, we have resolved the difference making the respective adjustment, since we could collect information from the BG and as well as from the local government tax institutions.

9. Other

Under Other tax BG reported accommodation fee paid for one disabled individual to LWSA department of Selenge aimag. The BG has provided with respective details, however, the government had not reported initially and not provided with details. Therefore, the difference remained still unresolved.

10. Charges, service charges

The amounting to MNT21,613 thousand discrepancy was due to the Government did not report charges and service charges. The BG confirmed the amount and provided details on the reported amount.

11. Custom service fee

The BG reported service charges to intermediary companies when importing goods as a Customs service fee. Therefore, we eliminated and adjusted it.

12. Donations to government organisations

Monetary donation from business entity to ministries and agencies:

The BG reported donations to Ministries and Agencies amounting to MNT35,815 thousand and the Government did not report any amount. The BG provided details on donations to MNCCI, MNMA, and other NGO'sm therefore, all were adjusted. Donation to MRAM, English language training course fee and notebook, amounting to MNT28,314 thousand was approved by the detailed information from the MRAM. The respective adjustment was made.

Monetary donation from business entity to aimags:

The BG implied us monetary donations amounting to MNT6,082.2 thousand provided to hospital in Darkhan-Uul aimag. However the hospital has not reported the amount in the next year reporting. We have deducted donations of MNT21,051.8 thousand and MNT3,287.6 thousand, given to Public Racing Contest for Children Development Program of Darkhan and its other activities, since these donations were not to government organisations. Our team member has visited to the respective area and checked and confirmed the reality.

Monetary donation from business entity to soums:

The Culture centre's accountant did not record the musical instrument donations from the BG to Culture centre in Bayangol soum, Selenge aimag.

Monetary donation from business entity to local governments:

The BG reported initially that monetary donations amounting to MNT 263,700 thousand to Local organisations. However BG did not report any donation amount on its details.

Funds disbursed by company in sustainable development and community relations:

The BG reported initially that donations of amounting to MNT1,009,189 thousand had been provided to Sustainable development Fund of Mandal, Bayangol, and Tukhel soum of Selenge aimag. The BG stated amounting to MNT1,014,173 thousand donations on his next report. The Government initially did not report any amount. Our team member went business trip to above soums and observed that musical instrument to Culture centre in Bayagol soum, Selenge aimag was not recorded.

13. In-kind contribution at rate of 50% to environmental special account

The BG reported 50% contribution in kind to environmental protection amounting to MNT45,442 thousand for year 2007 as contribution for fiscal year 2008.

14. Costs disbursed for protection of the environment

We could not confirm any amount due to the Government did not report expenditures incurred in relation to environmental protection.

Disclosure:

We sent confirmation letter to company on March 25, 2010 and received the reply on April 19, 2010. The donation amount was confirmed as result of our team member field trip to Selenge aimag, and we have sent confirmation letters to respective state and budget organisations on April 29, 2010 and received reply and contacted with local tax organisations with assistance of the MTA receiving details and related supporting documents.

Summary:

For this company, service charges paid to state and local administration in accordance with relevant law, other fees and costs disbursed for environmental protection are not confirmed at reality.

B3 . "Tsairt mineral" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|-------------------|-------------------|--------------------------------|----------------|--------------------|-------------------|-------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 10,997,270 | 13,019,812 | (2,022,541) | - | (2,022,371) | 10,997,270 | 10,997,441 | (170) | |
| Corporate income tax | 10,547,037 | 8,356,777 | 2,190,261 | | 2,190,261 | 10,547,037 | 10,547,037 | - | 1 |
| Customs tax | 283,550 | 305,921 | (22,371) | | (22,371) | 283,550 | 283,550 | - | 2 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 163,533 | 163,533 | 0 | | | 163,533 | 163,533 | 0 | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 3,150 | 3,320 | (170) | | | 3,150 | 3,320 | (170) | |
| Other taxes in monetary value (1) | | 4,190,260 | (4,190,260) | | (4,190,260) | - | - | - | 3 |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 7,047,352 | 8,078,928 | (1,031,575) | 361,320 | (659,764) | 7,408,672 | 7,419,164 | (10,492) | |
| Fee for exploitation of mineral resources ("royalty fee") | 6,854,973 | 7,215,633 | (360,660) | 360,660 | | 7,215,633 | 7,215,633 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources | | 660,424 | (660,424) | 660 | (659,764) | 660 | 660 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 1 | | 1 | (1) | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 1,629 | 1,629 | - | | | 1,629 | 1,629 | - | |
| Fee for water use | 21,784 | 30,159 | (8,375) | | | 21,784 | 30,159 | (8,375) | 6 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 168,966 | 171,083 | (2,117) | | | 168,966 | 171,083 | (2,117) | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 7,764 | - | 7,764 | - | 7,764 | 7,764 | 7,764 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | 7,764 | | 7,764 | | 7,764 | 7,764 | 7,764 | - | 7 |

B3 . "Tsairt mineral" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|-------------------|-------------------|--------------------------------|----------------|--------------------|-------------------|-------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | - | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 545,273 | (545,273) | 209,968 | (330,885) | 209,968 | 214,388 | (4,420) | |
| Monetary donation from business entity to ministries and agencies | | 142,720 | (142,720) | | (141,000) | - | 1,720 | (1,720) | 8 |
| Monetary donation from business entity to aimag | | 128,887 | (128,887) | 45,988 | (82,899) | 45,988 | 45,988 | - | 8 |
| Monetary donation from business entity to soums | | 7,200 | (7,200) | 13,980 | 6,780 | 13,980 | 13,980 | - | 8 |
| Monetary donation from business entity to local organisations | | | - | | 2,700 | - | 2,700 | (2,700) | 8 |
| Funds disbursed by company in sustainable development and community relations | | 266,466 | (266,466) | 150,000 | (116,466) | 150,000 | 150,000 | - | 8 |
| 7. Costs disbursed for protection of the environment | 1,478,400 | 32,585 | 1,445,815 | 5,050 | - | 1,483,450 | 32,585 | 1,450,865 | |
| In kind contribution at rate of 50% to environmental special account | | 5,000 | (5,000) | 5,050 | | 5,050 | 5,000 | 50 | 9 |
| Costs disbursed for protection of the environment | 1,478,400 | 27,585 | 1,450,815 | | | 1,478,400 | 27,585 | 1,450,815 | 10 |
| Total | 19,530,787 | 21,676,598 | (2,145,811) | 576,337 | (3,005,255) | 20,107,124 | 18,671,342 | 1,435,782 | |

| | |
|--|------------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 1,450,865 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (15,083) |
| Net differences | 1,435,782 |

B3. "Tsairt mineral" LLC

Brief introduction

Tsairt Mineral LLC /TM/ is a joint venture company, 49% held by Metalimpex LLC of Mongolia and 51% by the NFC LLC of China. TM operates zinc factory based on deposit located in Sukhbaatar aimag, 16 km away from Centre of the aimag.

TM is registered with the Tax Authority in Sukhbaatar aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The TM changed initial figures by his next details. Taxes amounting to MNT4,190,260 thousand from income from dividends and transferred to abroad were reported as other taxes. Transaction that made to error account amounting to MNT2,000,000 was recorded as tax. The above errors were adjusted on TM's record and remained amounting to MNT170 thousand differences were unresolved.

2. Customs tax

The TM recorded and reported Customs service fee and Customs intermediary charges together with Customs tax.

3. Other

The TM reported taxes amounting to MNT4,190,260 thousand withheld from income from dividend and transferred income to abroad as other taxes. We adjusted it as Corporate income tax.

4. Fee for exploitation of mineral resources ("royalty fee")

The Government did not report amounting to MNT360,657 thousand paid by TM at the year ending.

5. Licence fee for exploitation and exploration of mineral resources

The Government reported in USD and the TM reported in MNT and not in thousands. We have adjusted it due to foreign currency translation was generally recorded in Company's accounting properly.

6. Fee for water use

The TM reported payment amounting to MNT30,158 thousand and the Government reported receipt of amounting to MNT21,784 thousand. The TM confirmed reported amount by details. Therefore we considered that fees transferred to Local tax organisation were not included in the Government report and remained as unresolved differences.

7. Custom service fee

The TM did not report Customs service fee from Customs tax separately.

8. Donations to government organisations

Monetary donation from business entity to ministries and agencies:

The TM reported donations amounting MNT 10.0 million to State Filormony and MNT1.7 million to Mining Secretariat. We sent a letter to related organisations and did not receive a reply.

Monetary donation from business entity to aimags:

The TM reported donations for 40 students' tuition fee amounting to MNT29,487.6 thousand in Sukhbaatar aimag, amounting to MNT6,500.0 thousand for aimag's national holiday "Naadam" and amounting to MNT10,000 thousand for natural disaster. The Government did not report any amount. We sent a confirmation letter and as a result of review, the related parties confirmed that the donations were received.

Monetary donation from business entity to local governments:

The TM reported donations total of MNT2,700 thousand to Centre for standardization and measurement, Sport Union and Sightless Association of Sukhbaatar aimag. We could not confirm the amounts since the amounts are not confirmed by recipients.

Funds disbursed by company in sustainable development and community relations:

The TM reported monetary donations amounting to MNT130.0 million to Road Fund and amounting to MNT20.0 million for Sukhbaatar avenue. We sent a confirmation letter to related parties of Sukhbaatar aimag and they confirmed that the donations were received.

9. In-kind contribution at rate of 50% to environmental special account

The government has not reported this amount initially.

10. Costs disbursed for protection of the environment

The Government reported expenditure incurred in relation to environmental protection amounting to MNT1,478,400 thousand and the TM reported MNT27,585 thousand as actual expenditure incurred.

Disclosure:

We sent confirmation letter to company on March 25, 2010. And received the detailed information of the government, and sent confirmation letters to respective state and budget organisations on April 29, 2010 and received reply and contacted with local tax organisations with assistance of the MTA receiving details and related supporting documents.

Summary:

For this company the unresolved difference is small except, costs disbursed for environmental protection, which is not confirmed at physically.

B4. "Tavan tolgoi" JSC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|------------------|------------------|------------------|------------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 4,763,704 | 5,287,079 | (523,374) | - | (573,479) | 4,763,705 | 4,713,600 | 50,105 | |
| Corporate income tax | 4,710,000 | 5,282,799 | (572,799) | | (572,799) | 4,710,000 | 4,710,000 | - | |
| Customs tax | 50,105 | | 50,105 | | | 50,105 | - | 50,105 | 1 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 500 | 1,280 | (780) | | (780) | 500 | 500 | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 3,100 | 3,000 | 100 | | 100 | 3,100 | 3,100 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 7,238,884 | 2,398,980 | 4,839,904 | (176,481) | 4,663,419 | 7,062,403 | 7,062,399 | 4 | |
| Fee for exploitation of mineral resources ("royalty fee") | 7,217,300 | 2,374,500 | 4,842,800 | (176,481) | 4,666,319 | 7,040,819 | 7,040,819 | - | 2 |
| Licence fee for exploitation and exploration of mineral resources | | 2,900 | (2,900) | | (2,900) | - | - | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 19,036 | 19,030 | 6 | | | 19,036 | 19,030 | 6 | |
| Fee for water use | 2,548.4 | 2,550 | (2) | | | 2,548 | 2,550 | (2) | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | 4 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 240 | 5,715.9 | (5,476) | - | - | 240 | 5,716 | (5,476) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | 5,715.9 | (5,716) | | | - | 5,716 | (5,716) | |

B4. "Tavan tolgoi" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|-------------------|------------------|--------------------------------|------------------|-------------------|-------------------|-------------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 240 | | 240 | | | 240 | - | 240 | |
| 4. Dividends on state and local property | 6,021,492 | - | 6,021,492 | - | 6,021,492 | 6,021,492 | 6,021,492 | - | |
| Dividends on state property | 6,021,492 | - | 6,021,492 | | 6,021,492 | 6,021,492 | 6,021,492 | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 520,700 | 142,332 | 378,368 | (421,074) | (42,206) | 99,626 | 100,126 | (500) | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | 5 |
| Monetary donation from business entity to aimag | | 72,713 | (72,713) | 26,989 | (45,224) | 26,989 | 27,489 | (500) | 5 |
| Monetary donation from business entity to soums | 520,700 | 69,618 | 451,082 | (448,064) | 3,018 | 72,636 | 72,636 | - | 5 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | 5 |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | 5 |
| 7. Costs disbursed for protection of the environment | 6,300 | - | 6,300 | - | 6,300 | 6,300 | 6,300 | - | 6 |
| In kind contribution at rate of 50% to environmental special account | 6,300 | | 6,300 | | 6,300 | 6,300 | 6,300 | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | 6 |
| Total | 18,551,321 | 7,834,107 | 10,717,214 | (597,555) | 10,075,525 | 17,953,766 | 17,909,632 | 44,133 | |

| | |
|--|---------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 50,351 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (6,217) |
| Net differences | 44,133 |

B4. "Tavan tolgoi" JSC

Brief introduction

Tavan tolgoi is /TT/ a Mongolian company, 51% held by Government of Umnugobi aimag and 49% held by other stockholders. TT extracts coal from Tsogt-Tsetsii soum, Umnugobi aimag. TT has started its coal export since 2004, and as of now, the TT has exported 5.0 million ton coal and selling 2.77 million ton in domestic market. TT not only provides Umnugovi aimag with coal also supplies nearby soums like soums of Dundgovi and Dornogovi. TT has approximately 170 employees. And TT provides almost 70-80% of Umnugovi aimag budget. TT is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The TT reported by its taxable amount, not actual paid amount.

2. Customs tax

The Government reported Customs tax amounting to MNT50,105 thousand was received and the TT did not report any amount. We had not received details from the TT.

3. Real estate tax

The TT reported by its taxable amount, not actual paid amount.

4. Tax on automobiles and self moving vehicles

The TT reported by its taxable amount, not actual paid amount.

5. Fee for exploitation of mineral resources ("royalty fee")

The initial discrepancy amounting to MNT297,500 thousand was due to TT reported the fee by its amount recognized as expenses, not actual payment. Based on the details from the both sides, the difference became to MNT121,019 thousand. And this amount was adjusted since the government has reported the amount in the next year reporting, which was paid on 30 December 2008.

6. Dividends on state and local property

TT has not reported initially its paid dividend, however, provided the details as paid. Therefore, we have made the respective adjustment.

7. Licence fee for exploitation and exploration of mineral resources

The government has reported the amount, however, TT reported licence fee payment for year 2007 as fee for year 2008.

8. Donations to government organisations

Monetary donation from business entity to aimags:

The TT reported monetary donations amounting to MNT72,713 thousand donated to governor of Umnugovi aimag. We have confirmed this amount through our branch at Umnugovi aimag, however, we could not confirm amount of MNT500 thousand.

Monetary donation from business entity to soums:

The TT reported monetary donations amounting to MNT69,618 thousand to Tsogttsetsii soum of Umnugovi aimag and we have confirmed this amount by receiving official letter from the governor.

9. In-kind contribution at rate of 50% to environmental special account

The TT under reported initially, however, the amount was confirmed by the details.

Disclosure:

We sent confirmation letters to company on March 25, 2010. Based on the company detailed information received on April 29, 2010 we have confirmation letters to respective state and budget organisations and received the reply on fax. Also received the additional information by contacting with aimag and soum tax organisations and company accountant on the phone with assistance of the MTA receiving details and related supporting documents.

Summary:

For this company there is no unresolved difference except, service charges paid to state and local administration in accordance with relevant law.

B5. "Bold tumur eroo gol" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|--------------------|--------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 4,449,374 | 5,677,246 | (1,227,872) | - | (1,228,055) | 4,449,374 | 4,449,191 | 183 | |
| Corporate income tax | 4,065,270 | 4,065,290 | (20) | | (20) | 4,065,270 | 4,065,270 | - | |
| Customs tax | 371,027 | 1,599,012 | (1,227,985) | | (1,227,985) | 371,027 | 371,027 | - | 1 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 13,076 | 12,943 | 133 | | (50) | 13,076 | 12,893 | 183 | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 2,270,608 | 1,015,311 | 1,255,297 | (1,300,070) | (45,153) | 970,538 | 970,158 | 380 | |
| Fee for exploitation of mineral resources ("royalty fee") | 2,151,320 | 788,199 | 1,363,121 | (1,363,121) | | 788,199 | 788,199 | - | 2 |
| Licence fee for exploitation and exploration of mineral resources | | 24,252 | (24,252) | | (24,252) | - | - | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 21.18 | | 21 | (21) | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 28,330 | 27,950.9 | 380 | | | 28,331 | 27,951 | 380 | |
| Fee for water use | | | - | | | - | - | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 90,936 | 174,909 | (83,973) | 63,072 | (20,901) | 154,008 | 154,008 | - | 4 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 88,567.65 | - | 88,568 | - | 87,301 | 88,568 | 87,301 | 1,267 | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | 88,568 | | 88,568 | | 87,301 | 88,568 | 87,301 | 1,267 | |
| 4. Dividends on state and local property | 0 | 0 | - | | | - | - | - | |

B5. "Bold tumur eroo gol" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|--------------------|--------------------|------------------|------------------|-----------------------------------|----------|
| | | | | Government | Company | Government | Company | | |
| Dividends on state property | | 0 | - | | | - | - | - | |
| Dividends on local property | | 0 | - | | | - | - | - | |
| 5. Other payments to recipient government | 0 | 0 | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 0 | 182,896 | (182,896) | 136,749 | (44,848) | 136,749 | 138,049 | (1,300) | 5 |
| Monetary donation from business entity to ministries and agencies | | 4,300 | (4,300) | 3,000 | | 3,000 | 4,300 | (1,300) | 5 |
| Monetary donation from business entity to aimag | | 1,000 | (1,000) | 1,000 | | 1,000 | 1,000 | - | 5 |
| Monetary donation from business entity to soums | | 177,596 | (177,596) | 127,749 | (49,848) | 127,749 | 127,749 | - | 5 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | 5 |
| Funds disbursed by company in sustainable development and community relations | | | - | 5,000 | 5,000 | 5,000 | 5,000 | - | 5 |
| 7. Costs disbursed for protection of the environment | 0 | 110,280 | (110,280) | - | - | - | 110,280 | (110,280) | 6 |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | 110,280.3 | (110,280) | | | - | 110,280 | (110,280) | 6 |
| Total | 6,808,550 | 6,985,734 | (177,184) | (1,163,321) | (1,230,755) | 5,645,228 | 5,754,979 | (109,750) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies

1,830

Payments reported by companies which exceed the corresponding receipts reported by Government Entities

(111,580)

Net differences

(109,750)

B5. "Bold tumur eruu gol" LLC

Brief introduction

Bold Tumor Eruu Gol /BTEG/ LLC extracts iron ore from Eruu soum, Selenge aimag and exports to China. BTEG is registered with Tax Authority of Chingeltei district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The discrepancy was due to BTEG reported Customs tax that included VAT. The amount that eliminates the VAT from the amount reported by BTEG generally matched with the Government amount.

2. Fee for exploitation of mineral resources ("royalty fee")

The Government reported the fee paid by BTYG amounting to MNT1,988,300 thousand on December 2007 as a receipt of 2008. The discrepancy was mainly due to the Government was not record the fee paid on December 2008 amounting to MNT625,199 thousand. The difference was resolved due to made adjustments.

3. Licence fee for exploitation and exploration of mineral resources

The discrepancy was due to the Government reported in USD and the BTEG reported in MNT. We have adjusted it and foreign currency translation was generally recorded properly.

4. Fee for recruiting foreign experts and workers

The BTEG reported initial figures by decreasing amounting to MNT20,901 thousand on its details. It was caused by the BTEG did not report other fees and charges related to in/out of border expenses from the fee for recruiting foreign experts and workers separately. The BTEG confirmed the reported amount and it was supported by primary documents. The discrepancy was due to the Government under reporting. We have checked with LWSA again, and noticed that the government used the BTEG name as Eruu gol only and the difference was solved completely due to our made adjustment.

5. Donations to government organisations

Monetary donation from business entity to ministries and agencies:

BTEG provided details amounting to MNT4,300 thousand for 59th years anniversary of Geology division establishment to Emergency Government organisation and MRAM. We have also received a confirmation from the MRAM and adjusted the amount.

Monetary donation from business entity to aimags:

Our team has checked donation amount by visiting to the aimag and confirmed MNT127,749 thousand of donation based on the supporting documents out of MNT177,595 thousand. The remaining MNT49,846 thousand was nor recorded on the accounts of the organisation. And these amounts were deducted since they were donated to individual, private companies, to China people as disaster event supporting and religious activity of the aimag.

Funds disbursed by company in sustainable development and community relations:

During our team member visitation to local area, we have noticed that there was donation of MNT5.0 million from BTEG to Dulaankhaan Village. And this amount was not reported by both parties. The Dulaankhaan Village has confirmed the amount.

6. Costs disbursed for protection of the environment

The BTEG has reported cost for environment protection of MNT110,280 thousand and also provided the details. The government has not reported any amount, so the difference has occurred.

Disclosure:

We sent confirmation letters to company on March 25, 2010 and received the reply on April 19, 2010 together with detailed information and photocopies of the supporting documents. Regarding the donation, we have confirmed by visiting to Selenge aimag on field trip.

Summary:

For this company there is no unresolved difference except, costs disbursed for environment protection, which could not be confirmed since the amount is not real.

B6. "Mongolyn alt MAK" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 2,824,067 | 2,897,470 | (73,403) | 7,455 | (66,228) | 2,831,521 | 2,831,242 | 280 | |
| Corporate income tax | 2,404,835 | 2,404,835 | - | | | 2,404,835 | 2,404,835 | - | |
| Customs tax | 400,851 | 467,069 | (66,218) | | (66,218) | 400,851 | 400,851 | - | 1 |
| Windfall tax | - | | - | | - | - | | - | |
| Real estate tax | 10,459 | 17,157 | (6,698) | 6,698 | | 17,157 | 17,157 | - | 2 |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 7,921 | 8,409 | (487) | 756 | (10) | 8,678 | 8,398 | 280 | 3 |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 1,849,191 | 2,198,471 | (349,280) | 169,194 | (180,086) | 2,018,385 | 2,018,385 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 1,234,329 | 1,411,653 | (177,325) | 130,228 | (47,097) | 1,364,556 | 1,364,556 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources | 50,571 | 207,854 | (157,283) | (6) | (157,288) | 50,565 | 50,565 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 122 | | 122 | | 122 | 122 | 122 | - | 5 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 542,182 | 542,658 | (476) | 476 | | 542,658 | 542,658 | - | 6 |
| Land rent | 1,680 | 36,147 | (34,467) | 32,748 | (1,719) | 34,428 | 34,428 | - | 7 |
| Fee for water use | 157 | 159 | (2) | | (2) | 157 | 157 | - | |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 19,611 | | 19,611 | 5,749 | 25,359 | 25,359 | 25,359 | - | 8 |
| Fee for use of mineral resources of widespread deposit | 540 | | 540 | | 540 | 540 | 540 | - | 9 |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 817,771 | 798,889 | 18,882 | - | 62,095 | 817,771 | 860,984 | (43,213) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | 43,213 | | 43,213 | (43,213) | 10 |

B6. "Mongolyn alt MAK" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 817,771 | 798,889 | 18,882 | | 18,882 | 817,771 | 817,771 | - | 11 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | - | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 17,100 | 32,511 | (15,411) | 13,411 | (2,000) | 30,511 | 30,511 | - | |
| Monetary donation from business entity to ministries and agencies | | 3,000 | (3,000) | 1,000 | (2,000) | 1,000 | 1,000 | - | 12 |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | 17,100 | 5,200 | 11,900 | (11,900) | | 5,200 | 5,200 | - | 12 |
| Monetary donation from business entity to local organisations | | 24,311 | (24,311) | 24,311 | | 24,311 | 24,311 | - | 12 |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | 1,128 | 80,402 | (79,274) | 76,547 | (2,727) | 77,675 | 77,675 | - | |
| In kind contribution at rate of 50% to environmental special account | 1,128 | 4,642 | (3,514) | 787 | (2,727) | 1,915 | 1,915 | - | 13 |
| Costs disbursed for protection of the environment | | 75,760 | (75,760) | 75,760 | | 75,760 | 75,760 | - | 14 |
| Total | 5,509,256 | 6,007,742 | (498,486) | 266,607 | (188,946) | 5,775,863 | 5,818,796 | (42,933) | |

| | |
|--|-----------------|
| receipts reported by Government Entities which exceed the corresponding payments reported by companies | 280 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (43,213) |
| Net differences | (42,933) |

B6. "Mongolyn alt MAK" LLC

Brief introduction

Mongolian Gold MAK LLC /MAK/ is owned by 100% Mongolian and extracts gold from Bumbat gold horde in Zaamar soum of Tuv aimag.

The MAK is registered with the Tax Authority of Bayanzukh district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The MAK's reported of MNT66,217.7 thousand was adjusted since it was VAT.

2. Real estate tax

The government under reported real estate tax amounting to MNT6,698.0 thousand on its initial report. We have made adjustments on it and eliminated the discrepancy.

3. Tax on automobiles and self moving vehicles

We have made adjustments in initial reporting of the government by their understated amounts amounting to MNT756.4 thousand. However, difference remained still unresolved due to the MAK may overstated its off-set amount against other tax payments.

4. Fee for exploitation of mineral resources ("royalty fee")

The government under reported the received amount. We have approached to MAK since the details were difference from the initial reporting. And the respective adjustment was made due to confirmed details from MAK.

5. Licence fee for exploitation and exploration of mineral resources

The discrepancy was due to the Government reported in USD and the MAK reported in MNT. We have adjusted it and foreign currency translation was generally recorded properly.

6. Reimbursement of deposit, exploration of which is carried by the budget fund

The discrepancy was due to foreign currency translation.

7. Land rent fee

The difference has occurred since the government has not reported initially the payment to local government budget. In order to solve the difference, we have requested from the local government tax institution and have received the details and made the adjustment. For example, the information related to capital, Sukhbaatar district, Umnugovi and Dornogovi aimags were missing.

8. Fee for recruiting foreign experts and workers

The discrepancy was solved due to reply of requested detailed information from the government.

9. Fee for use of mineral resources of widespread deposit

The non-reporting of MAK in its initial reporting was approved by the details received afterwards.

10. Charges, and service charges

In order to confirm the MAK reported amount initially, we have sent official letter to related local organisations, however, only received information relating to donation not to charge and service charge, therefore, the difference still remain unresolved.

11. Customs service fee

The MAK has included this fee under Customs tax.

12. Donations to government organisations

The MAK has reported donation amounts given to Special Security Administration of Bogdkhaan Mountain and Customs Committee of Airag soum of Dornogovi aimag. In order to confirm the amount, we have sent letter to respective organisations. The Customs Committee of Airag soum of Dornovogi aimag has noted that such donation was not received, therefore, we have approached to MAK again. The MAK has provided us with official letter that the donation amount was reported mistakenly, so, we adjusted the total amount by MNT2,0 million.

13. In-kind contribution at rate of 50% to environmental special account

The under reporting by the government and over reporting by MAK was confirmed by their respective details.

14. Costs disbursed for protection of the environment

During the reconciliation, we have visited to Environment Resource Department, MOET, and checked every expenditure per each work completed from the “Indications on Environment Information report of mining, and planning” (Form 3), and adjusted differences by confirming with details.

Disclosure:

We sent a confirmation letter requesting the detailed information from MAK on 25th of March, 2010 and received replies on April 5, 2010.

Summary:

The difference could not be resolved since the information sources are unclear, and the amounts which the MAK has reported are too small to confirm with the government reporting.

B7. "Mongolrustvetmet" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|------------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 3,897,415 | 3,729,917 | 167,498 | 40,953 | 208,450 | 3,938,367 | 3,938,367 | - | |
| Corporate income tax | 1,517,056 | 1,497,664 | 19,392 | | 19,392 | 1,517,056 | 1,517,056 | - | 1 |
| Customs tax | 700,547 | 573,558 | 126,989 | | 126,989 | 700,547 | 700,547 | - | |
| Windfall tax | 1,560,233 | 1,614,911 | (54,678) | | (54,678) | 1,560,233 | 1,560,233 | - | 2 |
| Real estate tax | 1,719 | 35,200 | (33,481) | 33,481 | | 35,200 | 35,200 | - | 3 |
| Excise tax on imported fuel and lubricants | 110,145 | | 110,145 | | 110,145 | 110,145 | 110,145 | - | |
| Tax on petrol and diesel fuel | 6,603 | | 6,603 | | 6,603 | 6,603 | 6,603 | - | |
| Tax on automobile and self moving vehicles | 1,113 | 8,550 | (7,437) | 7,437 | | 8,550 | 8,550 | - | 4 |
| Other taxes in monetary value (1) | | 34 | (34) | 34 | | 34 | 34 | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 267,989 | 2,485,047 | (2,217,058) | 2,116,727 | (100,331) | 2,384,716 | 2,384,716 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 239,566 | 2,238,983 | (1,999,417) | 2,043,109 | 43,692 | 2,282,675 | 2,282,675 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | | 157,512 | (157,512) | | (157,512) | - | - | - | 6 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 167 | | 167 | | 167 | 167 | 167 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 3,914 | 25,437 | (21,523) | 21,523 | | 25,437 | 25,437 | - | 7 |
| Fee for water use | 11,021 | 63,115 | (52,094) | 52,094 | | 63,115 | 63,115 | - | 7 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 13,322 | | 13,322 | | 13,322 | 13,322 | 13,322 | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 17,132 | - | 17,132 | - | 17,132 | 17,132 | 17,132 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B7. "Mongolrustvetmet" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|------------------|----------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 17,132 | | 17,132 | | 17,132 | 17,132 | 17,132 | - | 8 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | - | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 39,070 | (39,070) | 680 | - | 680 | 39,070 | (38,390) | |
| Monetary donation from business entity to ministries and agencies | | 3,786 | (3,786) | | | - | 3,786 | (3,786) | 9 |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | 9 |
| Monetary donation from business entity to soums | | 25,728 | (25,728) | | | - | 25,728 | (25,728) | 9 |
| Monetary donation from business entity to local organisations | | 7,456 | (7,456) | 680 | | 680 | 7,456 | (6,776) | 9 |
| Funds disbursed by company in sustainable development and community relations | | 2,100 | (2,100) | | | - | 2,100 | (2,100) | 9 |
| 7. Costs disbursed for protection of the environment | 372,600 | 1,181,399 | (808,799) | (46,263) | - | 326,337 | 1,181,399 | (855,062) | |
| In kind contribution at rate of 50% to environmental special account | 51,400 | 5,137 | 46,263 | (46,263) | | 5,137 | 5,137 | - | 10 |
| Costs disbursed for protection of the environment | 321,200 | 1,176,262 | (855,062) | | | 321,200 | 1,176,262 | (855,062) | 11 |
| Total | 4,555,136 | 7,435,433 | (2,880,297) | 2,112,097 | 125,251 | 6,667,232 | 7,560,684 | (893,452) | |

| | |
|--|------------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (893,452) |
| Net differences | (893,452) |

B7. "Mongolrustvetmet" LLC

Brief introduction

Mongolrustvetmet LLC /MRTS/ is a joint venture company, 51% held by Government of Mongolia and 49% by Government of Russia.

The Company is exploiting 5 spar, 2 gold and 1 coal deposits in Khentii, Dornogobi and Dundgobi aimags.

The Company is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The difference was due to the Company understated the tax in report. We have made adjustments based on detailed information from both the Company and Government.

2. Windfall tax

The difference was due to the Company recorded amounting to MNT54,678 thousand, which was reported as doubled. We have noticed it after checking the details.

3. Real estate tax

The Real estate tax transferred to Local administration paid by company was understated in the Government report. With the assistance of MTA, we have approached to local tax governments and adjusted the amount based on the received replies from the local government organisations.

4. Tax on automobiles and self moving vehicles

The Tax on automobile and self moving vehicles transferred to Local administration paid by the company was understated in the Government report. With the assistance of MTA, we have approached to local tax governments and adjusted the amount based on the received replies from the local government organisations.

5. Fee for exploitation of mineral resources ("royalty fee")

The initial amount reported by MTA increased by MNT55.0 million by its detailed information. The differences were due to the Company did not consider under/overpayment in its reporting. Also the MTA has not reported fee for spar resources that transferred to Khentii aimag from the Company. With the assistance of MTA, we have approached to local tax governments and adjusted the amount based on the received replies from the local government organisations.

6. Licence fee for exploitation and exploration of mineral resources

The difference was due to the Government reported in USD and the company reported in MNT. We have reviewed translation of fee from USD to MNT and adjusted the difference.

7. Land rent fee, Fee for water use

Initially, the land rent fee and fee for water use which are paid by company was understated in the Government report. With the assistance of MTA, we have approached to local tax governments and adjusted the amount based on the received replies from the local government organisations.

8. Customs service fee

In the initial reporting, the company did not report Customs service fee. The company reported Customs fee on imported goods by their detailed information. The difference was due to the Company did not report Customs fee on exported goods.

9. Donations to Governmental organisations

The Company has reported total donation of MNT38,390 thousand as given to government organisation, monetary donations to aimags, soums and to sustainable development and community. We have confirmed only MNT680 thousand, the remaining amount remain unresolved.

10. In-kind contribution at rate of 50% to environmental special account

The Company reported amounting to MNT5,137 thousand was cumulated in special account and the Government reported amounting to MNT51,400 thousand. It was observed that the Government made mechanical errors and we have adjusted the difference.

11. Costs disbursed for protection of the environment

The Government reported MNT310,200 thousand and the Company reported MNT1,176,262 thousand. The difference MNT855,062 thousand remained as unresolved.

Disclosure:

We sent official letter to company on March 25, 2010. And sent also the official letter to state and budget organisations on April 29, 2010 to clarify donation amount by receiving detailed information of the government from the respective organisations, following-up on the phone and contacting with local tax organisations with assistance of the MTA receiving details and related supporting documents.

Summary:

For this company there is no unresolved difference except, costs disbursed for environment protection, which could not be confirmed since the amount is not real.

B8. "Shijir alt" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 3,845,522 | 3,931,777 | (86,255) | - | (86,255) | 3,845,522 | 3,845,522 | - | |
| Corporate income tax | 755,610 | 712,610 | 43,000 | | 43,000 | 755,610 | 755,610 | - | 1 |
| Customs tax | 87,683 | 205,459 | (117,777) | | (117,777) | 87,683 | 87,683 | - | 2 |
| Windfall tax | 2,989,429 | 2,989,429 | - | | - | 2,989,429 | 2,989,429 | - | |
| Real estate tax | 10,372 | 21,981 | (11,609) | | (11,609) | 10,372 | 10,372 | - | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | | - | - | |
| Tax on petrol and diesel fuel | | | - | | | | - | - | |
| Tax on automobile and self moving vehicles | 2,428 | 2,298 | 130 | | 130 | 2,428 | 2,428 | - | 4 |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 659,112 | 796,206 | (137,094) | 158,754 | 21,660 | 817,866 | 817,866 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 523,858 | 682,612 | (158,754) | 158,754 | - | 682,612 | 682,612 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | | 12,391 | (12,391) | | (12,391) | | - | - | 6 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 11 | | 11 | | 11 | 11 | 11 | - | 6 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 5,504 | 5,504 | - | | | 5,504 | 5,504 | - | |
| Fee for water use | 60,000 | 74,577 | (14,577) | | (14,577) | 60,000 | 60,000 | - | 7 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 69,739 | 21,122 | 48,617 | | 48,617 | 69,739 | 69,739 | - | 8 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 401 | 205,459 | (205,059) | - | (205,059) | 401 | 401 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | 156 | | 156 | | 156 | 156 | 156 | - | 9 |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B8. "Shijir alt" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 245 | 205,459 | (205,215) | | (205,215) | 245 | 245 | - | 10 |
| 4. Dividends on state and local property | - | 71,176 | (71,176) | | (71,176) | - | - | - | |
| Dividends on state property | | 71,176 | (71,176) | | (71,176) | | - | - | |
| Dividends on local property | | - | - | | | | | - | 11 |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 10,000 | (10,000) | 15,000 | 5,000 | 15,000 | 15,000 | - | |
| Monetary donation from business entity to ministries and agencies | | 3,000 | (3,000) | | (3,000) | | - | - | 12 |
| Monetary donation from business entity to aimag | | | - | 10,000 | 10,000 | 10,000 | 10,000 | - | 12 |
| Monetary donation from business entity to soums | | 5,000 | (5,000) | 5,000 | | 5,000 | 5,000 | - | 12 |
| Monetary donation from business entity to local organisations | | | - | | | | | - | |
| Funds disbursed by company in sustainable development and community relations | | 2,000 | (2,000) | | (2,000) | | - | - | 12 |
| 7. Costs disbursed for protection of the environment | 4,720 | 36,365 | (31,645) | 43,635 | 11,990 | 48,355 | 48,355 | - | |
| In kind contribution at rate of 50% to environmental special account | 4,000 | 4,000 | - | | | 4,000 | 4,000 | - | |
| Costs disbursed for protection of the environment | 720 | 32,365 | (31,645) | 43,635 | 11,990 | 44,355 | 44,355 | - | 13 |
| Total | 4,509,755 | 5,050,983 | (541,228) | 217,389 | (323,839) | 4,727,144 | 4,727,144 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B8. "Shijir alt" LLC

Brief introduction

The Shijir Alt /SA/ LLC is a Mongolian company and operates its activities and exploits gold from Zaamar soum of Tuv aimag and Buregkhangai soum of Bulgan aimag.

The SA is registered with Department of large taxpayers of MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

We have made adjustments in initial reporting of the SA by their understated amounts of MNT43,000 thousand paid in September 1, 2008.

2. Customs tax

The difference was due to the SA reported Customs tax including VAT on imported goods and it remained as unresolved.

3. Real estate tax

We have made adjustments in initial reporting of the SA by their overstated amount of MNT11,608.7 thousand.

4. Tax on automobiles and self moving vehicles

We have made adjustments in initial reporting of the SA by their understated total amount of MNT130.0 thousand that included amounting to MNT99.6 thousand paid by SA in 22nd of April, 2008 and amounting to MNT30.4 thousand in 8th of July, 2008. The amounts were confirmed by the SA detailed information.

5. Fee for exploitation of mineral resources ("royalty fee")

We have made adjustments in initial reporting of the MTA by their understated amount of MNT158,754.3 thousand. The amount was confirmed by detailed information from MTA and the SA.

6. Licence fee for exploitation and exploration of mineral resources

The Company reported in MNT that paid in USD. The MTA reported in row line for Licence fee in USD. The difference was adjusted.

7. Fee for water use

The fee for water use totaling to MNT14,577.0 thousand includes amounting to MNT2,400.00 thousand (paid in 28th of January) and amounting to MNT12,177.0 thousand (paid in 19th of March). We have adjusted the reported amount decreasing by these amounts.

8. Fee for recruiting foreign experts and workers:

We have made adjustments in initial reporting of the SHG by their understated amounting to MNT48,617.2 thousand. The amount was confirmed by detailed information from SHG.

9. Charge, service charges

The SA has not report stamp charges incurred in 17th of December, 2008 amounting to MNT156.0 thousand that transferred to Bulgan aimag. And it was adjusted.

10. Customs service fee

The SA has reported Customs tax that included Customs service fee. The difference was adjusted.

11. Dividends on state property

The company's initial reporting was adjusted since the amount could be confirmed with the detailed information.

12. Donations to Governmental organisations

The SA has reported monetary donations to aimags as donations to Ministries and Agencies. It was confirmed by detailed information from the SA and Governor of Bulgan aimag. Therefore, we made adjustments.

Monetary donation from business entity to soums:

We sent a confirmation letter to Governor of Buregkhangai soum of Bulgan aimag and the Governor confirmed that the donations were received by them. We have made adjustments on information provided by the Governor.

Funds disbursed by company in sustainable development and community relations:

The SA has reported by payment to MMNA for membership fee. We have made adjustments on it by deducting the amount.

13. Costs disbursed for protection of the environment

We have made adjustments by understated amount MNT11,990.2 thousand of the SA (payment made in 7th of January to "Ons" LLC for expenditure incurred in relation to environmental renovation). During the reconciliation, we have visited to Environment Resource Department, MOET, and checked every expenditure per each work completed from the "Indications on Environment Information report of mining, and planning" (Form 3), and adjusted differences by confirming with details.

Disclosure:

We sent a confirmation letter requesting the detailed information from MAK on 25th of March, 2010 and received replies on April 12, 2010.

Summary:

For this company, there is no unresolved difference with regards of cost disbursed for environment protection since the prepared figures by the company geologists and engineer technical staffs are confirmed with the actual expenditure amounts.

B9. "Chinkhua MAK nariin sukhat" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|-----------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 1,885,146 | 2,114,818 | (229,672) | 1,176 | (228,495) | 1,886,322 | 1,886,322 | - | |
| Corporate income tax | 1,747,684 | 1,240,504 | 507,179 | | 507,179 | 1,747,684 | 1,747,684 | - | 1 |
| Customs tax | 110,601 | 339,429 | (228,829) | | (228,829) | 110,601 | 110,601 | - | 2 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | 24,366 | 25,209 | (843) | 1,176.3 | 333.3 | 25,542 | 25,542 | - | 3 |
| Excise tax on imported fuel and lubricants | 181 | 181 | - | | - | 181 | 181 | - | |
| Tax on petrol and diesel fuel | 22 | 22 | - | | | 22 | 22 | - | |
| Tax on automobile and self moving vehicles | 2,293 | 2,293 | - | | | 2,293 | 2,293 | - | |
| Other taxes in monetary value (1) | | 507,179 | (507,179) | | (507,179) | | - | - | 4 |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 976,944 | 931,089 | 45,855 | (47,036) | (1,181) | 929,908 | 929,908 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 959,654 | 889,290 | 70,364 | (70,364.0) | | 889,290 | 889,290 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | | | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 11,998 | 11,998 | - | | | 11,998 | 11,998 | - | |
| Fee for water use | 432 | 432 | - | | | 432 | 432 | - | |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | | 24,509 | (24,509) | 23,328.0 | (1,181.0) | 23,328 | 23,328 | - | 6 |
| Fee for use of mineral resources of widespread deposit | 4,860 | 4,860 | - | | | 4,860 | 4,860 | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 1,121,899 | 1,311,589 | (189,690) | - | (69,329) | 1,121,899 | 1,242,260 | (120,361) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 24,340 | (24,340) | | 2,670 | | 27,009 | (27,009) | 7 |

B9. "Chinkhua MAK nariin sukhait" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|--|------------------|------------------|--------------------------------|------------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Service charges paid to state and local administration in accordance with relevant law | | 208,175 | (208,175) | | (114,823) | | 93,352 | (93,352) | 7 |
| Custom service fee | 1,121,899 | 1,079,074 | 42,825 | | 42,825 | 1,121,899 | 1,121,899 | - | 8 |
| 4. Dividends on state and local property | 262,134 | - | 262,134 | | 262,134 | 262,134 | 262,134 | - | |
| Dividends on state property | 262,134 | | 262,134 | | 262,134 | 262,134 | 262,134 | - | 9 |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 542,055 | (542,055) | 3,438,181 | 2,896,126 | 3,438,181 | 3,438,181 | - | |
| Monetary donation from business entity to ministries and agencies | | 3,000 | (3,000) | 3,000 | | 3,000 | 3,000 | - | 10 |
| Monetary donation from business entity to aimag | | 6,500 | (6,500) | 6,500 | | 6,500 | 6,500 | - | 10 |
| Monetary donation from business entity to soums | | 32,555 | (32,555) | 32,523 | (32) | 32,523 | 32,523 | - | 10 |
| Monetary donation from business entity to local organisations | | | - | | | - | | - | |
| Funds disbursed by company in sustainable development and community relations | | 500,000 | (500,000) | 3,396,158 | 2,896,158 | 3,396,158 | 3,396,158 | - | 10 |
| 7. Costs disbursed for protection of the environment | - | 89,400 | (89,400) | 45,868 | (43,532) | 45,868 | 45,868 | - | |
| In kind contribution at rate of 50% to environmental special account | | 12,000 | (12,000) | | (12,000) | | | - | 11 |
| Costs disbursed for protection of the environment | | 77,400 | (77,400) | 45,868 | (31,532) | 45,868 | 45,868 | - | 12 |
| Total | 4,246,123 | 4,988,951 | (742,827) | 3,438,190 | 2,815,723 | 7,684,313 | 7,804,674 | (120,361) | |

| | |
|--|------------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (120,361) |
| Net differences | (120,361) |

B9. "Chinkhua MAK nariin sukhait" LLC

Brief introduction

Chinkhua MAK nariin sukhait LLC is a China joint venture, 50% held by Chin Hua Group of China and another 50% by Mongolian Gold MAK LLC.

The Company exploits coal from Gurvan Tes soum of Umngobi aimag and exported to China.

The Company is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

Corporate income taxes withheld from income from dividends and VAT returns were reported in other taxes.

2. Customs tax

The Company included VAT for imported goods and Customs service fee into Customs tax by its initial report.

3. Real estate tax

The Government and Company both has under reported real estate tax amounting to MNT1,176.3 thousand. The adjustment was made by deducting MNT840.0 thousand, which the Company has paid on selling of fixed asset.

4. Other

Under this part, the Company has reported dividend and VAT returns.

5. Fee for exploitation of mineral resources ("royalty fee")

The government over stated amount was approved by the detailed information.

6. Fee for recruiting foreign experts and workers

The Government did not report fee paid by the Company on its initial report. The LWSA provided detailed information regarding the fee. The Company included service charges to LWSA and invitation cost into the fee on its initial report. We have decreased by the amount and adjusted reported amount by the Company.

7. Charge, service charges

The Company confirmed the payment of MNT2,670.0 thousand paid for the stamp and other charge by its detailed information. And the company has overstated its service charge amount.

8. Customs service fee

The Company reported this customs service fee under Custom tax.

9. Dividends on state property

The Company did not report its distributed dividends and however, approved on its detailed information.

10. Donations to Governmental organisations

Monetary donations to Ministries and Agencies

We sent a letter to confirm donation for meeting cost amounting to MNT3,000.0 thousand that organised in December 22, 2008 to MRAM from the Company and have received a reply and adjusted the amount.

Monetary donation from business entity to aimags:

We sent a letter to confirm company's reported amount to aimags and recipient government organisation and have made adjustments based on detailed information received from Standardization and Measurement centre of Umngobi aimag, Governor of Umngovi aimag and Mongolian National Chamber of Commerce and Industry.

Monetary donation from business entity to soums:

The company confirmed monetary donations to Sevrei, Noyon, Gurvantes, Class#0166 of Border Military by its detailed information. All the donations were confirmed and adjusted since there were replies from the respective organisations confirming the donation amounts.

Funds disbursed by company in sustainable development and community relations:

The company has reported initially amount of MNT3,396,157.9 thousand as donation for maintenance for Culture centre of Gurvan tes soum of Umnugobi aimag and monetary donations for road construction work to Border port of Shivee huren. We sent letters to Governor of Umnugobi to confirm the company reported amount. Culture centre of Gurvan tes soum confirmed the donations and the Mr. Otgonbayar, Development policy department office of Aimag administration, informed us that donations for road construction work to Border port was received and its expenditures and work completion are at 70% currently.

11. In-kind contribution at rate of 50% to environmental special account

The Company did not confirm its initial amount by detailed information.

12. Costs disbursed for protection of the environment

Based on detailed information, costs spent for fire elimination, purchase of labor security uniform, employers' health inspection and purchase of car cover was deducted from the initially reported amount, and the remaining amount which is related to "Indications on Environment Information report of mining, and planning" (Form 3) confirmed by matching with the financial statement amounts, so, was adjusted differences.

Disclosure:

We sent a confirmation letter requesting the detailed information from the company on 25th of March, 2010 and received replies on April 12, 2010.

Summary:

For this company, there is no unresolved difference with regards of cost disbursed for environment protection since the prepared figures by the company geologists and engineer technical staffs are confirmed with the actual expenditure amounts. However, charge, service charges amount is not confirmed since the company paid amount is too small individually and the government sources are not clear enough to look at even if there was reply from the government regarding this amount.

B10. "Gatsuurt" JSC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|--------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 1,037,996 | 2,841,871 | (1,803,875) | 14,278 | (1,789,598) | 1,052,274 | 1,052,274 | - | |
| Corporate income tax | | 2,407 | (2,407) | 2,407 | | 2,407 | 2,407 | - | 1 |
| Customs tax | 460,765 | 472,940 | (12,175) | | (12,175) | 460,765 | 460,765 | - | 2 |
| Windfall tax | 564,817 | 2,344,994 | (1,780,177) | | (1,780,177) | 564,817 | 564,817 | - | 3 |
| Real estate tax | 2,349 | | 2,349 | 2,349 | | 2,349 | 2,349 | - | 4 |
| Excise tax on imported fuel and lubricants | 405 | | 405 | 405 | | 405 | 405 | - | 5 |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 9,660 | 21,531 | (11,871) | 11,871 | | 21,531 | 21,531 | - | 6 |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 523,780 | 686,004 | (162,224) | 150,004 | (12,220) | 673,783 | 673,783 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 284,172 | 403,111 | (118,938) | 118,938 | | 403,111 | 403,111 | - | 7 |
| Licence fee for exploitation and exploration of mineral resources | | 243,611 | (243,611) | | (243,611) | | - | - | 8 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 195 | | 195 | 195 | | 195 | 195 | - | 8 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 2,948 | 10,064 | (7,116) | 7,116 | | 10,064 | 10,064 | - | 9 |
| Fee for water use | 268 | 29,218 | (28,950) | 23,950 | (5,000) | 24,218 | 24,218 | - | 10 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 236,195 | | 236,195 | 236,195 | | 236,195 | 236,195 | - | 11 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 5,266 | - | 5,266 | - | 5,266 | 5,266 | 5,266 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B10. "Gatsuurt" JSC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|------------------|--------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 5,266 | | 5,266 | | 5,266 | 5,266 | 5,266 | - | 12 |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 42,000 | (42,000) | 42,000 | - | 42,000 | 42,000 | - | |
| Monetary donation from business entity to ministries and agencies | | 42,000 | (42,000) | 41,500 | (500) | 41,500 | 41,500 | - | 13 |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | | - | | | | | - | |
| Monetary donation from business entity to local organisations | | | - | 500 | 500 | 500 | 500 | - | 13 |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | 982,900 | 12,784 | 970,116 | (981,666) | (11,550) | 1,234 | 1,234 | - | |
| In kind contribution at rate of 50% to environmental special account | 1,200 | 12,784 | (11,584) | 34 | (11,550) | 1,234 | 1,234 | - | 14 |
| Costs disbursed for protection of the environment | 981,700 | | 981,700 | (981,700) | | - | - | - | 15 |
| Total | 2,549,941 | 3,582,659 | (1,032,717) | (775,385) | (1,808,102) | 1,774,557 | 1,774,557 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B10. "Gatsuurt" SC

Brief introduction

Gatsuurt LLC is 100% Mongolian company and operates gold mining in Bat-Ulziit soum of Uvurhangai aimag, Hongor soum of Darhan-Uul aimag and Yruu soum of Selenge aimag. The Company is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The MTA did not report corporate income tax on its initial report and reported it on its detailed information.

2. Customs tax

The reported Customs tax that included VAT for custom and fee to intermediary organisations on its initial report.

3. Windfall tax

Detailed information from both the Company and MTA was matched with each other and The Company reported amount was greater than MTA reported amount.

4. Real estate tax

The company did not report by its initial reportings and reported the amount on its detailed information.

5. Excise tax on imported fuel and lubricants

The company did not report by its initial reportings and reported the amount on its detailed information.

6. Tax on automobiles and self moving vehicles

The company did not report by its initial reportings and reported the amount on its detailed information.

7. Fee for exploitation of mineral resources ("royalty fee")

The company did not report by its initial reportings and reported the amount on its detailed information.

8. Licence fee for exploitation and exploration of mineral resources

The Company has reported in MNT; however, the government has reported in USD. The adjustments were made since the detailed information are matched.

9. Land rent fee

The government has not reported payment made to Uvurkhangai tax institution initially. We have received detailed information from the Uvurkhangai tax institution confirming the receipt of the payment, so the adjustment was made.

10. Fee for water use

The government has not reported payments made to Bat-Ulzii soum of Uvurkhangai and Selenge aimag tax institutions initially. We have received detailed informations from the respective tax institutions confirming the receipt of the payment, so the adjustment was made.

11. Fee for recruiting foreign experts and workers

The company has not reported this amount initially, however, re-reported on its detailed information sent during our reconciliation work.

12. Customs service fee

The Company reported Customs tax that included taxes and charges to Custom organisation and it was not possible to separate the taxes and charges. We have adjusted based on information received from MCO.

13. Donations to Governmental organisations

The Company reported donations to Hospital of Uvurhangai aimag in the item. We adjusted it by changing to monetary donations to Local organisations. Also the company has made donations of MNT30.0 million for religious activity and MNT10.0 million for construction. In order to confirm the amounts, we have sent letters to respective organisations and received reply noting that donation of MNT50.0 million was noted actually. By further checking, we have noticed that the Company director has donated personally; therefore, we have adjusted by deducting MNT20.0 million and adjusted by MNT30.0 million.

Donations to Governmental organisations:

The company has reported initially its donation given to local government organisations under donations given to ministries and agencies, we have made the adjustments.

14. In-kind contribution at rate of 50% to environmental special account

The Company reported on its initial report overstated and detailed information was provided by the Company.

15. Costs disbursed for protection of the environment

The current accountant of the Company is newly employed and has not prepared the EITI template. Therefore, figures in the template are not consisted with the financial statement figures and not confirmed. Also, figures of the environment resource report prepared by the Company geologist are not in consistence with the Company's financial statements and other financial information. Therefore, we have deducted them.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in April 29, 2010.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B11. "Monpolimet" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|---------|-----------------------------|----------------|------------------|------------------|------------------|--------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 1,280,766 | - | 1,280,766 | 1,817 | 1,282,583 | 1,282,583 | 1,282,583 | - | |
| Corporate income tax | | | - | | | | - | - | |
| Customs tax | 61,039 | | 61,039 | | 61,039 | 61,039 | 61,039 | - | 1 |
| Windfall tax | 1,208,762 | | 1,208,762 | | 1,208,762 | 1,208,762 | 1,208,762 | - | 2 |
| Real estate tax | 606 | | 606 | | 606 | 606 | 606 | - | 3 |
| Excise tax on imported fuel and lubricants | 10,359 | | 10,359 | | 10,359 | 10,359 | 10,359 | - | 4 |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | | | - | 1,817 | 1,817 | 1,817 | 1,817 | - | 5 |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 557,800 | - | 557,800 | 323,522 | 881,321 | 881,321 | 881,321 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 534,817 | | 534,817 | 211,784 | 746,600 | 746,600 | 746,600 | - | 6 |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 23 | | 23 | | 23 | 23 | 23 | - | 7 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | | | - | 16,672 | 16,672 | 16,672 | 16,672 | - | 8 |
| Fee for water use | | | - | 95,066 | 95,066 | 95,066 | 95,066 | - | 9 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 22,960 | | 22,960 | | 22,960 | 22,960 | 22,960 | - | 10 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 182 | - | 182 | - | 182 | 182 | 182 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|---------|-----------------------------|------------------|------------------|------------------|------------------|--------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 182 | | 182 | | 182 | 182 | 182 | - | 11 |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | - | - | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | | - | | | | | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | 444,800 | - | 444,800 | (422,200) | 22,600 | 22,600 | 22,600 | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | | - | - | |
| Costs disbursed for protection of the environment | 444,800 | | 444,800 | (422,200) | 22,600 | 22,600 | 22,600 | - | 12 |
| Total | 2,283,547 | - | 2,283,547 | (96,861) | 2,186,686 | 2,186,686 | 2,186,686 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B11. "Monpolimet" LLC

Brief introduction

Monpolimet LLC is private company and operates its activities in Tuv and Selenge aimags. The Company is registered with the Tax Authority of Bayanzurh district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The Company reported Customs tax that included VAT to custom organisation and customs service fee.

2. Windfall tax

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report only in process of our review.

3. Real estate tax

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the tax was paid; however, the detailed information was not provided us by the Company.

4. Excise tax on imported fuel and lubricants

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the tax was paid; however, the amount was reported under Customs tax.

5. Tax on automobiles and self moving vehicles

The government did not report by its initial reportings and provided us detailed information. The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the tax was paid.

6. Fee for exploitation of mineral resources ("royalty fee")

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the fee was paid.

7. Licence fee for exploitation and exploration of mineral resources /in USD/

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the fee was paid.

8. Land rent fee

The government did not report by its initial report and detailed information.

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the fee was paid; however detailed information was not provided. The adjustment was made after receiving information from tax institutions of Tuv and Bulgan aimags since the payments are made to these aimags.

9. Fee for water use

The government did not report by its initial report and detailed information.

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the fee was paid; however detailed information was not provided. The adjustment was made after receiving information from tax institutions of Tuv and Bulgan aimags since the payments are made to these aimags.

10. Fee for recruiting foreign experts and workers

The government has reported and confirmed it by detailed information. The difference was solved due to the company detailed information.

11. Customs service fee

The Company did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the fee was paid;

12. Costs disbursed for protection of the environment

By additional information from the government, amount of MNT22.6 million was reported. Also the company has provided its information that the cost disbursed for environment protection was spent.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in April 22, 2010.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B12. "Engui tal" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|---------|--------------------------------|------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | - | - | - | - | - | - | - | - | |
| Corporate income tax | | | - | | | | - | - | |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | | | - | | | - | - | - | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 1,985,734 | - | 1,985,734 | (1) | 1,985,733 | 1,985,733 | 1,985,733 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 15 | | 15 | (1) | 14 | 14 | 14 | - | 1 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 1,985,719 | | 1,985,719 | | 1,985,719 | 1,985,719 | 1,985,719 | - | 2 |
| Land rent | | | - | | | | - | - | |
| Fee for water use | | | - | | | | - | - | |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | - | - | - | - | - | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B12. "Engui tal" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|----------|--------------------------------|--------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | 7,000 | 7,000 | 7,000 | 7,000 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | | - | 7,000 | 7,000 | 7,000 | 7,000 | - | 3 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | | | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 1,985,734 | - | 1,985,734 | 6,999 | 1,992,733 | 1,992,733 | 1,992,733 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B12. "Engui tal" LLC

Engui tal LLC is a private company and exploits coal from Shinejinst soum of Bayanhongor aimag, and Dariganga and Ongon soum of Suhbaatar aimag.

The ET registered with the Tax Authority of Khan-Uul district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Licence fee for exploitation and exploration of mineral resources /in USD/

The ET did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review.

2. Reimbursement of deposit, exploration of which is carried by the budget fund

The ET did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. The Company reported that the reimbursement was paid.

3. Donations to Governmental organisations

The ET did not submit Template #1 for the year 2008 to MEITIS and submitted the report in process of our review. And the company has reported donations given to Shinejinst soum of Bayankhongor aimag, Dariganga and Ongon soums of Sukhbaatar aimag. In order to confirm the amount, we have sent letters to governors of the respective soums, and received replies. And adjustments were made.

The Company reported that the reimbursement was paid.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in April 19, 2010.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B13. "Ivanhoe mines mongolia inc" JSC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|------------------|--------------------------------|----------------|--------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 828,983 | 1,843,918 | (1,014,935) | 114,325 | (900,610) | 943,308 | 943,308 | - | |
| Corporate income tax | 19,063 | | 19,063 | 112,502 | 131,565 | 131,565 | 131,565 | - | 1 |
| Customs tax | 729,689 | 969,237 | (239,548) | | (239,548) | 729,689 | 729,689 | - | 2 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | 67,894 | 67,894 | - | | 0 | 67,894 | 67,894 | - | |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 12,338 | 13,208 | (871) | 1,823 | 952 | 14,160 | 14,160 | - | 3 |
| Other taxes in monetary value (1) | | 793,579 | (793,579) | | (793,579) | | - | - | 4 |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 336,176 | 2,772,747 | (2,436,571) | 298 | (2,436,273) | 336,474 | 336,474 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources | | 2,416,823 | (2,416,823) | | (2,416,823) | | - | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 2,177 | | 2,177 | 142 | 2,319 | 2,319 | 2,319 | - | 5 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 248,822 | 248,222 | 600 | | 600 | 248,822 | 248,822 | - | 6 |
| Fee for water use | 1,924 | 262 | 1,662 | 156 | 1,817 | 2,079 | 2,079 | - | 7 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 83,254 | 107,440 | (24,186) | | (24,186) | 83,254 | 83,254 | - | 8 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 10,136 | 113,245 | (103,109) | 762 | 10,136 | 10,899 | 123,381 | (112,482) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 10,059 | (10,059) | | | | 10,059 | (10,059) | 9 |
| Service charges paid to state and local administration in accordance with relevant law | | 103,186 | (103,186) | 762 | - | 762 | 103,186 | (102,423) | 9 |

B13. "Ivanhoe mines mongolia inc" JSC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|--------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 10,136 | | 10,136 | | 10,136 | 10,136 | 10,136 | - | 10 |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 436,000 | 510,282 | (74,282) | 74,282 | - | 510,282 | 510,282 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | | - | |
| Monetary donation from business entity to aimag | 373,500.0 | 373,542.0 | (42.0) | 42 | | 373,542.0 | 373,542.0 | - | 11 |
| Monetary donation from business entity to soums | 62,500.0 | 62,478.0 | 22.0 | (22) | - | 62,478 | 62,478 | - | 11 |
| Monetary donation from business entity to local organisations | | 70,277.0 | (70,277.0) | 74,261 | 3,984 | 74,261 | 74,261 | - | 11 |
| Funds disbursed by company in sustainable development and community relations | | 3,985.0 | (3,985.0) | | (3,985) | - | - | - | 11 |
| 7. Costs disbursed for protection of the environment | - | 21,554 | (21,554) | 879 | (6,347) | 879 | 15,207 | (14,329) | |
| In kind contribution at rate of 50% to environmental special account | | 6,479 | (6,479) | 879 | (5,600) | 879 | 879 | - | 12 |
| Costs disbursed for protection of the environment | | 15,075 | (15,075) | | (746) | | 14,329 | (14,329) | 13 |
| Total | 1,611,296 | 5,261,746 | (3,650,450) | 190,545 | (3,333,094) | 1,801,841 | 1,928,652 | (126,811) | |

| | |
|--|------------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (126,811) |
| Net differences | (126,811) |

B13. "Ivanhoe mines Mongolia Inc" JSC

Brief introduction

The Ivanhoe Mines Mongolia Inc LLC is a 100% Canadian invested company and exploits and explores gold and copper in Khanbogd soum of Umnugobi aimag which is one of the huge deposits of the world. The Ivanhoe mines is registered with the MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The MTA and the Ivanhoe mines reported the amount understated on their initial reports. The difference was confirmed by their detailed information.

2. Customs tax

The Ivanhoe mines reported Customs tax that included VAT to custom organisationa and expenditures occurred in relation to custom.

3. Tax on automobiles and self moving vehicles

The MTA and Ivanhoe mines reported the amount understated on their initial reports. The difference was confirmed by their detailed information.

4. Other

The company has reported taxes such as PIT amounting to MNT774,515.5 thousand and remaining MNT19,063.4 thousand was CIT.

5. Licence fee for exploitation and exploration of mineral resources

The Company reported in MNT that paid in USD. The MTA reported in row line for Licence fee in USD. The difference was adjusted.

6. Land rent fee

The Ivanhoe mines understated the land rent fee on its initial report.

7. Fee for water use

The MTA did not report fee of MNT155.6 thousand (paid in July 8, 2008) to Governor of Khanbogd soum of Umnugobi aimag. The Ivanhoe mines understated the fee on its initial report and adjusted it by its detailed information.

8. Fee for recruiting foreign experts and workers

The Ivanhoe mines reported charge for labor certification and refund amount for workers who went back to their country before the visa expiration.

9. Charge, service charges

We sent letter to related Government organisations to confirm the Ivanhoe mines reported amount. However, the Government organisations replied to us regarding only donations and did not provide detailed information for charges and service charges. The difference remained as unresolved differences.

10. Customs service fee

The Ivanhoe mines reported the fee in Customs tax

11. Donations to Governmental organisations

In order to confirm the donation amounts given to Governor office, Health department and Education department of Umnugovi aimag, we have sent letter and have made respective adjustments based on the received reply and difference was solved.

Monetary donation from business entity to soums:

We sent letter to confirm company reported amount to Governors of Manlai, Khanbogd, and Bayan-Ovoo soums of Umnugobi aimag and made adjustments based on Governors' amount.

Monetary donation from business entity to local governments:

The Ivanhoe reported that they donated to buy emergency vehicle to hospital of Khanbogd soum. The Governor confirmed the donations. The company has reported MNT 3,984.6 thousand as donation given to funds disbursed by company in sustainable development and community relations and sent the detailed information. We have checked the detailed information and we noticed that computer donated to school and monetary donations were given to local government organisations, so we have made the adjustments.

12. In-kind contribution at rate of 50% to environmental special account

Out of the detailed information, we have noticed that the Company has reported centralized amount in year 2007 into 2008 reporting. That's why, the company reporting was overstated.

13. Costs disbursed for protection of the environment

The Ivanhoe mines reported fee for water use to Centrefor Water saving as expenditure related to environmental protection. The remained differences were not cleared due to the expenditure amounts are consolidated from many sources and the Government could not confirm the amount.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in April 14, 2010.

Summary:

Most of the unresolved difference is related to various types of charges, service charge, expenditures for the environment protection. We have noted about the difficulties for resolving the differences related to various types of charges, service charge, expenditures for the environment protection.

B14. "Ankhai international" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 833,504 | 835,717 | (2,212) | 1,258 | (955) | 834,762 | 834,762 | - | |
| Corporate income tax | 757,439 | 759,199 | (1,760) | 1,229 | (531) | 758,668 | 758,668 | - | 1 |
| Customs tax | 74,100 | 74,523 | (423) | | (423) | 74,100 | 74,100 | - | 2 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | | | - | | | | | - | |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 1,966 | 1,994 | (29) | 29 | | 1,994 | 1,994 | - | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 476,280 | 537,835 | (61,554) | 56,254 | (5,300) | 532,535 | 532,535 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 475,272 | 485,967 | (10,696) | 10,696 | | 485,967 | 485,967 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources | | 5,305 | (5,305) | | (5,305) | | - | - | 4 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 9 | | 9 | (4) | 5 | 5 | 5 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | | 4,832 | (4,832) | 4,832 | | 4,832 | 4,832 | - | 5 |
| Fee for water use | 1,000 | 1,000 | - | | | 1,000 | 1,000 | - | |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | | 40,731 | (40,731) | 40,731 | | 40,731 | 40,731 | - | 6 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 13,514 | 264 | 13,249 | - | 13,249 | 13,514 | 13,514 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B14. "Ankhai international" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|---------------|--------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 13,514 | 264 | 13,249 | | 13,249 | 13,514 | 13,514 | - | 7 |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 24,040 | (24,040) | 24,040 | - | 24,040 | 24,040 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | | | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | | - | 24,040 | 24,040 | 24,040 | 24,040 | - | 8 |
| Monetary donation from business entity to local organisations | | | - | | | | | - | |
| Funds disbursed by company in sustainable development and community relations | | 24,040 | (24,040) | | (24,040) | - | - | - | 8 |
| 7. Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | | | - | |
| Costs disbursed for protection of the environment | | | - | | | | | - | |
| Total | 1,323,298 | 1,397,855 | (74,557) | 81,552 | 6,995 | 1,404,850 | 1,404,850 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B14. "Ankhai international" LLC

Brief introduction

"Ankhai International" LLC is 100% private company and extracts iron ore at territory of Bayanjargalan soum of Tuv aimag. And the company is registered at MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The government has understated initially MNT1,228.8 thousand which was paid on 31 December from the company, and it was confirmed by the detailed information and the respective adjustments were made.

2. Customs tax

The government has understated custom tax for iron net paid to Zamiin-Uud Custom office.

3. Fee for exploitation of mineral resources ("royalty fee")

The government has understated initially MNT10,695.5 thousand which was paid on 31 December from the company. The government approved by additional explanation that the amount came from the previous years, and it was reported in the government reporting.

4. Licence fee for exploitation and exploration of mineral resources

The Company reported in MNT that paid in USD. The government has reported in row line for Licence fee in USD. The difference was adjusted.

5. Land rent fee

The government has not included land fee paid from the company to Governor of Bayanjargalan soum of Tuv aimag. The government has confirmed its receipt on the details; therefore, adjustment was made respectively.

6. Fee for recruiting foreign experts and workers

The government has not reported initially the receipt of this payment, however, government details are confirmed the receipt.

7. Customs service fee

The company has reported this fee under customs tax.

8. Donations to Governmental organisations

By details of Company, there is donation to Governor of Bayanjargalan soum of Tuv aimag. In order to confirm the amount we have sent letter to the governor office on 6 April, 2010 and received reply on 24 May, 2010 and solved the difference. And the donation was monetary donations to soums not to funds disbursed by company in sustainable development and community relations per details.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in 29 March, 2010.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B15. "Petro china dachin tamsag" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 950,790 | 937,549 | 13,242 | - | 13,242 | 950,790 | 950,790 | - | |
| Corporate income tax | 810 | 810 | - | | | 810 | 810 | - | |
| Customs tax | 266,093 | 192,753 | 73,340 | | 73,340 | 266,093 | 266,093 | - | 1 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | 5,170 | 5,170 | - | | | 5,170 | 5,170 | - | |
| Excise tax on imported fuel and lubricants | 627,176 | 534,575 | 92,601 | | 92,601 | 627,176 | 627,176 | - | 2 |
| Tax on petrol and diesel fuel | 49,378 | 171,990 | (122,612) | | (122,612) | 49,378 | 49,378 | - | 3 |
| Tax on automobile and self moving vehicles | 2,163 | 2,163 | - | | | 2,163 | 2,163 | - | |
| Other taxes in monetary value (1) | | 30,087 | (30,087) | | (30,087) | | - | - | 4 |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 125,938 | 349,508 | (223,571) | 323,158 | 99,587 | 449,095 | 449,095 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | | | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | | | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | | 318,320 | (318,320) | 318,320 | | 318,320 | 318,320 | - | 5 |
| Fee for water use | 25,498 | 31,189 | (5,691) | 4,838 | (853) | 30,335 | 30,335 | - | 6 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 100,440 | | 100,440 | | 100,440 | 100,440 | 100,440 | - | 7 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 214,805 | 255,306 | (40,501) | 51,288 | 10,787 | 266,093 | 266,093 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B15. "Petro china dachin tamsag" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|-------------------|--------------------------------|-------------------|------------------|-------------------|-------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 214,805 | 255,306 | (40,501) | 51,288 | 10,787 | 266,093 | 266,093 | - | 8 |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | 26,669,948 | (26,669,948) | 26,669,948 | - | 26,669,948 | 26,669,948 | - | |
| Entitlement under Production Sharing Contract with the government | | 26,390,273 | (26,390,273) | 26,390,273 | | 26,390,273 | 26,390,273 | - | 9 |
| Other | | 279,675 | (279,675) | 279,675 | | 279,675 | 279,675 | - | 9 |
| 6. Donations to Governmental organisations | - | 74,667 | (74,667) | 91,780 | 17,114 | 91,780 | 91,780 | - | |
| Monetary donation from business entity to ministries and agencies | | 6,215 | (6,215) | 6,588 | 373 | 6,588 | 6,588 | - | 10 |
| Monetary donation from business entity to aimag | | 32,166 | (32,166) | 5,000 | (27,166) | 5,000 | 5,000 | - | 10 |
| Monetary donation from business entity to soums | | 2,167 | (2,167) | 22,713 | 20,546 | 22,713 | 22,713 | - | 10 |
| Monetary donation from business entity to local organisations | | 6,215 | (6,215) | 20,800 | 14,585 | 20,800 | 20,800 | - | 10 |
| Funds disbursed by company in sustainable development and community relations | | 27,904 | (27,904) | 36,680 | 8,776 | 36,680 | 36,680 | - | 10 |
| 7. Costs disbursed for protection of the environment | 116,500 | 278,690 | (162,190) | 10 | (162,180) | 116,510 | 116,510 | - | |
| In kind contribution at rate of 50% to environmental special account | 116,500 | 116,510 | (10) | 10 | - | 116,510 | 116,510 | - | |
| Costs disbursed for protection of the environment | | 162,180 | (162,180) | | (162,180) | - | - | - | 11 |
| Total | 1,408,033 | 28,565,668 | (27,157,635) | 27,136,184 | (21,451) | 28,544,217 | 28,544,217 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B15. "Petro china dachin tamsag" LLC

Brief introduction

"Petro china dachin tamsag" LLC is subsidiary company of "Dachin Oil Fields Limited" of China and operates mainly in basin of Tamsag of Dornod aimag. The Company is registered to Capital Tax Authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The company has understated when separates VAT from the paid amounts to customs office. And also has included excise tax on imported fuel and lubricants under the customs tax.

2. Excise tax on imported fuel and lubricants

The company has understated its paid amount in its initial reporting.

3. Tax on petrol and diesel fuel

The company has included excise tax on imported fuel and lubricants and customs tax.

4. Other (1)

The company has reported not exclusive taxes under this indication.

5. Land rent fee

The company has reported its paid amount, while the government has not reported any amount. In order to confirm the amount, we have sent official letter. In replies received from the MCO, the Company has paid USD256,090 or MNT318,319.9 thousand on 28 March, 2008, so, the difference was solved.

6. Fee for water use

In initial reporting, the government understated the amount paid to Khalkh Gol and Matad soums of Dornod aimag by MNT4,837.8 thousand while the company understated by MNT853.1 thousand. The governor of Dornod aimag has confirmed the receipts.

7. Fee for recruiting foreign experts and workers

The company has reported any amount initially. However, the detailed information and supporting documents given afterwards.

8. Customs service fee

The government and company have understated the amount.

9. Payment made to government for other product

The government has not reported initially the receipt of the payment. In order to get the details, we have sent letter to PAM as well as to company and made respective adjustment since the difference was due to foreign currency difference.

10. Donations to Governmental organisations

The understatement of the company was confirmed by the official letter came from governor of the Dornod aimag, and we have adjusted the amount by adding the company reported amount. In order to confirm the, we have sent letters to respective donation received organisations, and made the adjustment based on the replies. therefore, the difference was solved. The company has reported donation of MNT9,302.7 thousand as donation given to 2nd Khoroo of Bayanzurkh district for contraction of the children playing area. However, the governor of the district has noted that there was no such donation received. We understood, after asking again from the company, that this donation was given to 2nd Khoroo of Bayanzurkh district for construction of the children

playing area that is outside of “Moncord” private housing accommodation. Even, Mrs. Janchivsuren, a Chairman of “Chin Sanaa” Housing Owner’s Committee of the private housing accommodation, noted the receipt of the donation. We have made adjustment by deducting the amount, since the donation was given to private organisation, even the donation was used for construction of the children playing area.

11. Costs disbursed for protection of the environment

The current accountant of the company is newly employed, and has submitted the 2008 EITI template. And the figures are not in consistence with the accounting figures of the company, and there is no figures provided by the company geologists to environment resource department, so, we have deducted the amount.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in 14 April, 2010. However, the replies were not in details, so, required again and gathered all the related supporting documents as possible as.

Summary:

There is no, unresolved difference, except, we could not confirm the real costs disbursed for environment protection.

B16. "Baganuur" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|------------------|--------------------------------|----------------|------------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 169,669 | 45,000 | 124,669 | - | 133,105 | 169,669 | 178,105 | (8,436) | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | 124,669 | | 124,669 | | 133,105 | 124,669 | 133,105 | (8,436) | 1 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 39,293 | 39,293 | - | | | 39,293 | 39,293 | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 5,708 | 5,708 | - | | | 5,708 | 5,708 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 910,216 | 1,361,000 | (450,784) | 249,746 | (205,903) | 1,159,963 | 1,155,097 | 4,866 | |
| Fee for exploitation of mineral resources ("royalty fee") | 902,600 | 1,076,632 | (174,032) | 51,990 | (122,044) | 954,590 | 954,588 | 2 | 2 |
| Licence fee for exploitation and exploration of mineral resources | | 27,683 | (27,683) | | (27,683) | - | - | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 1 | | 1 | 7,224 | 7,225 | 7,225 | 7,225 | - | 3 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 253,605 | (253,605) | 190,532 | (63,401) | 190,532 | 190,204 | 328 | 4 |
| Fee for water use | 3,080 | 3,080 | - | | | 3,080 | 3,080 | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 4,536 | | 4,536 | | | 4,536 | - | 4,536 | 5 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 756 | - | 756 | - | 756 | 756 | 756 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B16. "Baganuur" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|------------------|--------------------------------|----------------|-----------------|------------------|------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 756 | | 756 | | 756 | 756 | 756 | - | 6 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | | - | | | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 1,080,642 | 1,406,000 | (325,358) | 249,746 | (72,042) | 1,330,388 | 1,333,958 | (3,570) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 4,538 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (8,108) |
| Net differences | (3,570) |

B16. "Baganuur" JSC

Brief introduction

"Baganuur" LLC was established in year 1978, and was privatized in year 1995 and became state-owned at majority "Baganuur" JSC. Out of the company's total share is owned by the state at 75% and by individuals at 25%. The company's annual capacity is 4.0 million ton and extracts 2.9-3.0 million ton coals depending on the domestic demand by supplying 40% of coal demand of Mongolia and supplying independently 60% of Central Zone customers. The "Baganuur" JSC is registered at MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The company has not reported any customs tax amount in year 2008, however, re-reported by its detailed information. As a result of the details, the unresolved difference of MNT8,436 thousand has occurred due to reporting at its paid amount, while, the MCO reports at imposed amount.

2. Fee for exploitation of mineral resources ("royalty fee")

The government has not reported MNT51,990, which is underpayment of the previous year and paid in year 2008. And the company has overstated by MNT122,044 thousand, since it was on imposed amount. Also, other types of taxes were included. After making all the respective adjustments, both side figures are matched.

3. Licence fee for exploitation and exploration of mineral resources /in USD/

The company reported initially payment of MNT27,683 thousand; however, the detailed information of the company has provided MNT7,2 thousand as paid, which is same amount of the government reporting.

4. Land rent fee

Initially, the government has not reported any payment paid to local government, while the company has overstated. By approaching to local government with assistance from the MTA, we could confirm the receipts, and adjusted the amount after receiving the correct amount from the company.

5. Fee for recruiting foreign experts and workers

There is unresolved difference of MNT4,536 thousand, since the company has not provided any information on fee for recruiting foreign experts and workers.

6. Customs service fee

The difference is adjusted since the company has explained that the customs service fee was reported together with the customs tax.

Disclosure:

We sent an official letter that requested detailed information to company regarding reported amounts in 25th of March, 2010 and received replies from the Company in 3 May, 2010. The additional information was received on a phone and fax.

Summary:

For this company the remained unresolved difference is related to fee for recruiting foreign experts and workers and customs tax.

B17. "Erdes holding" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 406,066 | 439,665 | (33,599) | - | (33,599) | 406,066 | 406,066 | - | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | 10,088 | 33,995 | (23,906) | | (23,906) | 10,088 | 10,088 | - | 1 |
| Windfall tax | 390,706 | 390,706 | - | | | 390,706 | 390,706 | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | 5,248 | (5,248) | | (5,248) | - | - | - | 2 |
| Tax on automobile and self moving vehicles | 5,272 | 9,717 | (4,445) | | (4,445) | 5,272 | 5,272 | - | 3 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 237,681 | 412,451 | (174,770) | 155,222 | (19,548) | 392,903 | 392,903 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 222,596 | 317,997 | (95,401) | 95,398 | (3) | 317,994 | 317,994 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources | 13,515 | 38,221 | (24,706) | 16,574 | (8,132) | 30,089 | 30,089 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 7 | | 7 | | 7 | 7 | 7 | - | 5 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 6,306 | (6,306) | 6,306 | | 6,306 | 6,306 | - | 6 |
| Fee for water use | 268 | 2,008 | (1,740) | 540 | (1,200) | 808 | 808 | - | 7 |
| Fee for forestry use and firewood | | 43,243 | (43,243) | 36,404 | (6,839) | 36,404 | 36,404 | - | 8 |
| Fee for recruiting foreign experts and workers | 1,296 | 1,296 | - | | | 1,296 | 1,296 | - | |
| Fee for use of mineral resources of widespread deposit | | 3,380 | (3,380) | | (3,380) | - | - | - | 9 |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 113 | 1,076 | (963) | - | 113 | 113 | 1,188 | (1,076) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with | | 1,076 | (1,076) | | | - | 1,076 | (1,076) | 10 |

B17. "Erdes holding" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|------------------|----------------|--------------------------------|------------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| relevant law | | | | | | | | | |
| Custom service fee | 113 | | 113 | | 113 | 113 | 113 | - | 10 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 24,310 | (24,310) | 16,620 | (7,690) | 16,620 | 16,620 | - | |
| Monetary donation from business entity to ministries and agencies | | 2,550 | (2,550) | | (2,550) | - | - | - | 11 |
| Monetary donation from business entity to aimag | | 1,000 | (1,000) | 1,000 | | 1,000 | 1,000 | - | 11 |
| Monetary donation from business entity to soums | | 20,760 | (20,760) | 15,620 | (5,140) | 15,620 | 15,620 | - | 11 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 375,000 | 14,530 | 360,470 | (360,300) | 170 | 14,700 | 14,700 | - | |
| In kind contribution at rate of 50% to environmental special account | 34,200 | 14,530 | 19,670 | (19,500) | 170 | 14,700 | 14,700 | - | 12 |
| Costs disbursed for protection of the environment | 340,800 | | 340,800 | (340,800) | | - | - | - | 13 |
| Total | 1,018,860 | 892,032 | 126,828 | (188,458) | (60,554) | 830,402 | 831,478 | (1,076) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies

-

Payments reported by companies which exceed the corresponding receipts reported by Government Entities

(1,076)

Net differences

(1,076)

B17. "Erdes holding" LLC

Brief introduction

"Erdes Holding" LLC operates its extraction activity in Khuder soum of Selenge aimag. The company is registered to Sukhbaatar tax authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The difference was solved based on the detailed information received from the company. The company has included VAT and charge and service charge expenditures under this type.

2. Tax on petrol and diesel fuel

Adjustment was made after the company has accepted its understatement providing with its detailed information.

3. Tax on automobiles and self moving vehicles

Adjustment was made after the company has accepted its understatement providing with its detailed information.

4. Fee for exploitation of mineral resources ("royalty fee")

Adjustment was made after the MTA has accepted its understatement providing with its detailed information.

5. Licence fee for exploitation and exploration of mineral resources

The difference was due to the Government reported in USD and the company reported in MNT, which is paid in USD.

6. Land rent fee

The company has provided with its detailed information, while the government has not. Therefore, we have sent letters to Land department of Capital and Land departments of Selenge aimag; those have received the payments, and made adjustments based on the replies.

7. Fee for water use

We have made the adjustments based on company and government details, however, payment made to Khuder soum of Selenge aimag, still differentiated. Afterwards, it was solved by getting the needed disclosure.

8. Fee for forestry use and firewood

The company has sent two times of monetary transfer to Governor Office of Khuder soum of Selenge aimag for forest fee. Totally, MNT 36,404 thousand, MNT29,757 thousand on 15 April 2008 and MNT6,678 thousand on 18, April 2008, was related to the occurred difference. After sending letter to governor of Selenge aimag, we have received the reply on 11 May, 2010. And the respective adjustments are made.

9. Fee for use of mineral resources of widespread deposit

The adjustment was after receiving detailed information from the company accepting its understatement.

10. Service charges paid to state and local administration in accordance with relevant law

The difference is not solved since the detailed information from the company and government are not provided.

11. Donations to government organisations

The donations given to non-government organisations were deducted based on the detailed information of the company. The letters were sent to confirm the receipts of the donations. Adjustment was made due to confirming information from the Representative Meeting of Citizens for Khuder soum.

12. In kind contribution at rate of 50% to environmental special account

The differences are solved since the detailed information from the company and government are not provided confirming their under/overstatements.

13. Costs disbursed for protection of the environment

The government could not confirm its template figure, while the company has accepted its non-disbursement of any cost, so, the adjustment is made respectively.

Disclosure:

We sent a confirmation letter that requested detailed information to company regarding reported amounts in 26th of March, 2010 and received replies from the Company in 6 April, 2010. However, the replies were different, so, sent the letter again on 28 April, 2010 and received the reply after 2 days.

Summary:

There is unresolved difference amounting to MNT1,076 thousand. This difference is due to service charges paid to state and local administration in accordance with relevant law. It is not possible to be solved since this type of fees is not achievable to be confirmed.

B18. "Shin shin" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|------------------|--------------------------------|----------------|--------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 619,717 | 2,479,390 | (1,859,673) | - | (1,859,673) | 619,717 | 619,717 | - | |
| Corporate income tax | 4,500 | | 4,500 | | 4,500 | 4,500 | 4,500 | - | 1 |
| Customs tax | 614,728 | 2,478,900 | (1,864,172) | | (1,864,172) | 614,728 | 614,728 | - | 2 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 450 | 450 | - | | | 450 | 450 | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 39 | 40 | (1) | | (1) | 39 | 39 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 340,340 | 566,420 | (226,080) | 197,886 | (28,194) | 538,226 | 538,226 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | | | - | - | - | |
| Licence fee for exploitation and exploration of mineral resources | | 28,440 | (28,440) | | (28,440) | - | - | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 23 | | 23 | | 23 | 23 | 23 | - | 3 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 261,041 | 261,100 | (59) | | (59) | 261,041 | 261,041 | - | |
| Land rent | 2,129 | 2,300 | (171) | 160 | (11) | 2,289 | 2,289 | - | 4 |
| Fee for water use | | 1,440 | (1,440) | 1,440 | | 1,440 | 1,440 | - | 5 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 71,147 | 269,140 | (197,993) | 196,286 | (1,707) | 267,433 | 267,433 | - | 6 |
| Fee for use of mineral resources of widespread deposit | 6,000 | 4,000 | 2,000 | | 2,000 | 6,000 | 6,000 | - | 7 |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 18,955 | - | 18,955 | - | 18,955 | 18,955 | 18,955 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B18. "Shin shin" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|------------------|--------------------------------|------------------|--------------------|-------------------|---------------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 18,955 | | 18,955 | | 18,955 | 18,955 | 18,955 | - | 8 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 9,425 | 10,670 | (1,245) | (925) | (2,170) | 8,500 | 8,500 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | 9,425 | | 9,425 | (925) | 8,500 | 8,500 | 8,500 | - | 9 |
| Monetary donation from business entity to soums | | 10,670 | (10,670) | | (10,670) | - | - | - | 9 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 9,600 | 22,230 | (12,630) | (2,112) | (14,742) | 7,488 | 7,488 | - | |
| In kind contribution at rate of 50% to environmental special account | 7,400 | 2,230 | 5,170 | 88 | 5,258 | 7,488 | 7,488 | - | 10 |
| Costs disbursed for protection of the environment | 2,200 | 20,000 | (17,800) | (2,200) | (20,000) | - | - | - | 11 |
| Total | 998,037 | 3,078,710 | (2,080,673) | 5,159,383 | (7,240,057) | 12,399,440 | (19,639,496) | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B18. "Shin shin" LLC

Brief introduction

"Shin Shin" LLC is 100% China owned company. The company is under preparation to extract zinc from polymetal ore and will build factory capable to produce 3,000 ton ore per day. The company operates in Dashbalbar soum of Dornod aimag and registered to tax authority of Dornod aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The government has confirmed its receipt of MNT4,500 thousand by its detailed information, while the company has not provided any information. Therefore, we have approached to company again and received acceptance of its understatement.

2. Customs tax

The difference was solved according to detailed information from the company. The company has included VAT service charge under this tax.

3. Licence fee for exploitation and exploration of mineral resources

The difference was due to the Government reported in USD and the company reported in MNT, which is paid in USD. The difference was adjusted and solved according to both detailed information of the sides.

4. Land rent fee

The adjustments were made based on the detailed information received from the both Sides, however, a difference has remained. This difference is related to company payment made to Dashbalbar soum of Dornod aimag, therefore, has enquired from the tax authority of Dornod aimag. The authority has accepted the payment.

5. Fee for water use

The difference was solved after enquiring from the tax authority of Dornod aimag since the government has not provided with its detailed information while the company has provided.

6. Fee for recruiting foreign experts and workers

The detailed information is received after sending our official letters since there was differences between the figures of the government and the company. The difference was due to company inclusion of service charge under fee for recruiting foreign experts and workers and exclusion of some payments and payments to local governments by the LWSA, and missing of the service charge under this type of fee. We have checked the missed figures by meeting with Mrs. Khishignyam, a specialist, at LWSA on 19 May, 2010 and noticed that there is no consolidation mechanism and supporting documents show unclear writing of the company name. However, we could solve the differences.

7. Fee for use of mineral resources of widespread deposit

The difference is solved according to detailed information from the company. The company has accepted its miss-filling-up of the its template.

8. Customs service fee

The difference is solved since the company has accepted its amount under the custom tax.

9. Donations to government organisations

We have adjusted miss-filling of amount on other line of the template and inclusion of donations given to non-government organisations. Confirmations are made based on replies answering to our official letter sent to governor of Dornod aimag.

10. In kind contribution at rate of 50% to environmental special account

The difference is not solved since the company could not provide its detailed information while the government has provided. Therefore, we have contacted with company again and observed, and the company has accepted too, miss-reporting of 2007 year outstanding to year 2008.

11. Costs disbursed for protection of the environment

Adjustment was made by deducting the amount since the government as well as the company could not confirm by their figures on the templates.

Disclosure:

We sent a confirmation letter that requested detailed information from the company regarding reported amounts on 26th of March, 2010 and received replies from the Company in 17 April, 2010. However, the replies were different, so, sent the letter again on 28 April, 2010 and received the reply on 28 May, 2010. We have contacted with the company accountant several times.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B19. "Mongol gazar" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 381,493 | 491,508 | (110,014) | - | (129,043) | 381,493 | 362,464 | 19,029 | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | 53,840 | | 53,840 | | 33,366 | 53,840 | 33,366 | 20,474 | 1 |
| Windfall tax | 320,919 | 491,508 | (170,588) | | (170,588) | 320,919 | 320,919 | - | 2 |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 6,734 | | 6,734 | | 8,179 | 6,734 | 8,179 | (1,445) | 3 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 155,196 | 256,088 | (100,891) | 24,542 | (59,197) | 179,739 | 196,891 | (17,152) | |
| Fee for exploitation of mineral resources ("royalty fee") | 71,752 | 91,385 | (19,633) | | | 71,752 | 91,385 | (19,633) | 4 |
| Licence fee for exploitation and exploration of mineral resources | 83,396 | 157,120 | (73,725) | 17,100 | (59,245) | 100,496 | 97,875 | 2,621 | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 49 | | 49 | | 49 | 49 | 49 | - | 5 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | | - | | | - | - | - | |
| Fee for water use | | 7,582 | (7,582) | 7,442 | | 7,442 | 7,582 | (140) | 6 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 430 | 1 | 429 | - | - | 430 | 1 | 429 | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 1 | (1) | | | - | 1 | (1) | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B19. "Mongol gazar" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|------------------|--------------------------------|-----------------|------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 430 | | 430 | | | 430 | - | 430 | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 46,000 | 300,000 | (254,000) | (46,000) | (300,000) | - | - | - | 7 |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | 46,000 | 210,000 | (164,000) | (46,000) | (210,000) | - | - | - | 7 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | 90,000 | (90,000) | | (90,000) | - | - | - | 7 |
| 7. Costs disbursed for protection of the environment | 325,610 | 237,246 | 88,364 | 18,000 | 6,923 | 343,610 | 244,169 | 99,441 | |
| In kind contribution at rate of 50% to environmental special account | | 7 | (7) | 18,000 | 6,923 | 18,000 | 6,930 | 11,070 | 8 |
| Costs disbursed for protection of the environment | 325,610 | 237,239 | 88,371 | | | 325,610 | 237,239 | 88,371 | 9 |
| Total | 908,730 | 1,284,843 | (376,113) | (3,458) | (481,317) | 905,272 | 803,526 | 101,747 | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 109,275 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (7,528) |
| Net differences | 101,747 |

B19. "Mongol gazar" LLC

Brief introduction

"Mongol gazar" LLC extracts gold and registered to MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The company has not submitted its 2008 EITI template; however, we have received the detailed information by meeting with the company management in person. The detailed information shows the payment of MNT33,366 thousand paid to MCO; however, this amount was different from the information of the MCO by MNT 20,474 thousand. WE could not find the reason, so, the difference remains unresolved.

2. Windfall tax

The company has changed its initially reported amount of MNT491,507 thousand to MNT 320,919 thousand. After the respective adjustment, the both figures are matched.

3. Tax on automobiles and self moving vehicles

The company has not reported tax on automobiles and self moving vehicles initially; however, we have received the detailed information by meeting with the company management in person. We have made respective adjustments and there is unresolved difference amounting to MNT 1,445 thousand.

4. Fee for exploitation of mineral resources ("royalty fee")

The government has reported receipt of MNT71,752 thousand, while the company has reported payments of MNT 91,385 thousand initially. The company has provided its detailed information to confirm the payments, while the MTA has not. Therefore, amount of MNT19,633 thousand remains unresolved.

5. Licence fee for exploitation and exploration of mineral resources /in USD/

The government reported in USD, while the company reported in MNT. Amount of MNT 2,621 thousand remains unresolved after making the adjustment converting the USD amount into MNT.

6. Fee for water use

The government has not reported any fee for water use. Therefore, we have sent letters to local government where the company made its payments. The replies of the local governments have confirmed the payments except, remained unresolved difference of MNT140 thousand.

7. Donations to Governmental organisations

Monetary donation from business entity to soums:

The government has reported donation of MNT46,000 thousand received by Uyanga soum. The company has reported donation of MNT210,000 thousand given to the soum. Per detailed information provided by the company accountant, it was explained that the donation was given to Uyanga soum, however, we could not prove since the accountant said that this is not possible to checking the related supporting documents. The current accountant of the company is newly employed, therefore, could not provide us with clear information just explaining "not aware of an old accountant, only heard that the donation was given to Uyanga soum citizens through after-settlement account when employees were sent to mining area". When we have clarified the amount with Governor of Uyanga soum, they have explained that: "Mongol Gazar" LLC has not donated any donation to governor of our soum. The company has donated certain monetary donation to soum citizens, we do not know exactly, how much money is given to whom". Therefore, we have considered the amount as donation not to government organisation and adjusted by deducting.

Funds disbursed by company in sustainable development and community relations:

The company has reported donation of MNT 90,000 thousand to sustainable development of the soum citizens. This is the donation not given to government organisation, therefore, was adjusted been deducted.

8. In kind contribution at rate of 50% to environmental special account

The government has not reported initially, however, provided with its detailed information with amount of MNT 18,000 thousand. The company has provided with detailed information, confirming its in-kind contribution to environmental special account amounting to MNT 6,930 thousand. Out of the total difference, MNT 11,070 thousand remained as unresolved.

9. Costs disbursed for protection of the environment

The company has reported costs disbursed for protection of the environment at MNT325,610 thousand to MOET, while it has reported at MNT 237,239 thousand at EITI template. The difference of MNT88,371 thousand remains as unresolved.

Disclosure:

We sent an official letter that requested detailed information from the company regarding reported amounts, on 26th of March, 2010 and received replies from the company in e-mail. However, the received information was satisfactory to confirm the amount, so, we have requested again on the phone, but received no reply. The donation amount was adjusted since the company has reported incorrectly.

Summary:

For this company, the unresolved differences are related to customs tax, tax on automobiles and self moving vehicles and Licence fee for exploitation and exploration of mineral resources.

B20. "Jump" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 193,933 | 170,407 | 23,526 | 991 | 24,517 | 194,924 | 194,924 | - | |
| Corporate income tax | 1,172 | | 1,172 | (1,172) | | - | - | - | 1 |
| Customs tax | 14,500 | | 14,500 | | 14,500 | 14,500 | 14,500 | - | 2 |
| Windfall tax | 165,200 | 165,200 | - | | | 165,200 | 165,200 | - | |
| Real estate tax | 451 | 2,614 | (2,163) | 2,163 | | 2,614 | 2,614 | - | 3 |
| Excise tax on imported fuel and lubricants | 9,649 | | 9,649 | | 9,649 | 9,649 | 9,649 | - | 4 |
| Tax on petrol and diesel fuel | 367 | | 367 | | 367 | 367 | 367 | - | |
| Tax on automobile and self moving vehicles | 2,593 | 2,593 | - | | | 2,593 | 2,593 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 325,707 | 355,654 | (29,947) | 29,224 | (564) | 354,932 | 355,090 | (159) | |
| Fee for exploitation of mineral resources ("royalty fee") | 282,528 | 282,528 | - | | | 282,528 | 282,528 | - | |
| Licence fee for exploitation and exploration of mineral resources | 40,800 | 34,014 | 6,786 | (1,438) | 5,357 | 39,362 | 39,371 | (9) | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 10 | | 10 | | 10 | 10 | 10 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 1,050 | 5,168 | (4,118) | 6,553 | 2,436 | 7,603 | 7,603 | - | 6 |
| Fee for water use | | 33,678 | (33,678) | 23,990 | (9,687) | 23,990 | 23,990 | - | 7 |
| Fee for forestry use and firewood | | 268 | (268) | 118 | | 118 | 268 | (150) | 8 |
| Fee for recruiting foreign experts and workers | 1,320 | | 1,320 | | 1,320 | 1,320 | 1,320 | - | 9 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 67 | 16,590 | (16,524) | - | 67 | 67 | 16,657 | (16,590) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | 16,590 | (16,590) | | | - | 16,590 | (16,590) | 10 |

B20. "Jump" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 67 | | 67 | | 67 | 67 | 67 | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 11,190 | (11,190) | 2,500 | (8,690) | 2,500 | 2,500 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | 2,500 | 2,500 | 2,500 | 2,500 | - | 11 |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | 11,190 | (11,190) | | (11,190) | - | - | - | 11 |
| 7. Costs disbursed for protection of the environment | 299,000 | 2,500 | 296,500 | 6,900 | 303,400 | 305,900 | 305,900 | - | |
| In kind contribution at rate of 50% to environmental special account | | 2,500 | (2,500) | 6,900 | 4,400 | 6,900 | 6,900 | - | 12 |
| Costs disbursed for protection of the environment | 299,000 | | 299,000 | | 299,000 | 299,000 | 299,000 | - | 13 |
| Total | 818,707 | 556,342 | 262,365 | 39,615 | 318,729 | 858,322 | 875,071 | (16,749) | |

| | |
|--|-----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (16,749) |
| Net differences | (16,749) |

B20. "Jump" LLC

Brief introduction

"Jump" LLC operates in gold and aluminium extraction activity at Bayandun soum of Dornod aimag. The company is registered at tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The adjustment was made by deducting the PIT amount that was included under CIT amount in the template prepared by the government.

2. Customs tax

Adjustment was made based on the detailed information of the company since the amount was miss-reported in the template.

3. Real estate tax

The company has provided with detailed information confirming its template amount, however, the government has not provided. Therefore, we have approached to tax institution of Darkhan-Uul aimag and confirmed and made the adjustment.

4. Excise tax on imported fuel and lubricants

Adjustment was made based on the detailed information of the company since the amount was miss-reported in the template.

5. Licence fee for exploitation and exploration of mineral resources /in USD/

The government reported in USD, while the company reported in MNT is converting its amount that is paid in USD. Even if, we have made adjustment based on detailed information of the both sides, there are still unresolved differences.

6. Land rent fee

Even if, we have made adjustment based on detailed information of the both sides, there is still unresolved difference of MNT5,504 thousand which is the government amount is lesser than the company amount. It is related to payment made to Bayandun soum of Dornod aimag. We have clarified the amount from tax authority of Dornod aimag and made the respective adjustment.

7. Fee for water use

The company has provided its detailed information, so, the respective adjustment was made on the template amount. However, the difference is occurred since the government has provided its detailed information. Therefore, we have contacted with tax authorities of Selenge and Dornod aimags, where the company made the payments, and adjusted the amounts.

8. Fee for forestry use and firewood

The difference is due to non-providence of its detailed information from the government. Therefore, we have contacted with tax authorities of Eruu soum of Selenge and Bayandun soum of Dornod aimags by sending letters. The reply from Dornod aimag has confirmed the receipt of the payment, while the reply of Selenge aimag has shown non-receipt of the payment; therefore, the difference has remained unresolved.

9. Fee for recruiting foreign experts and workers

The difference was adjusted and solved since the company has provided its detailed information, accepting its miss-reporting of the amount in template.

10. Service charges paid to state and local administration in accordance with relevant law

The difference remained as unresolved since the government was not possible to provide with its detailed information, even if the company has provided with its detailed information.

11. Donations to government organisations

The adjustment was made according to detailed information provided from the company. We have sent confirmation letter to local government, who have received the donation. The reply was received respectively; therefore, the difference is solved.

12. In kind contribution at rate of 50% to environmental special account

The difference is solved base on the company detailed information and as well as respective supporting documents.

13. Costs disbursed for protection of the environment

Adjustment was made based on the detailed information of the company since the amount was miss-reported in the template.

Disclosure:

We sent a confirmation letter that requested detailed information from the company regarding reported amounts, on 26th of March, 2010. The replies were different, so, sent the letter again on 14 May, 2010 and received related explanations.

Summary:

The unresolved difference of the company is MNT16,749 thousand. This difference is due to service charges paid to state and local administration in accordance with relevant law. The government has no possibility to confirm the amount.

B21. "Urmun Uul" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 682,140 | - | 682,140 | 134 | 682,274 | 682,274 | 682,274 | - | |
| Corporate income tax | 57,291 | | 57,291 | | 57,291 | 57,291 | 57,291 | - | 1 |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 624,231 | | 624,231 | | 624,231 | 624,231 | 624,231 | - | 2 |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 618 | | 618 | 134 | 752 | 752 | 752 | 0 | 3 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 102,016 | - | 102,016 | 28,330 | 130,345 | 130,346 | 130,345 | 1 | |
| Fee for exploitation of mineral resources ("royalty fee") | 91,823 | | 91,823 | 22,310 | 114,132 | 114,133 | 114,132 | 1 | 4 |
| Licence fee for exploitation and exploration of mineral resources | 7,449 | | 7,449 | (1,715) | 5,734 | 5,734 | 5,734 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 2,744 | | 2,744 | (872) | 1,872 | 1,872 | 1,872 | - | 6 |
| Fee for water use | | | - | 8,607 | 8,607 | 8,607 | 8,607 | - | 7 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | - | | - | - | - | |
| Other | | | - | | - | - | - | - | |
| 3. Charges and service charges | - | - | - | - | - | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | - | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | - | - | - | - | |

B21. "Urmun Uul" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | - | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | - | - | - | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | - | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | | - | 11,700 | 11,700 | 11,700 | 11,700 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | - | - | | | - | - | - | |
| Monetary donation from business entity to soums | | - | - | 11,700 | 11,700 | 11,700 | 11,700 | - | 8 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 784,156 | - | 784,156 | 40,164 | 824,319 | 824,320 | 824,319 | 1 | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B21. "Urmun Uul" LLC

Brief introduction

"Urmun-Uul" LLC operates at Buregkhangai soum of Bulgan aimag and was established in year 2002 to extract gold. Its activity only has sustained starting from year 2007. The company is registered at tax authority of Chingeltei district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The government has reported MNT57,291,0 thousand as CIT payment received from the company. The company has not submitted its reporting. We have adjusted the amount based on tax statement prepared by the company.

2. Windfall tax

The government has reported MNT624,231,0 thousand as windfall tax payment received from the company. The company has not submitted its reporting initially, however submitted during our process, so, we have adjusted the amount.

3. Tax on automobiles and self moving vehicles

The government has reported MNT618,0 thousand as tax on automobiles and self moving vehicles received from the company. The company has not submitted its reporting initially, therefore, the initial difference has occurred. The company has provided its tax statement with payment of MNT 752,0 thousand. We have received the detailed information from Buregkhangai soum of Bulgan aimag and confirmed the payment of the MNT 752,0 thousand, so, made the adjustment increasing the government amount by MNT 134,0 thousand.

4. Fee for exploitation of mineral resources ("royalty fee")

The government has reported MNT91,823.0 thousand as receipt of fee for exploitation of mineral resources ("royalty fee"). The initial difference occurred due to non-submission of the reporting of the company. This difference is decreased to MNT 22,310.0 thousand after receiving the reporting from the company at amount of MNT114,132.0 thousand. We have photocopied the supporting document for the payment as gold and aluminium given to Treasury fund of Mongol Bank to disclose the company reporting. The amount of MNT114,132.0 was confirmed, therefore, we have adjusted the government amount by adding MNT 22,310.0 thousand.

5. Licence fee for exploitation and exploration of mineral resources /in USD/

The initial difference was occurred since the government has reported receipt of MNT 7,449.0 thousand and the company has not submitted its reporting initially. The detailed information of the both sides has been received and the respective adjustments were made.

6. Land rent fee

The initial difference was occurred since the government has reported receipt of MNT 2,744.0 thousand and the company has not submitted its reporting initially. We have confirmed the amount of MNT 2,744.0 thousand by receiving information from Buregkhangai soum of Bulgan aimag and the company, and made the respective adjustment, therefore, there is no unresolved difference.

7. Fee for water use

The government has not reported the company paid fee for water use while the company has reported MNT11,751.0 thousand. We have confirmed the fee by receiving detailed information from Buregkhangai soum of Bulgan aimag and the company.

8. Donations to government organisations

Monetary donation from business entity to aimags:

The government has not reported the company given donation to soum while the company has reported MNT11,700.0 thousand. We have confirmed the amount by receiving detailed information and supporting document from State fund of Buregkhangai soum of Bulgan aimag and the company.

Disclosure:

We sent an official letter that requested detailed information from the company regarding reported amounts, on 25th of March, 2010 and received reply on April 2, 2010. Even though, the replies were not in detailed rather the company sent back our information to us. Since it was difficult for us to solve the difference, we have contacted with the company 2 times and received photocopies of the supporting documents. Also, in order to confirm the government amount, we have sent an official letter on April 10, 2010 to governor of Buregkhangai soum of Bulgan aimag. Eventually, we could solve the difference with assistance of delegates of state fund of the soum.

Summary:

There is no unresolved difference.

B22. "Shanlun" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|-----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 86,588 | 87,588 | (1,000) | - | (1,000) | 86,588 | 86,588 | - | |
| Corporate income tax | 58,222 | 58,222 | - | | | 58,222 | 58,222 | - | |
| Customs tax | 20,024 | 20,024 | -) | - | | 20,024 | 20,024 | - | |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 7,960 | 8,960 | (1,000) | | (1,000) | 7,960 | 7,960 | - | 1 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 382 | 382 | - | | | 382 | 382 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 638,756 | 638,703 | 53 | (10,368) | (7,074) | 628,388 | 631,629 | (3,240) | |
| Fee for exploitation of mineral resources ("royalty fee") | 304,856 | 304,856 | - | | | 304,856 | 304,856 | - | |
| Licence fee for exploitation and exploration of mineral resources | | 23,331 | (23,331) | | (23,331) | - | - | - | 2 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 20 | | 20 | | 20 | 20 | 20 | - | 2 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 166,052 | 166,348 | (296) | | (296) | 166,052 | 166,052 | - | |
| Land rent | 950 | 950 | - | | | 950 | 950 | - | |
| Fee for water use | 900 | 900 | - | | | 900 | 900 | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 165,978 | 142,318 | 23,660 | (10,368) | 16,532 | 155,610 | 158,850 | (3,240) | 3 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 5,825 | 7,754 | (1,929) | - | 3,398 | 5,825 | 11,152 | (5,327) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 1,567 | (1,567) | | (1,553) | - | 14 | (14) | 4 |
| Service charges paid to state and local administration in accordance with relevant law | | 825 | (825) | | 4,489 | - | 5,313 | (5,313) | 5 |

B22. "Shanlun" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|-----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 5,825 | 5,362 | 463 | | 463 | 5,825 | 5,825 | - | 6 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | 19,000 | 18,500 | 500 | (500) | - | 18,500 | 18,500 | - | |
| Monetary donation from business entity to ministries and agencies | | 3,000 | (3,000) | 3,000 | | 3,000 | 3,000 | - | 7 |
| Monetary donation from business entity to aimag | 19,000 | 7,000 | 12,000 | (12,000) | | 7,000 | 7,000 | - | 7 |
| Monetary donation from business entity to soums | | 2,500 | (2,500) | 2,500 | | 2,500 | 2,500 | - | 7 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | 6,000 | (6,000) | 6,000 | | 6,000 | 6,000 | - | |
| 7. Costs disbursed for protection of the environment | 250 | 850 | (600) | 350 | (250) | 600 | 600 | - | |
| In kind contribution at rate of 50% to environmental special account | 250 | 600 | (350) | 350 | | 600 | 600 | - | |
| Costs disbursed for protection of the environment | | 250 | (250) | | (250) | - | - | - | 8 |
| Total | 750,419 | 753,395 | (2,976) | (10,518) | (4,926) | 739,901 | 748,469 | (8,567) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (8,567) |
| Net differences | (8,567) |

B22. "Shanlun" LLC

Brief introduction

"Shan lun" LLC, Chine invested compnay, operates in Choibalsan soum of Dornod aimag by extracting tin and zinc concentrate. The compnay is registered to Bayangol ditrict tax authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Real estate tax

The difference is solved after receiving the detailed information from the company, accepting its overstatement in the template initially, and adjustment of MNT 1,000 thousand was made respectively.

2. Licence fee for exploitation and exploration of mineral resources /in USD/

The government reported in USD, while the company reported in MNT by converting its amount that is paid in USD. The adjustment was made based on the detailed information of the both sides.

3. Fee for recruiting foreign experts and workers

The difference of MNT 3,240 thousand is occurred after making the respective adjustments according to detailed information of both sides. We have defined the difference reason by visiting to LWSA. And needed to approach again to company, however, the company was not that helpful, so, the difference remains unresolved.

4. Stamp and other charge for state registration paid to state and local administration in accordance with relevant law

The adjustment was made since the company has accepted its reporting of service charge fee under stamp and other charge for state registration paid to state and local administration in accordance with relevant law. Even though, the difference remains unresolved, since the government could not confirm the amount.

5. Service charges paid to state and local administration in accordance with relevant law

The adjustment is made based on the company detailed information. Even though, the difference remains unresolved, since the government could not confirm the amount.

6. Customs service fee

The government reporting was confirmed since the MCO has confirmed the amount by providing its detailed information, and the company also has provided with its detailed information.

7. Donations to government organisations

The company has provided detailed information by confirming its donation amount. We have sent letter to Governors of Choibalsan soum and Dornod aimag and replies were received. Also, the incorrect filling of the government was adjusted.

8. Costs disbursed for protection of the environment

The incorrect fillings of the government and the company were adjusted.

Disclosure:

We sent a confirmation letter that requested detailed information from the company regarding reported amounts, on 26th of March, 2010 and received the reply after 12 days. However, the detailed information figures were different from the initially template figures. We have made respective possible adjustments, however, there are still some figures are not satisfactory.

Summary:

The unresolved difference of MNT8,567 thousand has remained. It is related to fee for recruiting foreign experts and workers and charge and service charges.

B23. "Gobi coal and energy" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 114,169 | 114,260 | (92) | - | - | 114,169 | 114,261 | (92) | |
| Corporate income tax | 113,035 | 40,746 | 72,289 | | 72,289 | 113,035 | 113,035 | - | 1 |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 1,134 | 1,226 | (92) | | | 1,134 | 1,226 | (92) | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | 72,289 | (72,289) | | (72,289) | - | - | - | 1 |
| 2. Fees | 500,430 | 393,245 | 107,184 | 11,173 | 119,488 | 511,603 | 512,733 | (1,131) | |
| Fee for exploitation of mineral resources ("royalty fee") | 750 | 1,875 | (1,125) | | | 750 | 1,875 | (1,125) | 2 |
| Licence fee for exploitation and exploration of mineral resources | | 61,037 | (61,037) | | (61,037) | - | - | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 1,226 | | 1,226 | (62) | 1,169 | 1,163 | 1,169 | (6) | 3 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 471,716 | 291,310 | 180,406 | | 180,406 | 471,716 | 471,716 | - | 4 |
| Land rent | 4,064 | 8,390 | (4,326) | 4,126 | (200) | 8,190 | 8,190 | - | 5 |
| Fee for water use | 3,222 | 10,920 | (7,697) | 7,109 | (589) | 10,331 | 10,331 | - | 6 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 19,452 | 19,714 | (262) | | (262) | 19,452 | 19,452 | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant | | | - | | | - | - | - | |

B23. "Gobi coal and energy" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| law | | | | | | | | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 189,788 | (189,788) | 159,572 | (17,866) | 159,572 | 171,922 | (12,350) | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | 189,788 | (189,788) | 159,572 | (17,866) | 159,572 | 171,922 | (12,350) | 7 |
| 7. Costs disbursed for protection of the environment | 1,000 | 5,610 | (4,610) | - | (4,610) | 1,000 | 1,000 | - | |
| In kind contribution at rate of 50% to environmental special account | 1,000 | 1,000 | - | | | 1,000 | 1,000 | - | |
| Costs disbursed for protection of the environment | | 4,610 | (4,610) | | (4,610) | - | - | - | 8 |
| Total | 615,598 | 702,904 | (87,306) | 170,745 | 97,012 | 786,343 | 799,916 | (13,573) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies

-

Payments reported by companies which exceed the corresponding receipts reported by Government Entities

(13,573)

Net differences

(13,573)

B23. "Gobi coal and energy" LLC

Brief introduction

"Gobi coal and Energy" LLC is foreign invested company and operates extracting coal at Shinejinst of Bayankhongor aimag and Chandmani soum of Govi-Altai aimag. The company is registered to tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

9. Economic Business Entity Income Tax /CIT/

The difference is occurred since the company has reported MNT 72,289 thousand for income earned from selling of Licence or right under other taxes. We have adjusted this amount and the difference was solved.

10. Fee for exploitation of mineral resources ("royalty fee")

We have received both detailed information from the company and as well as from the government. However, difference of MNT 1,125 is not solved since the donation amount received by tax authority of Govi-Altai aimag is not confirmed and also the MTA has not provided any information, even though, the company has provided photocopy of its supporting document, which shows the transfer of the amount to tax authority of Chandmani soum of Govi-Altai aimag.

11. Licence fee for exploitation and exploration of mineral resources /in USD/

The company has reported in MNT its payment made in MNT. And the company detailed information's shows understatement of the template amount. The government has reported in USD. The detailed information of MRAM shows the understatement of the template amount. We have made all the respective adjustments based on the both detailed information, however, difference of USD 6 thousand remained. In order to clarify this difference we have approached to company and MRAM again. The company has expressed its payment while the MRAM could not since it is not possible to check every amount.

12. Reimbursement of deposit, exploration of which is carried by the budget fund

The government has provided its detailed information to confirm its template amount. The difference was solved after receiving clarification letter sent to the company to clarify the understated amount of the template.

13. Land rent fee

The adjustment was made according to detailed information of the company and the MTA has provided also its detailed information. However, difference of MNT 4,126 thousand was occurred, and we have contacted with tax authority of Govi-Altai aimag and received the reply, and adjusted the amount.

14. Fee for water use

The figure in template was over compare to detailed information received from the company. It was related to inclusion of distributed water cost and paid money to water economizing centre. Another word, the reporting was prepared on accrual basis, so, we have adjusted. And we have noticed that the MTA has not consolidated fully the fee for water use those are paid to Shinejinst soum of Bayankhongor aimag. Therefore, we have contacted with tax authority of Bayankhongor aimag and received the reply and adjusted the amount respectively.

15. Donations to government organisations

The initial difference was due to MNT 189,788 thousand which was reported under donations to government organisations. We have made adjustment after noticing that donation of MNT 17,866 thousand was given to private company, association, fund and individuals, who are non-government organisations and operate in the local area. The most donations of the company were given to local area since the company operates in Bayankhongor and Govi-Altai aimags. We have received detailed information from governor of these two aimags. After this, the unresolved difference of MNT 12,350 thousand has remained after making adjustment of MNT 159,572 thousand based on the received detailed information. This unresolved difference is related to non acceptance of the soum's receipt even though; the company confirms its donation event.

16. Costs disbursed for protection of the environment

The initial difference has occurred since the government has not reported any amount while the company has reported MNT4,610 thousand. We have adjusted the amount by deducting it since the company has not confirmed it.

Disclosure:

We sent a confirmation letter that requested detailed information from the company regarding reported amounts, on 26th of March, 2010 and received the reply after 12 days on fax and e-mail. However, the detailed information figures were still different from the initially template figures, therefore, we have sent our letter again on 27 April, 2010 and received reply after 2 days together with related supporting documents. The accountant of the company was very cooperative and helpful even if she was employed newly by contacting with us always.

Summary:

There is unresolved amount of MNT 13,573 thousand mostly relating to donation. It is occurred since there is no consolidating mechanism for donation amounts. And also Licence fee for exploitation and exploration of mineral resources amounting to MNT 1,125 thousand paid by the company to Chandmani soum of Govi-Altai aimag is not confirmed from the government side.

B24. "Shivee ovoo" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 108,461 | 101,086 | 7,375 | 22,314 | 29,689 | 130,775 | 130,775 | - | |
| Corporate income tax | 20,564 | 42,860 | (22,296) | 22,296 | | 42,860 | 42,860 | - | 1 |
| Customs tax | 29,671 | | 29,671 | | 29,671 | 29,671 | 29,671 | - | 2 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 57,283 | 57,283 | - | | | 57,283 | 57,283 | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 943 | 943 | - | | | 943 | 943 | - | |
| Other taxes in monetary value (1) | | | - | 18 | 18 | 18 | 18 | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 348,277 | 374,937 | (26,660) | 29,198 | (18) | 377,475 | 374,919 | 2,556 | |
| Fee for exploitation of mineral resources ("royalty fee") | 340,436 | 366,934 | (26,498) | 29,054 | | 369,490 | 366,934 | 2,556 | 3 |
| Licence fee for exploitation and exploration of mineral resources | 521 | 521 | - | | - | 521 | 521 | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 2,136 | 2,136 | - | | | 2,136 | 2,136 | - | |
| Fee for water use | | 144 | (144) | 144 | | 144 | 144 | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 5,184 | 5,184 | - | | | 5,184 | 5,184 | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | 18 | (18) | | (18) | - | - | - | |
| 3. Charges and service charges | 230 | - | 230 | - | 230 | 230 | 230 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B24. "Shivee ovoo" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 230 | | 230 | | 230 | 230 | 230 | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | 18,000 | (18,000) | 15,500 | (2,500) | 15,500 | 15,500 | - | |
| In kind contribution at rate of 50% to environmental special account | | 2,500 | (2,500) | | (2,500) | - | - | - | 4 |
| Costs disbursed for protection of the environment | | 15,500 | (15,500) | 15,500 | | 15,500 | 15,500 | - | 5 |
| Total | 456,968 | 494,023 | (37,055) | 134,023 | 54,803 | 523,980 | 521,424 | 2,556 | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies 2,556

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences 2,556

B24. "Shivee ovoo" LLC

Brief introduction

Shivee Owoo LLC, 100% Mongolian company, operates coal mining in Shivee ovoo soum, Gobisumber aimag and is registered with Tax office of Gobisumber aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The initial difference was due to the government receipt was MNT 20,564 thousand per the government reporting, but the company payment was MNT 42,860 thousand per the company reporting. As a result of reconciliation, understatement by MTA amounting to MNT 22,296 thousand was adjusted.

2. Customs tax

Initial difference of MNT 29,671 thousand which was not reported by the company was adjusted based on confirmation with the company.

3. Fee for exploitation of mineral resources ("royalty fee")

Difference of MNT 29,054 thousand which was not included in the government reporting was adjusted based on confirmation with the government. Besides, difference of 2,556 thousand has left unresolved. We sent confirmation to the company for this difference which probably misstated by the company, but not received reply.

4. In kind contribution at rate of 50% to environmental special account

The initial difference was MNT 2,500 thousand which is due to the company included 2007 payments in 2008 reporting and was adjusted.

5. Costs disbursed for protection of the environment

Initial difference was MNT 15,500 thousand which was not included in government reporting. MOET couldn't give sufficient evidence on that. So we adjusted the difference according to the Company reporting since environment protection incurred was confirmed.

Disclosure:

We sent the first confirmation letter requesting the detailed information from the company on 26th of March, 2010 and received replies by fax after 12 days. Then we sent confirmation letter again regarding difference for royalty fee reported by both parties on April 27, 2010, but received no reply.

Summary:

Unresolved difference was royalty fee of MNT 2,556 thousand that included in government reporting, but not in company reporting.

B25. "Shariin gol" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 42,237 | 41,577 | 660 | 9,440 | 10,100 | 51,677 | 51,677 | - | |
| Corporate income tax | 32,130 | 32,137 | (7) | | (7) | 32,130 | 32,130 | - | 1 |
| Customs tax | 5,707 | | 5,707 | | 5,707 | 5,707 | 5,707 | - | 2 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 4,400 | 8,000 | (3,600) | 8,000 | 4,400 | 12,400 | 12,400 | - | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | | 1,440 | (1,440) | 1,440 | | 1,440 | 1,440 | - | 4 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 336,485 | 349,142 | (12,657) | 50,144 | 37,488 | 386,630 | 386,630 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 301,059 | 278,062 | 22,998 | 6,066 | 29,064 | 307,125 | 307,125 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | 9,424 | | 9,424 | | 9,424 | 9,424 | 9,424 | - | 6 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 2 | | 2 | (2) | | - | - | - | 7 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 26,000 | 26,000 | - | | | 26,000 | 26,000 | - | |
| Land rent | | 43,089 | (43,089) | 42,760 | (329) | 42,760 | 42,760 | - | 8 |
| Fee for water use | | 1,991 | (1,991) | 1,320 | (671) | 1,320 | 1,320 | - | 9 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 766 | - | 766 | - | 766 | 766 | 766 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | 766 | | 766 | | 766 | 766 | 766 | - | 10 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |

B25. "Shariin gol" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|------------------|------------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 40,559 | (40,559) | 26,000 | (3,463) | 26,000 | 37,096 | (11,096) | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | 40,559 | (40,559) | 26,000 | (3,463) | 26,000 | 37,096 | (11,096) | 11 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 64,700 | 62,120 | 2,580 | - | 2,600 | 64,700 | 64,720 | (20) | |
| In kind contribution at rate of 50% to environmental special account | 2,600 | | 2,600 | | 2,600 | 2,600 | 2,600 | - | 12 |
| Costs disbursed for protection of the environment | 62,100 | 62,120 | (20) | | | 62,100 | 62,120 | (20) | 13 |
| Total | 444,189 | 493,398 | (49,209) | 542,607 | (591,816) | 1,134,423 | 540,889 | (11,116) | |

| | |
|--|-----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (11,116) |
| Net differences | (11,116) |

B25. "Shariin gol" JSC

Brief introduction

"Shariin Gol" JSC operates coal mining in Shariin gol soum, Darkhan-Uul aimag. The company extracted 548 thousand ton coal and sold 546 thousand ton coal in 2008. The company is registered with the Tax Authority of Darkhan-Uul aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The difference of MNT 7 thousand was caused from currency exchange difference due to payment made by USD.

2. Customs tax

Per company reporting, there is no customs tax payment reported, but per MTA reporting customs tax payment of MNT 5,707 thousand was received by MTA. Per company detailed information given during reconciliation, customs tax payment of MNT 15,407 thousand was reported. But it includes VAT and other service charges and we have made adjustment on it.

3. Real estate tax

The initial difference was due to real estate tax received by MTA was MNT 4,400 thousand per MTA's reporting, but the amount paid by the company was MNT8,000 thousand per the company reporting. We have made adjustment on it based on explanation and confirmation from Tax authority of Sharin gol soum, Darkhan-Uul aimag, the recipient.

4. Tax on automobiles and self moving vehicles

Vehicle tax of MNT 1,440 thousand was paid by the company, but no information received from MTA. So we confirmed it with Tax Office of Shariin gol soum, Darkhan-Uul aimag and have made adjustment.

5. Fee for exploitation of mineral resources ("royalty fee")

Per details from MTA, MNT 307,125 thousand was received, but per details from Shariin gol MNT 278,062 thousand was paid by the company. For the difference of MNT 29,064 thousand, we have made adjustment by sending confirmation letter to the Company.

6. Licence fee for exploitation and exploration of mineral resources (MNT)

We have adjusted misstatement in the company reporting according to details and confirmation from the company.

7. Licence fee for exploitation and exploration of mineral resources (USD)

Government included 2007 Licence fee of MNT 1,900 thousand in 2008 reporting and we have made adjustment on it.

8. Land rent fee

"Shariin gol" JSC reported that MNT 42,760 thousand was paid for land rental fee. But it included water fee into this item per details and we adjusted it. We sent a confirmation letter on not reported amount by the government. As a result of confirmation with Tax office in Shariin gol soum, Darkhan-Uul aimag, we have made appropriate adjustment.

9. Fee for water use

Shariin Gol JSC reported water use fee of MNT 1,320 thousand which wasn't included in Government reporting. We sent confirmation letter to MTA. We did confirmation with Tax office in Shariin gol soum, Darkhan-Uul aimag and we made appropriate adjustment.

10. Customs service fee

The company confirmed that customs service fee was not reported by the company and we have made adjustment accordingly.

11. Donation from Business entities to soums

Shariin Gol JSC reported donation amounting MNT 40,559 thousand provided to soums. But it included donation to business entities and associations amounting MNT 3,463 thousand and we have made adjustment accordingly. We sent confirmation letter on remaining MNT 37,096 thousand to the organisations of Shariin gol soum. From which we have made adjustment on difference amounting MNT 26,000 thousand based on replies from some organisations. Difference of MNT 11,096 thousand remains unresolved. Of which MNT 9,996 thousand was spent for religious activities to Soum's governing office per company reporting. We sent a confirmation letter on it to Soum's governing office. The Soum's governing office replied that they have no information due to the local governor has been changed and sent 2008 bank statement of soum.

We sent confirmation letter on donation of MNT 550 thousand to Shariin gol soum's fire department and Darkhan's sports committee respectively. But we didn't receive replies and the difference remained unresolved.

12. In kind contribution at rate of 50% to environmental special account

Per MOET reporting, in kind contribution of MNT 2,600 thousand is received. But it was not reported by the company. We made adjustment accordingly.

13. Costs disbursed for protection of the environment

There is a difference of MNT 20 thousand in Reconciliation report. Company confirmed its reported amount; however MOET has no sufficient evidence on it. Therefore the difference remained unresolved.

Disclosure:

There are several differences on tax, fees and charges in 2008 reconciliation reports. We sent a letter requesting details on March 26, 2010 and received detailed information on April 5, 2010. But the details from government and company still have differences. We sent a confirmation letter together with details on the differences again on April 27, 2010 and requested to confirm each amount by supporting documents. Also we sent confirmation letter on the amount which is paid by company, but not included in government reporting. Then we made appropriate adjustment.

Summary:

In summary, difference of MNT 11,116 thousand remained unresolved in 2008 reconciliation report. It is related to the amount not confirmed by government.

B26. "Khan shijir" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 317,278 | 317,366 | (88) | 88 | - | 317,366 | 317,366 | - | |
| Corporate income tax | 1,371 | 1,371 | - | | | 1,371 | 1,371 | - | |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 315,493 | 315,493 | - | | | 315,493 | 315,493 | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 415 | 503 | (88) | 88 | | 503 | 503 | - | 1 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 37,787 | 63,676 | (25,889) | 17,616 | (8,273) | 55,403 | 55,403 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 37,782 | 53,970 | (16,188) | 16,188 | | 53,970 | 53,970 | - | 2 |
| Licence fee for exploitation and exploration of mineral resources | | 6,556 | (6,556) | | (6,556) | - | - | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 6 | | 6 | | 6 | 6 | 6 | - | 3 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 1,428 | (1,428) | 1,428 | | 1,428 | 1,428 | - | 4 |
| Fee for water use | | 1,722 | (1,722) | | (1,722) | - | - | - | 5 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B26. "Khan shijir" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|-----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 15,341 | (15,341) | 15,341 | - | 15,341 | 15,341 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | 13,000 | (13,000) | 13,000 | | 13,000 | 13,000 | - | 6 |
| Monetary donation from business entity to soums | | 2,341 | (2,341) | 2,341 | | 2,341 | 2,341 | - | 7 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 48,600 | 3,673 | 44,927 | (42,044) | 2,884 | 6,557 | 6,557 | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | 48,600 | 3,673 | 44,927 | (42,044) | 2,884 | 6,557 | 6,557 | - | 8 |
| Total | 403,665 | 400,056 | 3,609 | (8,998) | (5,389) | 394,667 | 394,667 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B26. "Khan shijir" LLC

Brief introduction

The company operates gold & silver mining in Bumbohur soum, Bayankhongor aimag and is registered with the Tax Authority of Bayangol district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Tax on automobiles and self moving vehicles

Per initial reporting of government and company, there is a difference of MNT 88 thousand. We adjusted the difference according to company's confirmation.

2. Fee for exploitation of mineral resources ("royalty fee")

The difference of MNT 16,188 thousand was understated in government reporting which is confirmed by MTA and was adjusted.

3. Licence fee for exploitation and exploration of mineral resources

The company has reported payments in MNT. But the government reported it in USD. The difference was adjusted.

4. Land rent fee

The company confirmed that the company paid MNT 1,428 thousand to Bumbohur soum. But no information received from MTA. So we sent confirmation letter to the Tax Authority of Bayankhongor aimag and made appropriate adjustment.

5. Fee for water use

Government has confirmed that they didn't receive water use fee in 2008. The company reported water fee paid to Water economizing centre, a non-government organisation in this item. We adjusted the difference of MNT 1,722 thousand accordingly.

6. Donation from business entities to aimag

As company confirmation, the company provided a donation of MNT 10 million for religious activities to Bayankhongor aimag's governing office and a donation of MNT 3 million to Bayankhongor aimag's Environment office respectively. We confirmed the donations with the local offices and made adjustment.

7. Donation from business entities to soums

As company confirmation, the company provided a donation of MNT 1,700 thousand for purchase of office furniture and MNT 441 thousand for fuel to Bumbohur soum's governing office and a donation of MNT 200 thousand to Bumbohur soum's Environment office. We confirmed the donations with the local offices and made adjustment.

8. Costs disbursed for protection of the environment

In reconciliation report, expenditure of MNT 48,600 thousand was reported in government reporting and expenditure of MNT 3,673 thousand per company reporting respectively. Company provided detailed information confirming its reporting. Amount per MOET report was unable to be confirmed. We made adjustment accordingly.

Disclosure:

We sent a confirmation letter on March 26, 2010 and received replies on March 30, 2010 and April 2, 2010. We sent confirmation letter on difference of detailed information from government and company on April 27, 2010. Also we sent confirmation letter for amount paid by company, but not included in government reporting to related offices. Company replied the 2nd letter on May 3, 2010 and the difference was resolved accordingly.

Summary:

Per company reporting, initial net difference was amounted to MNT 3,609 thousand. The difference was due to 1) the Licence fee for exploitation and exploration of mineral resources reported in different currencies; 2) payments to local tax authorities not reconciled to MTA and 3) environment protection expenditure misstated by government and 4) unacceptable amounts reported by company.

B27. "Sonor trade" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 332,584 | 333,923 | (1,339) | 25,107 | 23,712 | 357,691 | 357,635 | 56 | |
| Corporate income tax | 21,880 | 27,883 | (6,003) | 24,295 | 18,292 | 46,175 | 46,175 | - | 1 |
| Customs tax | 5,420 | | 5,420 | | 5,420 | 5,420 | 5,420 | - | 2 |
| Windfall tax | 304,910 | 304,910 | 0 | | 0 | 304,910 | 304,910 | - | |
| Real estate tax | | 812 | (812) | 812 | | 812 | 812 | - | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 374 | 318 | 56 | | | 374 | 318 | 56 | 4 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 34,275 | 63,226 | (28,951) | 17,098 | (11,852) | 51,373 | 51,373 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 34,265 | 48,950 | (14,685) | 14,685 | | 48,950 | 48,950 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | | 11,862 | (11,862) | | (11,862) | - | - | - | 6 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 10 | | 10 | | 10 | 10 | 10 | - | 7 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 1,773 | (1,773) | 1,773 | | 1,773 | 1,773 | - | 8 |
| Fee for water use | | 640 | (640) | 640 | | 640 | 640 | - | 9 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 34 | - | 34 | - | 34 | 34 | 34 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | 34 | | 34 | | 34 | 34 | 34 | - | 10 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |

B27. "Sonor trade" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | | | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 366,893 | 397,148 | (30,255) | 42,206 | 11,894 | 409,099 | 409,042 | 56 | |

| | |
|--|-----------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 56 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | - |
| Net differences | 56 |

B27. "Sonor trade" LLC

Brief introduction

Sonor trade LLC, a private company, operates gold mining in Bayangol soum, Selenge aimag. The company is registered with the Tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

Per MTA reporting, CIT of MNT 46,175 thousand was received, but per company reporting, CIT of MNT 20,188 thousand was paid. The company confirmed that the difference of MNT 25,987 thousand was understated in company reporting. It was resolved accordingly.

2. Customs tax

The MTA confirmed by details that the customs tax of 5,420 was received by MTA. But a detail from company doesn't show any customs tax payment. We sent letter requesting explanation on the difference and the company agreed its misstatement.

3. Real estate tax

Company confirmed that the company paid real estate tax of MNT 812 thousand to Zavkhan aimag's tax office on October 31, 2008. But it was not included in MTA's detailed information. We confirmed with Tax office of Zavkhan aimag and made appropriate adjustment.

4. Tax on automobiles and self moving vehicles

Both of the Government and company confirmed amount in their reporting. Difference of MNT 56 thousand was unable to be determined and left unresolved.

5. Fee for exploitation of mineral resources ("royalty fee")

Government's misstatement was confirmed by its detailed information and we made adjustment on the difference of MNT 14,685 thousand.

6. Licence fee for exploitation and exploration of mineral resources

Company has reported Licence fee of MNT 11,862 thousand. But government reported it in USD 10,000. The difference was adjusted.

7. Land rent fee

The company confirmed that paid totally MNT 1,173 thousand to Tax office of Selenge aimag and Capital Land Authority. But Tax office didn't provide information on that. We sent confirmation letter to Tax office of Selenge aimag and Capital Land Authority and have made adjustment accordingly.

8. Fee for water use

The company confirmed that paid MNT 640 thousand to Tax office of Selenge aimag. But Tax office didn't provide information on that. We confirmed with Tax office of Selenge aimag and made adjustment accordingly.

Disclosure:

We sent confirmation letter to company on March 26, 2010 and April 14, 2010 and received replies on April 15, 2010. Also we sent confirmation letter on difference between detailed information from company and government on April 28, 2010. We received reply on May 19, 2010 and made appropriate adjustment. According to detailed information from MTA, MRAM and customs office, differences are resolved.

Summary:

Difference of MNT 56 thousand remained unresolved in 2008 reconciliation report. Company confirmed that paid MNT 318 thousand for Tax on automobiles and self moving vehicles. But tax office reported that received MNT 374 thousand for the tax. The difference remained unresolved.

B28. "Mongol alt" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------|--------------------------------|----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 26,067 | - | 26,067 | (6,698) | 19,369 | 19,369 | 19,369 | - | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | 76 | | 76 | | 76 | 76 | 76 | - | 1 |
| Windfall tax | 12,518 | | 12,518 | | 12,518 | 12,518 | 12,518 | - | 2 |
| Real estate tax | 11,910 | | 11,910 | (6,698) | 5,212 | 5,212 | 5,212 | - | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 1,563 | | 1,563 | | 1,563 | 1,563 | 1,563 | - | 4 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 203,347 | - | 203,347 | (4,519) | 198,827 | 198,827 | 198,827 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 190,463 | | 190,463 | | 190,463 | 190,463 | 190,463 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | 2,982 | | 2,982 | (1,917) | 1,065 | 1,065 | 1,065 | - | 6 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 10 | | 10 | (8) | 2 | 2 | 2 | - | 6 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 6,469 | | 6,469 | | 6,469 | 6,469 | 6,469 | - | 7 |
| Land rent | 3,423 | | 3,423 | (2,594) | 829 | 829 | 829 | - | 8 |
| Fee for water use | | | - | | | - | - | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 8 | - | 8 | - | 8 | 8 | 8 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | 8 | | 8 | | 8 | 8 | 8 | - | |
| 4. Dividends on state and local property | 4,033 | - | 4,033 | - | 4,033 | 4,033 | 4,033 | - | |

B28. "Mongol alt" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------|--------------------------------|-----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Dividends on state property | 4,033 | | 4,033 | | 4,033 | 4,033 | 4,033 | - | 9 |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | | | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 233,455 | - | 233,455 | (11,218) | 222,237 | 222,237 | 222,237 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B28. "Mongol alt" JSC

Brief introduction

"Mongol alt" JSC operates gold mining and is registered with the Tax Authority of Darkhan-Uul aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The initial difference of MNT 76 thousand was due to the company didn't submit its 2008 report to EITI. We confirmed with the company and made appropriate adjustment.

2. Windfall tax

The initial difference of MNT 12,518 thousand was due to the company didn't submit its report to EITI. We made appropriate adjustment based on detailed information received from company.

3. Real estate tax

We made appropriate adjustments according to detailed information from MTA and company reports. But MNT 1,084 thousand overstated in MTA report remained not clear. So we sent confirmation letter to the company and made adjustment according to the replies.

4. Tax on automobiles and self moving vehicles

The initial difference of MNT 1,563 thousand was due to the company didn't submit its report to EITI. We confirmed with the company and made appropriate adjustment.

5. Fee for exploitation of mineral resources ("royalty fee")

The company confirmed that misstated royalty fee in its report and we made adjustment accordingly.

6. Licence fee for exploitation and exploration of mineral resources

We made appropriate adjustment according to detailed information from MRAM and company.

7. Reimbursement of deposit, exploration of which is carried by the budget fund

MRAM confirmed by detailed information that received reimbursement of MNT 6,469 thousand. But the company understated this payment. We made adjustment accordingly.

8. Land rent fee

MTA overstated land rental fee, but the company understated it. It was confirmed by both parties and adjusted.

9. Dividends on state and local property

The initial difference was due to the company didn't submit its 2008 report to EITI. We made appropriate adjustment based on detailed information received from company.

Disclosure:

High amount of initial difference was due to the company didn't submit its 2008 report to EITI. We sent confirmation letter on March 25, 2010 and received reply on March 26, 2010. We sent confirmation letter on some differences between information received from two parties on April 27, 2010 and May 18, 2010. We received reply on May 19, 2010.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B29. "Tun sin" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 196,156 | 142,742 | 53,415 | 2,242 | 55,657 | 198,399 | 198,399 | - | |
| Corporate income tax | 139,428 | 139,428 | - | | | 139,428 | 139,428 | - | |
| Customs tax | 55,595 | | 55,595 | | 55,595 | 55,595 | 55,595 | - | 1 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 31 | 2,211 | (2,180) | 2,242 | 63 | 2,274 | 2,274 | - | 2 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 1,102 | 1,102 | - | | | 1,102 | 1,102 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | - | 553,676 | (553,676) | 515,901 | (37,045) | 515,901 | 516,631 | (730) | |
| Fee for exploitation of mineral resources ("royalty fee") | | 472,195 | (472,195) | 472,195 | | 472,195 | 472,195 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources | | 5,855 | (5,855) | 5,855 | | 5,855 | 5,855 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 1,131 | (1,131) | 1,131 | | 1,131 | 1,131 | - | 5 |
| Fee for water use | | 730 | (730) | | | - | 730 | (730) | 6 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | 36,298 | (36,298) | 36,720 | 422 | 36,720 | 36,720 | - | 7 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | 37,467 | (37,467) | | (37,467) | - | - | - | 8 |
| 3. Charges and service charges | 14,911 | 80,549 | (65,638) | - | (62,439) | 14,911 | 18,110 | (3,199) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 42,276 | (42,276) | | (42,276) | - | - | - | 9 |
| Service charges paid to state and local administration in accordance with relevant law | | 1,718 | (1,718) | | 1,481 | - | 3,199 | (3,199) | 10 |
| Custom service fee | 14,911 | 36,556 | (21,645) | | (21,645) | 14,911 | 14,911 | - | 11 |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |

B29. "Tun sin" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 3 | (3) | - | (3) | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | 3 | (3) | | (3) | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | 12,000 | (12,000) | 12,000 | - | 12,000 | 12,000 | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | 12,000 | (12,000) | 12,000 | | 12,000 | 12,000 | - | 12 |
| Total | 211,067 | 788,970 | (577,903) | 530,144 | (43,830) | 741,211 | 745,140 | (3,929) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies

-

Payments reported by companies which exceed the corresponding receipts reported by Government Entities

(3,929)

Net differences

(3,929)

B29. "Tun sin" LLC

Brief introduction

"Tun sin" LLC, a private company, operates mining activities in Darkhan soum, Khentii aimag and is registered with the Tax authority of Khan-Uul district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

Company didn't include customs tax of MNT 55,595 thousand in its report and detailed information. We confirmed this difference with Customs office and adjusted the misstatement.

2. Real estate tax

According to detailed information from company and confirmation with Tax office of Selenge aimag, the difference of MNT 63 thousand was adjusted.

3. Fee for exploitation of mineral resources ("royalty fee")

Initial difference was due to the payment of MNT 472,195 thousand was included in the company report, but not in government report. We confirmed the difference with company and Tax office of Khentii aimag and made adjustment accordingly.

4. Licence fee for exploitation and exploration of mineral resources

Initial difference was due to the payment of MNT 5,855 thousand was included in the company report, but not in government report. We made appropriate adjustment based on detailed information received from company and confirmation from MRAM.

5. Land rent fee

Initial difference was that payment of MNT 1,131 thousand was included in the company report, but not in the government report. We made appropriate adjustment based on confirmation from the company and Tax office of Khentii aimag.

6. Fee for water use

Initial difference was that payment of MNT 730 thousand is included in company report, but not in government report. Company confirmed by detailed information that paid this payment. We requested confirmation from Tax office of Khentii aimag, but the reply didn't give sufficient evidence. The difference remained unresolved.

7. Fee for recruiting foreign experts and workers

Initial difference was that payment of MNT 36,720 thousand was not included in government report. According to detailed information from LWSA, we made adjustment increasing government report. Also the company understated amount of MNT 422 thousand and we made appropriate adjustment.

8. Other

Tun Sin company misstated amount of MNT 37,467 thousand and it was adjusted.

9. Stamp and other charge for state registration paid to state and local administration in accordance with relevant law

Company confirmed by detailed information that misstated amount of MNT 42,276 thousand and we made adjustment accordingly.

10. Service charges paid to state and local administration in accordance with relevant law

Per Company detailed information, company paid service charge amounting MNT 3,199 thousand and we adjusted accordingly. However, the government had not reported initially and not provided with details. Therefore, the difference remained still unresolved.

11. Customs service fee

The government had reported initially MNT 14,911 thousand which is confirmed by respective details. But the company reported amount of MNT 36,556 thousand which included customs service fee of MNT 21,645. We made appropriate adjustment.

12. Costs disbursed for protection of the environment

The company confirmed that the company paid MNT 12,000 thousand to Development fund of Bor-Undur soum, Khentii aimag. Therefore we adjusted government reporting.

Disclosure:

We sent letter requesting detailed information to the company on March 26, 2010 and received reply by fax after 10 days. For difference in some taxes and charges, we sent confirmation letter again on April 27, 2010 and received reply on May 19, 2010. We have made adjustment accordingly.

Summary:

Totally difference of MNT 3,929 thousand has left unresolved. The difference is due to the company reported amount was greater than government reported amount.

The company reported service charge paid to government organisations together with Service charges paid to state and local administration in accordance with relevant law. The government didn't report any service fee and charges due to there is no procedure for reconciling and reporting service fees and charges.

B30. "Mongol tsamkhag" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 10 | - | 10 | - | - | 10 | - | 10 | |
| Corporate income tax | 10 | | 10 | | | 10 | - | 10 | |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | | | - | | | - | - | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 203,022 | 76,108 | 126,914 | 44,721 | 171,635 | 247,743 | 247,743 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | | | - | - | - | |
| Licence fee for exploitation and exploration of mineral resources | 31,387 | 76,108 | (44,721) | 44,721 | | 76,108 | 76,108 | - | 1 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 44 | | 44 | | 44 | 44 | 44 | - | 1 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 171,591 | | 171,591 | | 171,591 | 171,591 | 171,591 | - | 2 |
| Land rent | | | - | | | - | - | - | |
| Fee for water use | | | - | | | - | - | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |

B30. "Mongol tsamkhag" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | | | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 203,032 | 76,108 | 126,924 | 44,721 | 171,635 | 247,753 | 247,743 | 10 | |

| | |
|--|-----------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 10 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | 0 |
| Net differences | 10 |

B30. "Mongol tsamkhag" LLC

Brief introduction

"Mongol tsamkhag" LLC, a subsidiary of "Mongol gazar" LLC and is registered with MTA.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

2. Reimbursement of deposit, exploration of which is carried by the budget fund

The company didn't provide supporting documents. However it was confirmed by both parties. We have made adjustment.

Disclosure:

We sent an official letter requesting detailed information from the company on March 25, 2010 and received reply. The adjustments were made based on the company and as well as government detailed information.

Summary:

There is no unresolved difference.

B31. "AUM" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 116,066 | 307,304 | (191,238) | 30 | (191,208) | 116,095 | 116,095 | - | |
| Corporate income tax | | | - | | | | | - | |
| Customs tax | 3,718 | 93,101 | (89,383) | | (89,383) | 3,718 | 3,718 | - | 1 |
| Windfall tax | 111,753 | 213,578 | (101,826) | | (101,826) | 111,753 | 111,753 | - | 2 |
| Real estate tax | | | - | | | | | - | |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 595 | 625 | (30) | 30 | | 625 | 625 | - | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 79,319 | 109,380 | (30,061) | 12,438 | (17,623) | 91,757 | 91,757 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 25,705 | 36,721 | (11,017) | 11,017 | | 36,721 | 36,721 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources | | 20,255 | (20,255) | | (20,255) | | - | - | 4 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 18 | | 18 | | 18 | 18 | 18 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 5,845 | 7,132 | (1,287) | 1,287 | | 7,132 | 7,132 | - | 5 |
| Fee for water use | 36,800 | 36,800 | - | | | 36,800 | 36,800 | - | |
| Fee for forestry use and firewood | | 100 | (100) | 134 | 34 | 134 | 134 | - | |
| Fee for recruiting foreign experts and workers | 10,951 | 8,371 | 2,580 | | 2,580 | 10,951 | 10,951 | - | 6 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 26 | 1,378 | (1,352) | - | (74) | 26 | 1,305 | (1,279) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 1,236 | (1,236) | | 43 | | 1,279 | (1,279) | 7 |
| Service charges paid to state and local administration in accordance with relevant law | | 104 | (104) | | (104) | | - | - | 7 |

B31. "AUM" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 26 | 38 | (12) | | (12) | 26 | 26 | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 18,400 | (18,400) | - | (18,400) | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | | | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | | - | | | | | - | |
| Monetary donation from business entity to local organisations | | | - | | | | | - | |
| Funds disbursed by company in sustainable development and community relations | | 18,400 | (18,400) | | (18,400) | - | - | - | 8 |
| 7. Costs disbursed for protection of the environment | - | 27,471 | (27,471) | 17,661 | (9,810) | 17,661 | 17,661 | - | |
| In kind contribution at rate of 50% to environmental special account | | 17,661 | (17,661) | 17,661 | | 17,661 | 17,661 | - | 9 |
| Costs disbursed for protection of the environment | | 9,810 | (9,810) | | (9,810) | | - | - | 10 |
| Total | 195,411 | 463,932 | (268,522) | 30,128 | (237,115) | 225,539 | 226,818 | (1,279) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (1,279) |
| Net differences | (1,279) |

B31. "AUM" LLC

Brief introduction

"AUM" LLC is 100% private company and operates gold mining in Uyanga soum, Uvurkhangai aimag. The company is registered with the Tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

The company included customs service fee and other charges into customs tax.

2. Windfall tax

The over reporting by the company was confirmed by its respective details.

3. Fee for exploitation of mineral resources ("royalty fee")

The under reporting by the government was confirmed by its respective details.

4. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

5. Land rent fee

The government understated totally MNT 1,287 thousand including MNT 1,155.0 thousand paid by the company on Jan 17 and MNT 132.0 thousand paid by the company on Dec 16. We have made adjustment based on confirmation with government organisation.

6. Fee for recruiting foreign experts and workers

The under reporting by the company was confirmed by its respective details.

7. Charge, service charges

We sent confirmation letter to relevant local organisations. But replies from the organisation were insufficient and unclear. The difference has left unresolved.

8. Donations to Governmental organisations

The company reported donation provided to governing office of Uyanga soum, Uvurkhangai aimag. We sent confirmation letter to the governing office. But they replied that it wasn't received. The donation was spent for local communities. We have adjusted by deducting the amount.

9. In kind contribution at rate of 50% to environmental special account

Company reported by its details that the company paid amount of MNT 17,660.5 thousand on June 5. But the government didn't report this payment. We have made adjustment based on information received from government organisation.

10. Costs disbursed for protection of the environment

We have adjusted over reporting by the company based on the respective details.

Disclosure:

We sent letter requesting detailed information to the company on March 25, 2010 and received reply on April 5, 2010.

Summary:

For charge, service charges, the difference could not be resolved since the information sources are unclear, and the amounts which the company has reported are too small to confirm with the government reporting.

B32. "Khunanjinlen" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 80,277 | 70,535 | 9,742 | 1,673 | 11,414 | 81,949 | 81,949 | - | |
| Corporate income tax | 250 | | 250 | 1,673 | 1,923 | 1,923 | 1,923 | - | 1 |
| Customs tax | 9,205 | | 9,205 | | 9,205 | 9,205 | 9,205 | - | 2 |
| Windfall tax | 70,500 | 70,480 | 20 | | 20 | 70,500 | 70,500 | - | |
| Real estate tax | | | - | | | | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | | - | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 322 | 55 | 267 | | 267 | 322 | 322 | - | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 107,169 | 134,700 | (27,531) | 22,121 | (5,410) | 129,290 | 129,290 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 16,038 | 11,800 | 4,238 | (4,731) | (494) | 11,306 | 11,306 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources | 3,512 | 4,340 | (829) | (3,512) | (4,340) | - | - | - | 4 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 4 | | 4 | | 4 | 4 | 4 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 2,064 | 2,060 | 4 | | 4 | 2,064 | 2,064 | - | |
| Fee for water use | | 9,000 | (9,000) | 7,809 | (1,192) | 7,809 | 7,809 | - | 5 |
| Fee for forestry use and firewood | 570 | | 570 | | 570 | 570 | 570 | - | |
| Fee for recruiting foreign experts and workers | 84,982 | 107,500 | (22,518) | 22,555 | 37 | 107,537 | 107,537 | - | 6 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 114 | 3,915 | (3,801) | - | 1,984 | 114 | 5,899 | (5,785) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | 3,915 | (3,915) | | 1,870 | | 5,785 | (5,785) | 7 |

B32. "Khunanjinlen" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|--------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 114 | | 114 | | 114 | 114 | 114 | - | 7 |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 4,750 | (4,750) | 4,600 | (150) | 4,600 | 4,600 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | | | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | 4,750 | (4,750) | 4,600 | (150) | 4,600 | 4,600 | - | 8 |
| Monetary donation from business entity to local organisations | | | - | | | | | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | 2,000 | 2,000 | - | - | - | 2,000 | 2,000 | - | |
| In kind contribution at rate of 50% to environmental special account | 2,000 | 2,000 | - | | | 2,000 | 2,000 | - | |
| Costs disbursed for protection of the environment | | | - | | | | | - | |
| Total | 189,560 | 215,900 | (26,340) | 28,393 | 7,839 | 217,953 | 223,738 | (5,785) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (5,785) |
| Net differences | (5,785) |

B32. "Khunanjinlen" LLC

Brief introduction

"Khunanjinlen" LLC is 100% private company and operates gold mining in Eruu soum of Selenge aimag. The company is registered with the Tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The under reporting by the company and the government was confirmed by their respective details.

2. Customs tax

The company should report customs tax and VAT separately. But the company didn't provide detailed information. Therefore we made adjustment according to government reporting.

3. Fee for exploitation of mineral resources ("royalty fee")

Initially reported amount was overstated in the government details and understated in the company details. Per the government reporting, the payment to Selenge aimag and SRD on July 7 was doubled. We made adjustments accordingly.

4. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

5. Fee for water use

Initially the government didn't report a water use fee which is paid by the company to Eruu soum, Selenge aimag. We made adjustment based on confirmation with Tax authority of Selenge aimag.

6. Fee for recruiting foreign experts and workers

Initially, the government didn't report an amount which was paid by the company to Eruu soum, Selenge aimag.

7. Charge, service charges

We sent confirmation letter to relevant local organisations. But replies from the organisation were insufficient and unclear. The difference has left unresolved.

8. Donations to Governmental organisations

Over reporting of MNT 150 thousand by the company was adjusted according to confirmation with governing office of Eruu soum, Selenge aimag.

Disclosure:

We sent a letter requesting detailed information to the company on March 25, 2010 and received reply on April 23, 2010.

Summary:

For charge, service charges, the difference could not be resolved since the information sources are unclear, and the amounts which the company has reported are too small to confirm with the government reporting

B33. "Adamas mining" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------------|--------------------------------|---------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 180,475 | - | 180,474 | - | 180,525 | 180,475 | 180,525 | (51) | |
| Corporate income tax | 167,827 | | 167,827 | | 167,827 | 167,827 | 167,827 | - | 1 |
| Customs tax | 12,360 | | 12,360 | | 12,360 | 12,360 | 12,360 | - | 2 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | | | - | | | | | - | |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 288 | | 288 | | 339 | 288 | 339 | (51) | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 314 | 22,498 | (22,184) | 20,023 | (2,161) | 20,337 | 20,337 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | 13,632 | (13,632) | 13,632 | | 13,632 | 13,632 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources | | 2,491 | (2,491) | | (2,491) | | - | - | 4 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 314 | | 314 | 16 | 330 | 330 | 330 | - | 4 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | | 2,304 | (2,304) | 2,304 | | 2,304 | 2,304 | - | 5 |
| Fee for water use | | 4,071 | (4,071) | 4,071 | | 4,071 | 4,071 | - | 6 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | | | - | | | | | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 28 | - | 28 | - | 28 | 28 | 28 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant | | | - | | | | | - | |

B33. "Adamas mining" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------------|--------------------------------|---------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| law | | | | | | | | | |
| Custom service fee | 28 | | 28 | | 28 | 28 | 28 | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | - | - | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | | | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | | | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | 1,500 | 75,100 | (73,600) | - | (73,600) | 1,500 | 1,500 | - | |
| In kind contribution at rate of 50% to environmental special account | 1,500 | 1,500 | - | | | 1,500 | 1,500 | - | |
| Costs disbursed for protection of the environment | | 73,600 | (73,600) | | (73,600) | | - | - | 7 |
| Total | 182,316 | 97,598 | 84,718 | 20,023 | 104,792 | 202,340 | 202,390 | (51) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities (51)

Net differences (51)

B33. "Adamas mining" LLC

Brief introduction

"Adamas Mining" LLC, a subsidiary of Japanese Financial Planning and Research Company, has 50 Licences for several minerals exploration and mining. The company is registered with the tax authority of Bayangol district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The government overstated amount of MNT 2,677.6 thousand which is paid by company for a penalty imposed by tax inspection. We deducted it.

2. Customs tax

The customs tax payment not reported initially by the company was corrected by the respective details.

3. Fee for exploitation of mineral resources ("royalty fee")

Per company details, the company reported a payment which was not reported by the government initially. We made adjustment based on details from two parties.

4. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

5. Land rent fee

The company reported a land rental fee which was not included in government detailed information. We have made adjustment based on information received from Tax authority of Bulgan aimag.

6. Fee for water use

The company reported a water use fee which was not included in government detailed information. We have made adjustment based on information received from Tax authority of Bulgan aimag.

7. Costs disbursed for protection of the environment

The company reported amount of expenditure for the environment protection initially. However it wasn't confirmed by the respective details. Therefore we have deducted it.

Disclosure:

We sent letter requesting detailed information to the company on March 25, 2010 and received reply on April 20, 2010. Received detailed information didn't meet our requirement. So we sent a request again.

Summary:

For this company, there is no any unresolved difference except small difference of tax on automobiles and self moving vehicles.

B34. "Zuriin bulan" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 128,772 | 115,248 | 13,525 | 3 | 13,528 | 128,776 | 128,776 | - | |
| Corporate income tax | 1,200 | | 1,200 | | 1,200 | 1,200 | 1,200 | - | 1 |
| Customs tax | | | - | | | | | - | |
| Windfall tax | 127,481 | 115,141 | 12,340 | 3 | 12,343 | 127,484 | 127,484 | - | 2 |
| Real estate tax | | | - | | | | | - | |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 92 | 107 | (15) | | (15) | 92 | 92 | - | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 26,972 | 244,083 | (217,111) | 210,504 | (6,606) | 237,477 | 237,477 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 16,676 | 20,071 | (3,396) | 4,910 | 1,514 | 21,585 | 21,585 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources | 57 | 7,389 | (7,332) | | (7,332) | 57 | 57 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 4 | | 4 | | 4 | 4 | 4 | - | 4 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 1,648 | 17,971 | (16,323) | 16,464 | 141 | 18,112 | 18,112 | - | 5 |
| Fee for water use | 7,521 | 24,788 | (17,267) | 15,267 | (2,000) | 22,788 | 22,788 | - | 6 |
| Fee for forestry use and firewood | 1,066 | | 1,066 | | 1,066 | 1,066 | 1,066 | - | 7 |
| Fee for recruiting foreign experts and workers | | 173,863 | (173,863) | 173,863 | | 173,863 | 173,863 | - | 8 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | - | 6,789 | (6,789) | - | 4,112 | - | 10,901 | (10,901) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | 6,789 | (6,789) | | 4,112 | | 10,901 | (10,901) | 9 |

B34. "Zuriin bulan" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | | | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 1,250 | (1,250) | 1,250 | - | 1,250 | 1,250 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | | | - | |
| Monetary donation from business entity to aimag | | | - | | | | | - | |
| Monetary donation from business entity to soums | | 1,250 | (1,250) | 1,000 | (250) | 1,000 | 1,000 | - | 10 |
| Monetary donation from business entity to local organisations | | | - | 250 | 250 | 250 | 250 | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | 3,000 | 4,000 | (1,000) | - | (1,000) | 3,000 | 3,000 | - | |
| In kind contribution at rate of 50% to environmental special account | 3,000 | 4,000 | (1,000) | | (1,000) | 3,000 | 3,000 | - | 11 |
| Costs disbursed for protection of the environment | | | - | | | | | - | |
| Total | 158,745 | 371,369 | (212,625) | 211,758 | 10,034 | 370,502 | 381,403 | (10,901) | |

| | |
|--|-----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (10,901) |
| Net differences | (10,901) |

B34. "Zuriin bulan" LLC

Brief introduction

"Zuriin bulan" LLC is 100% private company and operates gold mining in Eruu soum of Selenge aimag and Khongor soum of Darkhan-Uul aimag. The company is registered with the Tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The company confirmed by details that they paid CIT.

2. Windfall tax

The under reporting by the company was confirmed by its respective details.

3. Fee for exploitation of mineral resources ("royalty fee")

The under reporting by the government and over reporting by the company was confirmed by their respective details.

4. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

5. Land rent fee

Initially, the government didn't report land rental fee which was paid by the company to governors of Khongor soum, Darkhan-Uul aimag and Eruu soum, Selenge aimag. We check it with relevant organisations and made adjustment based on replies.

6. Fee for water use

Initially, the government didn't report water use fee which was paid by the company to governors of Khongor soum, Darkhan-Uul aimag and Eruu soum, Selenge aimag. We check it with relevant organisations and made adjustment based on replies.

7. Fee for forest firewood use

The company didn't report any amount in its initial report and details. We confirmed through confirmation letter that the fee was paid by the company and have made adjustment.

8. Fee for recruiting foreign experts and workers

The amount not reported by the government was confirmed by its respective details.

9. Charge, service charges

We sent confirmation letter to relevant local organisations. But replies from the organisation were insufficient and unclear. The difference has left unresolved.

10. Donations to Governmental organisations

We sent confirmation letter on amount reported by the company to governor of Eruu soum, Selenge aimag and have made adjustment based on the reply.

11. In kind contribution at rate of 50% to environmental special account

The over reporting by the company was confirmed by respective details from the company and the government.

Disclosure:

We sent letter requesting detailed information on March 25, 2010 and received reply on April 23, 2010.

Summary:

For charge, service charges, the difference could not be resolved since the information sources are unclear, and the amounts which the company has reported are too small to confirm with the government reporting.

B35. "Dazan trade" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|----------------|--------------------------------|--------------|-----------------|---------------|---------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 65,001 | 64,271 | 730 | (315) | 415 | 64,686 | 64,686 | - | |
| Corporate income tax | 700 | 700 | - | | | 700 | 700 | - | |
| Customs tax | | | - | | | | | - | |
| Windfall tax | 60,000 | 60,000 | - | | | 60,000 | 60,000 | - | |
| Real estate tax | 1,943 | 1,639 | 304 | | 304 | 1,943 | 1,943 | - | 1 |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 2,359 | 1,922 | 437 | (315) | 122 | 2,044 | 2,044 | - | 2 |
| Other taxes in monetary value (1) | | 10 | (10) | | (10) | | - | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 76,252 | 105,199 | (28,947) | 9,567 | (19,381) | 85,819 | 85,819 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 48,010 | 48,010 | - | | | 48,010 | 48,010 | - | |
| Licence fee for exploitation and exploration of mineral resources | 28,226 | 47,146 | (18,920) | | (18,920) | 28,226 | 28,226 | - | 3 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 16 | | 16 | (3) | 13 | 13 | 13 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | | 6,779 | (6,779) | 6,306 | (473) | 6,306 | 6,306 | - | 4 |
| Fee for water use | | 3,264 | (3,264) | 3,264 | | 3,264 | 3,264 | - | 5 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | | | - | | | | | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | - | - | - | - | - | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | - | - | |

B35. "Dazan trade" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|----------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | | | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 3,200 | (3,200) | 400 | (800) | 400 | 2,400 | (2,000) | |
| Monetary donation from business entity to ministries and agencies | | 100 | (100) | 400 | 300 | 400 | 400 | - | 6 |
| Monetary donation from business entity to aimag | | 500 | (500) | | (500) | - | - | - | 6 |
| Monetary donation from business entity to soums | | 600 | (600) | | 1,400 | - | 2,000 | (2,000) | 6 |
| Monetary donation from business entity to local organisations | | 2,000 | (2,000) | | (2,000) | - | - | - | 6 |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 15,600 | 8,220 | 7,380 | (8,080) | (700) | 7,520 | 7,520 | - | |
| In kind contribution at rate of 50% to environmental special account | 600 | 700 | (100) | | (100.0) | 600 | 600 | - | |
| Costs disbursed for protection of the environment | 15,000 | 7,520 | 7,480 | (8,080.0) | (600.0) | 6,920 | 6,920 | - | 7 |
| Total | 156,853 | 180,890 | (24,037) | 1,572 | (20,465) | 158,425 | 160,425 | (2,000) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (2,000) |
| Net differences | (2,000) |

B35. "Dazan trade" LLC

Brief introduction

"Dazing trade" LLC is 100% Mongolian company and operates gold mining in Umnugobi, Tarialan, Khyargas soums of Uvs aimag and Eruu soum of Tuv aimag. The company is registered with the Tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Real estate tax

The company understated real estate tax amounting to MNT 303.9 thousand, including MNT 158 thousand offset amount against PIT and MNT 145.3 thousand paid on December 30.

2. Tax on automobiles and self moving vehicles

The government overstated amount of MNT 315 thousand and the company understated amount of MNT 121.5 thousand paid on April 8. We have made adjustments accordingly.

3. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

4. Land rent fee

The government didn't report land rental fee paid to Capital land office, Uvs and Tuv aimags. We check it with relevant organisations and made adjustment based on replies.

5. Fee for water use

The government didn't report water use fee which is paid by the company to local governing office of Tarialan soum in Uvs aimag. We check it with relevant organisations and made adjustment based on replies.

6. Donations to Governmental organisations

Donation of MNT 2,000 thousand reported by the company was spent for local governing office, not for local organisations. We have adjusted it. Also donation of MNT 620 thousand was spent for private company and it was adjusted. We sent a confirmation letter (№2/16) to governor of Tarialan soum, Uvs aimag on April 5, but didn't receive reply. Therefore the difference has left unresolved.

7. Costs disbursed for protection of the environment

During reconciliation work, our team checked the company detailed information with the "Environment information & plan" report (Form.BOX-3) by MOET and made appropriate adjustment.

Disclosure:

We sent a letter requesting detailed information on March 25, 2010 and received reply on April 1, 2010.

Summary:

Difference regarding donation for soum has left unresolved due to no information was received from the recipient. We sent confirmation letter (№2/16) to governor of Uvs aimag on April 5 and didn't receive reply.

B36. "Erel" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------|--------------------------------|----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 114,095 | - | 114,095 | 23,750 | 137,845 | 137,845 | 137,845 | - | |
| Corporate income tax | | | - | 11,541 | 11,541 | 11,541 | 11,541 | - | 1 |
| Customs tax | 102,128 | | 102,128 | | 102,128 | 102,128 | 102,128 | - | 2 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | 4,175 | | 4,175 | 10,341 | 14,516 | 14,516 | 14,516 | - | 3 |
| Excise tax on imported fuel and lubricants | 2,321 | | 2,321 | | 2,321 | 2,321 | 2,321 | - | 4 |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 5,471 | | 5,471 | 1,869 | 7,340 | 7,340 | 7,340 | - | 5 |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 33,776 | - | 33,776 | 136,356 | 170,668 | 170,132 | 170,668 | (536) | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | 9,096 | 9,096 | 9,096 | 9,096 | - | 6 |
| Licence fee for exploitation and exploration of mineral resources | 4,009 | | 4,009 | | 4,009 | 4,009 | 4,009 | - | 7 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 2 | | 1 | | 2 | 2 | 2 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 29,766 | | 29,765 | | 29,766 | 29,766 | 29,766 | - | 8 |
| Land rent | | | - | 127,260 | 127,796 | 127,260 | 127,796 | (536) | 9 |
| Fee for water use | | | - | | | | | - | |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | | | - | | | | | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 2,930 | - | 2,930 | - | 4,041 | 2,930 | 4,041 | (1,111) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | 1,111 | - | 1,111 | (1,111) | 10 |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B36. "Erel" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------|--------------------------------|----------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 2,930 | | 2,930 | | 2,930 | 2,930 | 2,930 | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | 867 | 867 | 867 | 867 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | | | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | 867 | 867 | 867 | 867 | - | 11 |
| Funds disbursed by company in sustainable development and community relations | | | - | | | | | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | 364 | 364 | 364 | 364 | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | | | - | |
| Costs disbursed for protection of the environment | | | - | 364 | 364 | 364 | 364 | - | |
| Total | 150,801 | - | 150,801 | 161,336 | 313,784 | 312,137 | 313,784 | (1,647) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities (1,647)

Net differences (1,647)

B36. "Erel" LLC

Brief introduction

"Erel" LLC is 100% private company and operates gold mining in Darkhan-Uul aimag. The company is registered with the Capital tax authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The government understated CIT initially, but it was corrected in respective details. The company didn't submit its 2008 report and submitted the report in process of our review. We have made appropriate adjustment.

2. Customs tax

The company didn't submit its 2008 report and submitted the report and its details in process of our review. We have made appropriate adjustment based on this information.

3. Real estate tax

The government understated real estate tax initially, but it was corrected in respective details. The company didn't submit its 2008 report and submitted the report together with details in process of our review. We have made appropriate adjustment.

4. Excise tax on imported fuel and lubricants

The company didn't submit its 2008 report and submitted the report together with details in process of our review. We have made appropriate adjustment based on the information.

5. Tax on automobiles and self moving vehicles

The company didn't submit its 2008 report and submitted the report together with details in process of our review. The Company reported amount was greater than government reported amount. As a result of confirmation with government, it was confirmed that the payment to Tax authority of Darkhan-Uul aimag was understated in government reporting.

6. Fee for exploitation of mineral resources ("royalty fee")

Government didn't report the fee paid to the Tax authority of Darkhan-Uul and Dornogobi aimags which is included in company reporting. We check with relevant organisations and made adjustment.

7. Licence fee for exploitation and exploration of mineral resources

Company reported Licence fee in MNT, but the government reported it in USD. Based on the details, we have made adjustment.

8. Reimbursement of deposit, exploration of which is carried by the budget fund

The company didn't submit its 2008 report and submitted the report and its details in process of our review. We have made appropriate adjustment based on this information.

9. Land rent fee

Company reported by its details that the company paid land rental fee paid by the company to Capital land office, Khongor soum of Darkhan-Uul aimag and Saikhandulaan soum of Dornogobi aimag which is not included in the government reporting. We sent confirmation request to the relevant organisations. The Tax authority of Saikhandulaan soum, Dornogobi aimag replied that they didn't receive this payment. Therefore the difference wasn't resolved.

10. Charge, service charges

The company didn't submit its 2008 report and submitted the report and its details in process of our review. But it has too small amount to confirm with the government reporting.

11. Donations to Governmental organisations

We sent a confirmation letter on donation included in the company report and details to governor of Darkhan-Uul aimag. Also we have confirmed it during our trip in Darkhan-Uul aimag.

Disclosure:

We sent a letter requesting detailed information on March 25, 2010 and received reply on April 21, 2010.

Summary:

For charge, service charges, the difference could not be resolved since the information sources are unclear, and the amounts which the company has reported are too small to confirm with the government reporting.

B37. "Tethys mining" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|-----------------|------------------|---------------|---------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 120,143 | 95,702 | 24,441 | (22,446) | 1,994 | 97,696 | 97,696 | - | |
| Corporate income tax | 78,865 | 90,994 | (12,130) | 12,130 | | 90,994 | 90,994 | - | 1 |
| Customs tax | 6,702 | 4,708 | 1,994 | | 1,994 | 6,702 | 6,702 | - | 2 |
| Windfall tax | | | - | | | | | - | |
| Real estate tax | 33,934 | | 33,934 | (33,934) | | - | - | - | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | | | - | |
| Tax on petrol and diesel fuel | | | - | | | | | - | |
| Tax on automobile and self moving vehicles | 642 | | 642 | (642) | | - | - | - | |
| Other taxes in monetary value (1) | | | - | | | | | - | |
| Other taxes in monetary value (2) | | | - | | | | | - | |
| 2. Fees | 18,329 | 871,232 | (852,903) | (8,521) | (861,423) | 9,808 | 9,808 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 8,700 | | 8,700 | (8,700) | | - | - | - | 4 |
| Licence fee for exploitation and exploration of mineral resources | | 862,938 | (862,938) | | (862,938) | - | - | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 761 | | 761 | (21) | 740 | 740 | 740 | - | 5 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | | | - | |
| Land rent | 2,173 | | 2,173 | (2,173) | | - | - | - | 6 |
| Fee for water use | | 5,701 | (5,701) | 2,372 | (3,329) | 2,372 | 2,372 | - | 7 |
| Fee for forestry use and firewood | | | - | | | | | - | |
| Fee for recruiting foreign experts and workers | 6,696 | 2,592 | 4,104 | | 4,104 | 6,696 | 6,696 | - | 8 |
| Fee for use of mineral resources of widespread deposit | | | - | | | | | - | |
| Other | | | - | | | | | - | |
| 3. Charges and service charges | 112 | 162 | (50) | - | (50) | 112 | 112 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | | | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | | | - | |

B37. "Tethys mining" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|-----------------|------------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 112 | 162 | (50) | | (50) | 112 | 112 | - | |
| 4. Dividends on state and local property | - | - | - | | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | | | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | - | - | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | 15,070 | (15,070) | 15,070 | - | 15,070 | 15,070 | - | |
| In kind contribution at rate of 50% to environmental special account | | 15,070 | (15,070) | 15,070 | | 15,070 | 15,070 | - | 9 |
| Costs disbursed for protection of the environment | | | - | | | | | - | |
| Total | 138,584 | 982,166 | (843,582) | (15,897) | (859,479) | 122,687 | 122,687 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B37. "Tethys mining" LLC

Brief introduction

"Tethys mining" LLC is a Mongolian-Brazilian joint company established under Mongolian law and regulations and operates gold mining. The company is registered with the Capital Tax authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

Initially company understated CIT and we adjusted it based on details from the company.

2. Customs tax

Initially company understated customs tax and we adjusted it based on details from the company.

3. Real estate tax

Based on the government details, it was confirmed that the real state tax was not received by government. We made appropriate adjustment.

4. Fee for exploitation of mineral resources ("royalty fee")

Based on the government details, it was confirmed that the fee was not received by government. We made appropriate adjustment.

5. Licence fee for exploitation and exploration of mineral resources

Company reported the Licence fee in MNT and government reported it in USD. We made adjustment on this difference based on detailed information.

6. Land rent fee

Based on the government details, it was confirmed that the land rental fee was not received by government. We made adjustment accordingly.

7. Fee for water use

The government didn't report water use fee which was paid to Murun soum, Kentii aimag by the company per respective details. Based on information from Tax authority of Khentii aimag, the difference was resolved. The Company recorded environment protection expenditure paid to local governing office of Chandmani & Bugat soums in Gobi-Altai aimag which was reported as doubled and it was adjusted.

8. Fee for recruiting foreign experts and workers

It was confirmed by details that the company understated its payment initially.

9. In kind contribution at rate of 50% to environmental special account

The company exploration activities cover several soums area of most aimags and the payments were transferred to relevant local governing office as shown in details. The Government didn't report exploration Licence fee paid to the local governing offices.

Disclosure:

We sent letter requesting detailed information to the company on March 25, 2010 and received reply on April 5, 2010.

Summary:

In kind contribution at rate of 50% to environmental special account has too small amount to confirm with the government reporting. We made adjustments based on supporting documents and there is no any unresolved difference.

B38. "Shijir talst" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|--------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 110,446 | 111,294 | (849) | - | (170) | 110,446 | 111,125 | (679) | |
| Corporate income tax | 1,240 | 1,240 | 0 | | 0 | 1,240 | 1,240 | - | |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 109,206 | 109,206 | - | | - | 109,206 | 109,206 | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | | 849 | (849) | | (170) | - | 679 | (679) | 1 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 26,009 | 28,350 | (2,341) | 1,243 | (1,098) | 27,252 | 27,252 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 19,303 | 20,545 | (1,242) | 1,243 | 1 | 20,546 | 20,546 | - | 2 |
| Licence fee for exploitation and exploration of mineral resources | 4,374 | 4,374 | - | | | 4,374 | 4,374 | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 1,693 | 1,693 | - | | | 1,693 | 1,693 | - | |
| Fee for water use | 639 | 1,738 | (1,098) | | (1,098) | 639 | 639 | - | 3 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B38. "Shijir talst" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|--------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 38 | - | 38 | (38) | - | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | 38 | | 38 | (38) | | - | - | - | |
| Total | 136,493 | 139,644 | (3,151) | 1,205 | (1,267) | 137,698 | 138,377 | (679) | |

| | |
|--|--------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (679) |
| Net differences | (679) |

B38. "Shijir talst" LLC

Brief introduction

"Shijir talst" LLC operates gold and silver mining in Bayangol soum, Selenge aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Tax on automobiles and self moving vehicles

The company reported service charges payment in this item and we adjusted it. The company confirmed that paid tax of MNT 679 thousand to Tax authority of Darkhan-Uul aimag. But the Tax authority of Darkhan-Uul aimag reported that they didn't receive the tax payment. The difference left unresolved.

2. Fee for exploitation of mineral resources ("royalty fee")

Government accepted its misstatement by details and we have made adjustment.

3. Fee for water use

We confirmed that the company included its payment to Water economizing centre, NGO, in this item. We have adjusted it by deducting this amount in the company reporting.

Disclosure:

We sent letter requesting detailed information on March 26, 2010 and received the detailed information on March 29, 2010 and April 3, 2010. The detailed information for the parties has still difference. We sent confirmation letter on it again on April 27, 2010 and received explanation after 2 days on the phone.

Summary:

The difference of MNT 679 thousand has left unresolved. It is due to the government didn't accept the tax payment confirmed by the company.

B39. "Uuls zaamar" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|--------------------|-----------------------------------|---------------|-----------------|---------------|---------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 96,037 | 106,579 | (10,541) | - | (10,540) | 96,037 | 96,038 | (1) | |
| Corporate income tax | 12,434 | | 12,434 | | 12,435 | 12,434 | 12,435 | (1) | 1 |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 83,444 | 106,334 | (22,890) | | (22,890) | 83,444 | 83,444 | - | 2 |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 159 | | 159 | | 159 | 159 | 159 | - | 3 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | 245 | (245) | | (245) | - | - | - | |
| 2. Fees | 35,159 | 43,121 | (7,962) | 26,918 | 18,867 | 62,078 | 61,988 | 90 | |
| Fee for exploitation of mineral resources ("royalty fee") | 20,550 | 23,866 | (3,316) | 8,807 | 5,492 | 29,358 | 29,358 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources | 14,609 | 14,519 | 90 | | | 14,609 | 14,519 | 90 | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 4,736 | (4,736) | 18,111 | 13,375 | 18,111 | 18,111 | - | 5 |
| Fee for water use | | | - | | | - | - | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B39. "Uuls zaamar" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|--------------------|-----------------------------------|---------------|----------------|----------------|----------------|--------------------------------------|----------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 1,000 | (1,000) | - | (1,000) | - | - | - | 6 |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | 1,000 | (1,000) | | (1,000) | - | - | - | 6 |
| 7. Costs disbursed for protection of the environment | - | - | - | | | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 131,197 | 150,700 | (19,503) | 26,918 | 7,327 | 158,115 | 158,026 | 89 | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies 90

Payments reported by companies which exceed the corresponding receipts reported by Government Entities (1)

Net differences 89

B39. "Uuls zaamar" LLC

Brief introduction

The company locates in Orkhon aimag and operates gold mining in Zaamar soum, Tuv aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

Initially company didn't report CIT payment. During our review, we confirmed that the tax was paid by the company and made adjustment.

2. Windfall tax

The initial difference was due to the company's misstatement and was adjusted based on detailed information.

3. Tax on automobiles and self moving vehicles

Initially company didn't report any amount. During our review, we confirmed that the tax was paid by the company and made adjustment.

4. Fee for exploitation of mineral resources ("royalty fee")

The initial figures were changed by next submission from the Government. Some payment was made by Mongolrustsvetmet LLC that has a share of the company. We made adjustments accordingly.

5. Land rent fee

The government didn't report any land rental fee initially. Based on information from the company and Tax authority of Tuv aimag, it was confirmed that the company paid land rental fee and we made adjustment.

6. Donations to Governmental organisations

Funds disbursed by company in sustainable development and community relations:

The company included membership fee in its report, but it doesn't belong to sustainable development and community relations. We have adjusted deducting in the company report.

Disclosure:

We sent an official letter requesting detailed information from the company, on March 26, 2010 and received the detailed information on April 8, 2010 and April 3, 2010.

Summary:

There is no unresolved difference for this company.

B40. "Aduunchuluun" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|---------------|--------------------------------|--------------|---------------|---------------|---------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 54,058 | 47,062 | 6,996 | 5,240 | 12,236 | 59,298 | 59,298 | - | |
| Corporate income tax | 33,633 | 41,629 | (7,996) | 5240 | (2,756) | 38,873.00 | 38,873.00 | - | 1 |
| Customs tax | 14,992 | | 14,992 | - | 14,992 | 14,992.00 | 14,992.00 | - | 2 |
| Windfall tax | | | - | - | - | - | - | - | |
| Real estate tax | 2,462 | 2,462 | - | - | - | 2,462.00 | 2,462.00 | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 2,971 | 2,971 | - | - | - | 2,971.20 | 2,971.20 | - | |
| Other taxes in monetary value (1) | | | - | - | - | - | - | - | |
| Other taxes in monetary value (2) | | | - | - | - | - | - | - | |
| 2. Fees | 67,597 | 67,597 | - | - | - | 67,597 | 67,597 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 58,404 | 58,404 | - | - | - | 58,404 | 58,404 | - | |
| Licence fee for exploitation and exploration of mineral resources | 527 | 527 | - | - | - | 527 | 527 | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | 8,606 | 8,606 | - | - | - | 8,606 | 8,606 | - | |
| Fee for water use | 60 | 60 | - | - | - | 60 | 60 | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 194 | 7,120 | (6,926) | - | 194 | 194 | 7,314 | -7120 | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 7,120 | (7,120) | | - | - | 7,120 | (7,120) | 3 |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | - | - | - | - | |

B40. "Aduunchuluun" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|--------------|---------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 194 | | 194 | | 194 | 194 | 194 | - | 4 |
| 4. Dividends on state and local property | - | - | - | - | - | - | - | - | |
| Dividends on state property | - | - | - | - | - | - | - | - | |
| Dividends on local property | - | - | - | - | - | - | - | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | |
| Other | - | - | - | - | - | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | - | - | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | - | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 9500 | 9515.6 | -15.6 | 16 | - | 9516 | 9515.6 | 0.4 | |
| In kind contribution at rate of 50% to environmental special account | 1,200.0 | 1,215.6 | (16) | 16 | | 1,216.00 | 1,215.60 | 0.40 | 5 |
| Costs disbursed for protection of the environment | 8,300.0 | 8,300.0 | - | | | 8,300.00 | 8,300.00 | - | |
| Total | 131,349 | 131,295 | 54 | 5,256 | 12,430 | 136,605 | 143,725 | (7,120) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (7,120) |
| Net differences | (7,120) |

B40. "Aduunchuluun" JSC

Brief introduction

"Aduunchuluun" JSC runs its operation in Dornod aimag and was established in 1954. The company extended its operation in 1964 and had capacity of 600 thousand ton coal extraction a year. The company was privatized in 1999 and its operation is going normally. Starting from 2000, the company has increased its capacity to 1 million ton coal extraction a year and provides eastern aimags with coal. It is registered with the Tax authority of Dornod aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

The CIT payment was reported MNT 33,633.1 thousand per government reporting, MNT 41,629.3 thousand per company reporting initially. Based on detailed information, we adjusted decreasing company amount by MNT 2,756 thousand and increasing government amount by MNT 5,240 thousand.

2. Customs tax

Per government reporting, customs tax of MNT 14,993 thousand was paid. Based on detailed information from the company, difference of MNT 14,993 thousand was resolved.

3. Stamp and other charge for state registration paid to state and local administration in accordance with relevant law

The government didn't report any charges and the company reported amount of MNT 7,120 thousand initially. The difference wasn't resolved due to it was unable to confirm with the company and the government.

4. Customs service fee

The government reported customs service fee of MNT 194 thousand and the company didn't report any amount. Per detailed information, it was confirmed that the company has paid customs service fee of MNT 194 thousand. We made adjustment accordingly.

Disclosure:

We sent an official letter requesting detailed information from the company, on March 25, 2010 and received the detailed information on March 29, 2010. However, the information was not satisfactory, not in details, so, we have sent back to breakdown the amounts. Eventually, the difference was resolved after contacting several times.

Summary:

For this company, the unresolved differences are related to stamp and other charge for state registration paid to state and local administration in accordance with relevant law and other fees.

B41. "Berleg mining" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------|--------------------------------|--------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 123,633 | 2 | 123,631 | - | 123,631 | 123,633 | 123,633 | - | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | 111,843 | | 111,843 | | 111,843 | 111,843 | 111,843 | - | 1 |
| Windfall tax | 5,515 | | 5,515 | | 5,515 | 5,515 | 5,515 | - | 2 |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | 5,780 | | 5,780 | | 5,780 | 5,780 | 5,780 | - | 3 |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 495 | 2 | 493 | | 493 | 495 | 495 | - | 4 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 765 | 5 | 760 | 2,900 | 3,660 | 3,665 | 3,665 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 758 | | 758 | | 758 | 758 | 758 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | - | - | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 7 | | 7 | | 7 | 7 | 7 | - | 6 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 4 | (4) | 2,071 | 2,067 | 2,071 | 2,071 | - | 7 |
| Fee for water use | | 1 | (1) | 829 | 828 | 829 | 829 | - | 8 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | 390 | - | 390 | - | 390 | 390 | 390 | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B41. "Berleg mining" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|-----------|--------------------------------|--------------|----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | 390 | | 390 | | 390 | 390 | 390 | - | 9 |
| 4. Dividends on state and local property | - | - | - | - | - | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | - | - | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | | - | - | - | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | 10 |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | 6 | (6) | - | - | - | 6 | (6) | |
| In kind contribution at rate of 50% to environmental special account | | 3 | (3) | | - | - | 3 | (3) | 11 |
| Costs disbursed for protection of the environment | | 3 | (3) | | - | - | 3 | (3) | 12 |
| Total | 124,788 | 13 | 124,775 | 2,900 | 127,681 | 127,688 | 127,694 | (6) | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities (6)

Net differences (6)

B41. "Berleg mining" LLC

Brief introduction

"Berleg mining" LLC operates gold mining in Eruu soum, Selenge aimag, mainly starting from 2008. The company extracted 28.51 ounce gold in 2008 and registered with the Tax authority of Sukhbaatar district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Customs tax

Government reported that customs tax amounting to MNT 111,843 thousand was received. The Company submitted its report in process of our review and confirmed it.

2. Windfall tax

Government reported that windfall tax amounting to MNT 5,515 thousand was received. The Company submitted its report in process of our review and confirmed it.

3. Excise tax on imported fuel and lubricants

Government reported that excise tax amounting to MNT 5,780 thousand was received. It was match with detailed information from the company.

4. Tax on automobiles and self moving vehicles

Government reported that the tax amounting to MNT 493 thousand was received. The Company submitted its report in process of our review and confirmed it.

5. Fee for exploitation of mineral resources ("royalty fee")

Government reported that the fee amounting to MNT 758 thousand was received. The Company submitted its report in process of our review and confirmed it.

6. Licence fee for exploitation and exploration of mineral resources /in USD/

Government reported that the Licence fee amounting to USD 7 was received. The Company submitted its report in process of our review and confirmed it.

7. Land rent fee

Per government reporting, no land rental fee was reported. But company misstated initially. We confirmed that land rental fee MNT 2071.2 thousand was paid by the company to the government based on detailed information and made adjustment accordingly.

8. Fee for water use

The government didn't report any fee for water use and the company misstated the fee. We confirmed that fee of MNT 829 thousand was paid by the company to the government based on detailed information and made adjustment accordingly.

9. Customs service fee

Government reported that the tax amounting to MNT 390 thousand was received. The Company submitted its report in process of our review and confirmed it.

10. Donation from business entities to aimag

Initially, the government didn't report any donation, but the company reported donation of 200 thousand to aimag. The company accepted that donation for the year 2009 was included in 2008 report and sent us its supporting documents. We made adjustment accordingly.

11. In kind contribution at rate of 50% to environmental special account

The government didn't report any amount for this item. But Company reported amount of MNT3 million instead of 3 thousand MNT.

12. Costs disbursed for protection of the environment

The government didn't report any amount for this item. But Company reported amount of MNT3 million instead of 3 thousand MNT.

Disclosure:

Difference regarding environment protection expenditure was unable to be adjusted due to the government reporting is not consistence with accounting principles.

There is a difference generally due to government didn't include in reconciliation report the land and water use fee paid to aimag and soums. Also some differences are due to the company stated amounts in millions instead of in thousand.

The government doesn't have reconciliation for donation; however we could get reports by approaching to aimag and soums.

B42. "Talbulag trade" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|---------------|--------------------------------|---------------|--------------|---------------|---------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 92,617 | 91,750 | 867 | - | 867 | 92,617 | 92,617 | - | |
| Corporate income tax | 1,784 | 917 | 867 | | 867 | 1,784 | 1,784 | - | 1 |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 90,363 | 90,363 | - | | | 90,363 | 90,363 | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 471 | 471 | - | | | 471 | 471 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 26,495 | 38,262 | (11,767) | 11,515 | (252) | 38,010 | 38,010 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 10,676 | 15,251 | (4,575) | 4,575 | | 15,251 | 15,251 | - | |
| Licence fee for exploitation and exploration of mineral resources | 7,982 | 7,982 | 0 | | 0 | 7,982 | 7,982 | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | | | - | | | - | - | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 7,838 | 7,937 | (99) | | (100) | 7,838 | 7,838 | - | |
| Land rent | | 450 | (450) | 450 | | 450 | 450 | - | 2 |
| Fee for water use | | 6,642 | (6,642) | 6,489 | (153) | 6,489 | 6,489 | - | 3 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | 600 | (600) | - | (600) | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | 600 | (600) | | (600) | - | - | - | 4 |

B42. "Talbulag trade" JSC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|-----------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 2,500 | 2,470 | 30 | - | - | 2,500 | 2,470 | 30 | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | 2,500 | 2,470 | 30 | | | 2,500 | 2,470 | 30 | |
| Total | 121,612 | 133,082 | (11,470) | 11,515 | 15 | 133,126 | 133,096 | 30 | |

| | |
|--|-----------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 30 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | - |
| Net differences | 30 |

B42. "Talbulag trade" JSC

Brief introduction

"Talbulag trade" LLC operates gold mining in Bayan-Ovoo soum, Bayankhongor aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

Both of the parties have provided detailed information. We confirmed and made adjustment on understated amount by the company.

2. Land rent fee

The company confirmed its payment, but the government didn't give any information. We approach to the recipient, Tax authority of Bayangobi soum, Bayankhongor aimag and made adjustment.

3. Fee for water use

The company included payment to Water economizing centre in its reporting and we made adjustment. The government didn't provide any information. We confirmed MNT 6,489 thousand with the recipient, Tax authority of Bayankhongor aimag and made adjustment.

4. Service charges paid to state and local administration in accordance with relevant law

In this item, company reported service charge paid to non-government organisation. Based on detailed information from the company, we made adjustment accordingly.

Disclosure:

We send letter requesting detailed information on March 26, 2010 and received reply on April 5, 2010. For difference in detailed information, we sent confirmation letter again on April 27, 2010 and received reply after 2 days.

Summary:

Difference of MNT 30 thousand has left unresolved. It was related to environment protection expenditure and government didn't give confirmation on it.

B43. "Eltrana" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|---------------|--------------------------------|--------------|----------------|---------------|---------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 77,971 | 77,971 | - | - | - | 77,971 | 77,971 | - | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 77,013 | 77,013 | - | | | 77,013 | 77,013 | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 958 | 958 | - | | | 958 | 958 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 23,192 | 39,053 | (15,861) | 6,291 | (9,570) | 29,483 | 29,483 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 13,029 | 13,029 | - | - | | 13,029 | 13,029 | - | |
| Licence fee for exploitation and exploration of mineral resources | | 10,207 | (10,207) | | (10,207) | - | - | - | 1 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 40 | | 40 | 3 | 43 | 43 | 43 | - | 1 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 6,288 | (6,288) | 6,288 | | 6,288 | 6,288 | - | 2 |
| Fee for water use | 6,833 | 6,833 | - | | | 6,833 | 6,833 | | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 3,290 | 2,696 | 594 | | 594 | 3,290 | 3,290 | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | 2,670 | (2,670) | - | 229 | - | 2,899 | (2,899) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | 2,670 | (2,670) | | 229 | - | 2,899 | (2,899) | 3 |

B43. "Eltrana" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|--------------|-----------------|----------------|----------------|-----------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 1,650 | (1,650) | - | (1,650) | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | 1,650 | (1,650) | | (1,650) | - | - | - | 4 |
| 7. Costs disbursed for protection of the environment | 10,700 | 10,773 | (73) | 73 | - | 10,773 | 10,773 | - | |
| In kind contribution at rate of 50% to environmental special account | 10,700 | 10,773 | (73) | 73 | | 10,773 | 10,773 | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 111,863 | 132,116 | (20,253) | 6,363 | (10,991) | 118,226 | 121,125 | (2,899) | |

| | |
|--|----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (2,899) |
| Net differences | (2,899) |

B43. "Eltrana" LLC

Brief introduction

"Eltrana" LLC operates gold and silver mining in Buren soum, Tuv aimag.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Licence fee for exploitation and exploration of mineral resources

Both of two parties misstated Licence fee initially. We got detailed information from the parties and made adjustment accordingly.

2. Land rent fee

Company confirmed that paid land rental fee. It is also confirmed by recipient, Tax office of Tuv aimag. We have made adjustment.

3. Service charges paid to state and local administration in accordance with relevant law

The difference wasn't resolved due to the government didn't provide confirmation.

4. Donations to Governmental organisations

Company reported donation amounting to MNT 1,650 thousand initially. But it was not expenditure for donation per respective details.

Disclosure:

We sent letter requesting detailed information to the company on March 26, 2010 and received reply on April 2, 2010. For difference in detailed information from parties, we sent confirmation letter again on May 5, 2010 and received explanation after 6 days.

Summary:

The difference of MNT 2,899 thousand has left unresolved. It was due to the Service charges paid to state and local administration in accordance with relevant law was reported by the company, but not reported by government. The government didn't provide confirmation on it.

B44. "Uurt gold" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|---------------|--------------------------------|---------------|----------------|---------------|---------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 74,965 | 13,248 | 61,718 | 7,710 | 69,758 | 82,676 | 83,006 | (330) | |
| Corporate income tax | 1,090 | 12,648 | (11,558) | 169.2 | (11,388.8) | 1,259 | 1,259 | - | 1 |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 73,579 | | 73,579 | 7,541.2 | 81,120.5 | 81,121 | 81,121 | - | 2 |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 296 | 600 | (304) | | 26.3 | 296 | 626 | (330) | 3 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 36,746 | 70,059 | (33,313) | 28,905 | (4,408) | 65,651 | 65,651 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | 27,236 | 38,908 | (11,673) | 11,672.5 | | 38,908 | 38,908 | - | 4 |
| Licence fee for exploitation and exploration of mineral resources | 2,654 | 15,456 | (12,802) | 9,012.1 | (3,789.5) | 11,666 | 11,666 | - | 5 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 5 | | 5 | | 5.5 | 5 | 5 | - | 5 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | 8,000 | (8,000) | 8,220.0 | 220.0 | 8,220 | 8,220 | - | 6 |
| Fee for water use | 6,851 | 6,851 | - | | | 6,851 | 6,851 | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | 844 | (844) | | (844.0) | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | 212 | (212) | - | (212) | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | 212 | (212) | | (211.8) | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |

B44. "Uurt gold" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------------|--------------------------------|---------------|----------------|----------------|----------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 2,500 | (2,500) | - | (2,500) | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | 1,000 | (1,000) | | (1,000.0) | - | - | - | 7 |
| Monetary donation from business entity to soums | | 1,500 | (1,500) | | (1,500.0) | - | - | - | 7 |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | 800 | (800) | - | (800) | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | 800 | (800) | | (800.0) | - | - | - | 8 |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 111,712 | 86,819 | 24,893 | 36,615 | 61,838 | 148,327 | 148,657 | (330) | |

| | |
|--|--------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | - |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (330) |
| Net differences | (330) |

B44. "Uurt gold" LLC

Brief introduction

"Uurt Gold" LLC operates gold mining in Uvgunt area of Sergelent soum, Tuv aimag and registered with the Tax Authority of Songinokhairkhan district.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

We have made appropriate adjustment according to detailed information from the company and MTA.

2. Windfall tax

We have made appropriate adjustment according to detailed information from the company and MTA. The difference was due to the company didn't report PIT off-set amount against other tax payments and 2007 overpayment to be reported in 2008.

3. Tax on automobiles and self moving vehicles

We have made appropriate adjustment according to detailed information from the company and MTA. Remaining difference of MNT 330 thousand remained unresolved.

4. Fee for exploitation of mineral resources ("royalty fee")

Government confirmed its understated amount by detailed information. We have made adjustment accordingly.

5. Licence fee for exploitation and exploration of mineral resources

Both of the company and the government have misstated initially. We made appropriate adjustment based on detailed information received from the parties.

6. Land rent fee

We made adjustment according to detailed information received from MTA and company. But difference of MNT 8,000 thousand remained. We confirmed with Tax authority of Tuv aimag that the company paid MNT 8,000 thousand to local fund of Tuv aimag and made adjustment accordingly.

7. Donations to government organisations

The company reported donation of MNT 2,500 thousand to government organisations. However the recipient was non-government organisation and we made adjustment accordingly.

8. In kind contribution at rate of 50% to environmental special account

MOET didn't report any amount initially. But the company reported amount of MNT 4,600 thousand. The company confirmed that the difference was due to the company's misstatement.

Disclosure

We sent letter requesting detailed information to the company on March 26, 2010. And received reply on April 2, 2010. But there is still difference in detailed information and we sent a confirmation letter on April 27, 2010. We received reply on April 27, 2010. The company provides support and assistance in our reconciliation work, however, some information was insufficient.

Summary:

Difference of MNT 330 thousand remained unresolved. This difference is related to tax on automobiles and self moving vehicles.

B45. "Cold gold mongol" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|---------------|--------------------------------|---------------|----------------|---------------|---------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 96,469 | 96,469 | 0 | - | 0 | 96,469 | 96,469 | - | |
| Corporate income tax | | | - | | | - | - | - | |
| Customs tax | | | - | | | - | - | - | |
| Windfall tax | 96,248 | 96,248 | 0 | | 0 | 96,248 | 96,248 | - | |
| Real estate tax | | | - | | | - | - | - | |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 221 | 221 | - | | | 221 | 221 | - | |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 4 | 20,323 | (20,319) | 15,757 | (4,562) | 15,761 | 15,761 | - | |
| Fee for exploitation of mineral resources ("royalty fee") | | 15,757 | (15,757) | 15,757 | | 15,757 | 15,757 | - | 1 |
| Licence fee for exploitation and exploration of mineral resources | | 4,566 | (4,566) | | (4,566) | - | - | - | 2 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 4 | | 4 | | 4 | 4 | 4 | - | 2 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | | - | | | - | - | - | |
| Fee for water use | | | - | | | - | - | - | |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | | | - | | | - | - | - | |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | - | - | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | | | - | | | - | - | - | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |

B45. "Cold gold mongol" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|----------------|--------------------------------|---------------|--------------|----------------|----------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | 10,000 | (10,000) | 10,000 | - | 10,000 | 10,000 | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | 10,000 | (10,000) | 10,000 | | 10,000 | 10,000 | - | 3 |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | 4,600 | - | 4,600 | - | 4,600 | 4,600 | 4,600 | - | |
| In kind contribution at rate of 50% to environmental special account | 4,600 | | 4,600 | | 4,600 | 4,600 | 4,600 | - | 4 |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 101,073 | 126,792 | (25,719) | 25,757 | 38 | 126,830 | 126,830 | - | |

Receipts reported by Government Entities which exceed the corresponding payments reported by companies -

Payments reported by companies which exceed the corresponding receipts reported by Government Entities -

Net differences -

B45. "Cold gold Mongol" LLC

Brief introduction

"Cold Gold Mongol" LLC operates gold mining in Bumbugur soum, Bayankhongor aimag and is registered with the Capital Tax Authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Fee for exploitation of mineral resources ("royalty fee")

The company reported fee of MNT 15,757 thousand initially. But it wasn't included in the respective details. We have made appropriate adjustment based on the "Statement of Fee for exploitation of mineral resources" received from the company.

2. Licence fee for exploitation and exploration of mineral resources

The difference was due to the Government reported in USD and the company reported in MNT. We made adjustment according to details from the parties.

3. Donation for aimag

Company has given donation of MNT 10,000 thousand to Bayankhongor aimag. Bayankhongor aimag sent us a confirmation letter for the donation was received. We have made adjustment accordingly.

4. In kind contribution at rate of 50% to environmental special account

The government initially reported amount of MNT 4,600 thousand. But it wasn't included in company reporting. Based on company detailed information, we have made appropriate adjustment.

Disclosure:

We sent a letter requesting detailed information to the company on March 26, 2010 and received the detailed information by email on April 30, 2010.

The company's detailed information was received late; however, all the differences are adjusted.

Summary:

For this company, all the differences are adjusted and there is no any unresolved difference.

B46. "Ten khun" LLC

| Taxes, fees, charges paid from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|---------------|---------|--------------------------------|--------------|----------------|---------------|----------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 1. Taxes | 4,442 | - | 4,442 | 7,184 | 6,760 | 11,626 | 6,760 | 4,866 | |
| Corporate income tax | | | - | 3,248 | | 3,248 | - | 3,248 | 1 |
| Customs tax | | | - | | 2,316 | - | 2,316 | (2,316) | 2 |
| Windfall tax | | | - | | | - | - | - | |
| Real estate tax | 3,831 | | 3,831 | 3,480 | 3,831 | 7,311 | 3,831 | 3,480 | 3 |
| Excise tax on imported fuel and lubricants | | | - | | | - | - | - | |
| Tax on petrol and diesel fuel | | | - | | | - | - | - | |
| Tax on automobile and self moving vehicles | 611 | | 611 | 457 | 613 | 1,068 | 613 | 455 | 4 |
| Other taxes in monetary value (1) | | | - | | | - | - | - | |
| Other taxes in monetary value (2) | | | - | | | - | - | - | |
| 2. Fees | 95,647 | - | 95,647 | - | 130,087 | 95,647 | 130,087 | (34,440) | |
| Fee for exploitation of mineral resources ("royalty fee") | | | - | | | - | - | - | |
| Licence fee for exploitation and exploration of mineral resources | | | - | | | - | - | - | |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 6 | | 6 | | 6 | 6 | 6 | - | |
| Reimbursement of deposit, exploration of which is carried by the budget fund | | | - | | | - | - | - | |
| Land rent | | | - | | 5,960 | - | 5,960 | (5,960) | 5 |
| Fee for water use | 3,122 | | 3,122 | | 3,122 | 3,122 | 3,122 | - | 6 |
| Fee for forestry use and firewood | | | - | | | - | - | - | |
| Fee for recruiting foreign experts and workers | 92,520 | | 92,520 | | 121,000 | 92,520 | 121,000 | (28,480) | 7 |
| Fee for use of mineral resources of widespread deposit | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 3. Charges and service charges | - | - | - | | | - | 55 | (55) | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Service charges paid to state and local administration in accordance with relevant law | | | - | | | - | - | - | |
| Custom service fee | | | - | | 55 | - | 55 | (55) | |

B46. "Ten khun" LLC

| Taxes, fees, charges payed from companies to local government | Government | Company | Initial differences MNT 000 | Adjustment | | Adjusted | | Unresolved differences MNT 000 | Note |
|---|----------------|---------|--------------------------------|--------------|----------------|----------------|----------------|--------------------------------------|------|
| | | | | Government | Company | Government | Company | | |
| 4. Dividends on state and local property | - | - | - | | | - | - | - | |
| Dividends on state property | | | - | | | - | - | - | |
| Dividends on local property | | - | - | | | - | - | - | |
| 5. Other payments to recipient government | - | - | - | | | - | - | - | |
| Entitlement under Production Sharing Contract with the government | | | - | | | - | - | - | |
| Other | | | - | | | - | - | - | |
| 6. Donations to Governmental organisations | - | - | - | | | - | - | - | |
| Monetary donation from business entity to ministries and agencies | | | - | | | - | - | - | |
| Monetary donation from business entity to aimag | | | - | | | - | - | - | |
| Monetary donation from business entity to soums | | | - | | | - | - | - | |
| Monetary donation from business entity to local organisations | | | - | | | - | - | - | |
| Funds disbursed by company in sustainable development and community relations | | | - | | | - | - | - | |
| 7. Costs disbursed for protection of the environment | - | - | - | | | - | - | - | |
| In kind contribution at rate of 50% to environmental special account | | | - | | | - | - | - | |
| Costs disbursed for protection of the environment | | | - | | | - | - | - | |
| Total | 100,089 | - | 100,089 | 7,184 | 136,847 | 107,274 | 136,902 | (29,629) | |

| | |
|--|-----------------|
| Receipts reported by Government Entities which exceed the corresponding payments reported by companies | 7,182 |
| Payments reported by companies which exceed the corresponding receipts reported by Government Entities | (36,811) |
| Net differences | (29,629) |

B46. "Ten khun" LLC

Brief introduction

Ten Khun LLC, China invested company, operates gold mining in Jargalant soum, Tuv aimag. The company is registered with the Capital Tax authority.

Discrepancies between Government Receipts and Company Payments

The discrepancies between government receipts and company payments reported initially on templates, and made adjustments during the reconciliation are shown below. The detailed explanations regarding discrepancies and their adjustments are mentioned as follows:

1. Economic Business Entity Income Tax /CIT/

Both of the parties' didn't report any CIT amount initially. But details received from MTA show CIT amounting to MNT 3,248 thousand that MTA received. However no detailed information was received from the company. Therefore the difference remained unresolved.

2. Customs tax

Both of the parties' didn't report any customs tax initially. But details received from the company show customs tax amounting to MNT 2,316 thousand that the company paid. However no detailed information was received from MTA. Therefore the difference remained unresolved.

3. Real estate tax

We have made adjustments in initial reporting according to detailed information received from the parties. However, difference of MNT 3,480 thousand remained still unresolved due to the company didn't reply for our confirmation letter.

4. Tax on automobiles and self moving vehicles

We have made adjustments in initial reporting according to detailed information received from the parties. However, difference of MNT 455 thousand remained still unresolved due to the company didn't reply for our confirmation letter.

5. Land rent fee

Both of the parties' didn't report any land rental fee initially. Per detailed information, company reported land rental fee of MNT 5,960 thousand, but MTA detailed information doesn't show any land rental fee. Therefore the difference still remained unresolved.

6. Fee for water use

The government reported fee for water use of 3,122 thousand initially which tied to detailed information. Company also confirmed that amount by detailed information. We have made adjustment accordingly.

7. Fee for recruiting foreign experts and workers

For the fee, LWSA reported amount of 92,520 thousand initially which is tied to detailed information. But company reported amount of MNT 121,000 thousand per its details. We made appropriate adjustment accordingly. However, the difference of MNT 28,480 thousand remained unresolved.

Disclosure:

High amount of initial difference was due to the company didn't submit 2008 report. We sent letter requesting detailed information to the company on March 26, 2010 received the details from April 28, 2010. But there are still several differences from government reporting. We sent confirmation letter about these differences on May 5, 2010, however, the company accountant didn't reply anymore.

Summary:

Totally, difference of MNT 29,629 thousand remained unresolved. It was due to the company understated CIT, Real estate tax and overstated customs tax, land fee and fee for recruiting foreign experts and workers.

Appendix C Source of information – Government Entities

| Section | Government Entities |
|---|------------------------------------|
| Taxes | |
| Corporate income tax | MTA |
| Customs tax | MCO |
| Windfall tax | MTA |
| Real estate tax | MTA |
| Excise tax on imported fuel and lubricants | MCO |
| Tax on petrol and diesel fuel | MCO |
| Tax on automobile and self moving vehicles | MTA |
| Other taxes in monetary value (1) | MTA |
| Other taxes in monetary value (2) | MTA |
| Fees | |
| Fee for exploitation of mineral resources ("royalty fee") | MTA |
| Licence fee for exploitation and exploration of mineral resources | MRAM |
| Reimbursement of deposit, exploration of which is carried by the budget fund | MRAM |
| Land rent | MTA |
| Fee for water use | MTA |
| Fee for forestry use and firewood | MTA |
| Fee for recruiting foreign experts and workers | LWSA |
| Fee for use of mineral resources of widespread deposit | MTA |
| Other | |
| Charge, service charges | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | Local government |
| Service charges paid to state and local administration in accordance with relevant law | Local government |
| Custom service fee | MCO |
| Other | Local government |
| Dividends on state and local property | |
| Dividends on state property | MTA |
| Dividends on local property | MTA |
| Other payments to recipient governments | |
| Entitlement under Production Sharing Contract with the government | PAM |
| Other | PAM |
| Donations to Governmental organisations | |
| Monetary donation from business entity to ministries and agencies | Ministry, agency, Local government |
| Monetary donation from business entity to aimags | Local government |
| Monetary donation from business entity to soums | Local government |
| Funds disbursed by company in sustainable development and community relations | Local government |
| Other | Local government |
| Costs disbursed for protection of the environment | |
| In kind contribution at rate of 50% to environmental special account | MOET |
| Costs disbursed for protection of the environment | Own cost |

Appendix D List of Companies

Below is showing list of companies covered under Mongolia Third EITI Reconciliation and Report 2008 together with their paid amounts:

| No | Company Name | Company Registration No. | Minerals extracted | Amount paid ** |
|----|-----------------------------------|--------------------------|--------------------|----------------|
| | | | | MNT 000 |
| 1 | "Erdenet mining corporation" LLC | 2074192 | copper, molybdenum | 549,631,055 |
| 2 | "Boroo Gold" LLC | 2094533 | gold | 29,694,255 |
| 3 | "Tsairt mineral" LLC | 2548747 | zinc | 19,530,787 |
| 4 | "Tavan tolgoi" JSC | 2016656 | coal | 18,551,321 |
| 5 | "Bold tumur eruu gol" LLC | 2855119 | ore | 6,808,550 |
| 6 | "Mongolyn alt MAK" LLC | 2095025 | gold | 5,509,256 |
| 7 | "Mongolrustvetmet" LLC | 2550466 | spar | 4,555,136 |
| 8 | "Shijir alt" LLC | 2072947 | gold | 4,509,755 |
| 9 | "Chinkhua MAK nariin sukhait" LLC | 2697947 | coal | 4,246,123 |
| 10 | "Gatsuurt" LLC | 2054701 | gold | 2,549,941 |
| 11 | "Monpolimet" LLC | 2029278 | gold | 2,283,547 |
| 12 | "Engui tal" LLC | 2834421 | coal | 1,985,734 |
| 13 | "Ivanhoe mines mongolia" LLC | 2657457 | copper, molybdenum | 1,611,296 |
| 14 | "Ankhai international" LLC | 2863847 | ore | 1,323,298 |
| 15 | "Petro China dachin tamsag" LLC | 2075385 | oil | 1,408,033 |
| 16 | "Baganuur" JSC | 2008572 | coal | 1,080,642 |
| 17 | "Erdes holding" LLC | 2655772 | gold | 1,018,860 |
| 18 | "Shin shin" LLC | 2830213 | polymetal | 998,037 |
| 19 | "Mongol gazar" LLC | 2027615 | gold | 908,730 |
| 20 | "Jump" LLC | 2081547 | gold | 818,707 |
| 21 | "Urmun Uul" LLC | 2617749 | gold | 784,156 |
| 22 | "Shanlun" LLC | 2784904 | zinc, tin | 750,419 |
| 23 | "Gobi coal and energy" LLC | 2862468 | coal | 615,598 |
| 24 | "Shivee ovoo" LLC | 2004879 | coal | 456,968 |
| 25 | "Shariin gol" JSC | 2050374 | coal | 444,189 |
| 26 | "Khan shijir" LLC | 2608758 | gold | 403,665 |
| 27 | "Sonor trade" LLC | 2590565 | gold | 366,893 |
| 28 | "Mongol alt" JSC | 2024101 | gold | 233,455 |
| 29 | "Tun sin" LLC | 2867699 | ore | 211,067 |
| 30 | "Mongol tsamkhag" LLC | 2848317 | gold | 203,032 |

Appendix D - cont.

| No | Company Name | Company Registration No. | Minerals extracted | Amount paid ** |
|----|------------------------|--------------------------|-------------------------------|--------------------|
| | | | | MNT 000 |
| 31 | "AUM" LLC | 5056721 | gold | 195,411 |
| 32 | "Khunanjinlen" LLC | 2881934 | gold | 189,560 |
| 33 | "Adamas mining" LLC | 2672146 | gold, aluminium /exploration/ | 182,316 |
| 34 | "Zuriin bulan" LLC | 2854384 | gold | 158,744 |
| 35 | "Dazan trade" LLC | 2061848 | gold, aluminium | 156,853 |
| 36 | "Erel" LLC | 2027194 | gold | 150,801 |
| 37 | "Tethys mining" LLC | 2807459 | gold /exploration/ | 138,584 |
| 38 | "Shijir talst" LLC | 2770601 | gold | 136,493 |
| 39 | "Uuls zaamar" LLC | 2819996 | gold | 131,197 |
| 40 | "Aduunchuluun" JSC | 2011239 | coal | 131,350 |
| 41 | "Berleg mining" LLC | 5007127 | gold | 124,788 |
| 42 | "Talbulag trade" LLC | 2614065 | gold | 121,612 |
| 43 | "Eltrana" LLC | 5058295 | gold, aluminium | 111,863 |
| 44 | "Uurt gold" LLC | 2766868 | gold | 111,712 |
| 45 | "Cold gold mongol" LLC | 2571498 | gold | 101,073 |
| 46 | "Ten khun" LLC | 2839717 | gold | 100,089 |
| | | | | 665,734,951 |

** As reported in the initial templates submitted by the Government Entities
 Source: EITI Mongolia

Appendix E Letters of Representation from companies

During our audit, we have requested from the management of each company to provide us a letter of representative, text of which is included in Appendix. Replies were received as follow:

| Company Name | Letter received | Company Name | Letter received |
|-----------------------------------|-----------------|------------------------|-----------------|
| "Erdenet Mining Corporation" LLC | Yes | "Shivee ovoo" LLC | No |
| "Boroo Gold" LLC | Yes | "Shariin gol" JSC | No |
| "Tsairt mineral" LLC | Yes | "Khan shijir" LLC | Yes |
| "Tavan tolgoi" JSC | No | "Sonor trade" LLC | No |
| "Bold tumur eruu gol" LLC | No | "Mongol alt" JSC | No |
| "Mongolyn alt MAK" LLC | No | "Tun sin" LLC | No |
| "Mongolrustvetmet" LLC | Yes | "Mongol tsamkhag" LLC | No |
| "Shijir alt" LLC | Yes | "AUM" LLC | Yes |
| "Chinkhua MAK nariin sukhait" LLC | No | "Khunanjinlen" LLC | No |
| "Gatsuurt" JSC | Yes | "Adamas mining" LLC | No |
| "Monpolimet" LLC | Yes | "Zuriin bulan" LLC | No |
| "Engui tal" LLC | No | "Dazan trade" LLC | Yes |
| "Ivanhoe Mines Mongolia" Ltd | No | "Erel" LLC | No |
| "Ankhai international" LLC | No | "Tethys mining" LLC | No |
| "Petro China dachin tamsag" LLC | Yes | "Shijir talst" LLC | No |
| "Baganuur" JSC | No | "Uuls zaamar" LLC | No |
| "Erdes holding" LLC | No | "Aduunchuluun" JSC | Yes |
| "Shin shin" LLC | No | "Berleg mining" LLC | Yes |
| "Mongol gazar" LLC | No | "Talbulag trade" JSC | Yes |
| "Jump" LLC | Yes | "Eltrana" LLC | Yes |
| "Urmun Uul" LLC | No | "Uurt gold" LLC | No |
| "Shanlun" LLC | Yes | "Cold gold mongol" LLC | No |
| "Gobi coal and energy" LLC | No | "Ten khun" LLC | Yes |

Out of 46 companies, 18 companies have replied and remaining 28 companies have not replied.

The text of the letter of representation which companies were requested to sign is as follows:

Ref:

[DATE]

To the Consortium of

Hart Nurse Ltd
The Old Coach House, Southern Road,
Thame, Oxfordshire OX9 2ED
England
Tele: ++44 1844 21 88 36
Email: coordinator@hart-group.com
Website: www.hart-group.com / www.hart-group-eiti.co.uk

Ulaanbaatar Audit LLC
“Margad Centre” Building,
5th Khoroo, Chingeltei District
Ulaanbaatar city, Mongolia
Tele: 976-11-321844, 329430, 70110744
Fax: 976-11-321844
E-mail: ubaudit_corp@mongol.net
Website: www.ulaanbaatar-audit.mn

Dear Ladies and Sirs,

MONGOLIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE: Reconciliation report 2008

In connection with an audit being undertaken for the Mongolia EITI Reconciliation Report - 2008, we are declaring with full responsibilities that to the best of our knowledge and belief:

1. We have fully declared in the templates returned to the Mongolia EITI office/ Ministry of Finance all the financial amounts paid and/or received by us, which were required to be reported under these templates for the year of 2008 and there were no other direct or indirect flows which should have been reported.
2. The financial amounts in the template are consistent with the audited accounts of the company, based on international standards and a relevant audit report of our consolidated financial statements for 2008 verified by audit firmis attached.
3. No payment was made by the company to any official of the Government of Mongolia including aimags and soums, or of agencies thereof, aimed at securing benefits for the company
4. After making appropriate enquiry, no payment was made by any third party to any of the relevant agencies of the Government of Mongolia including aimags & soums or officials thereof on behalf of the company that would have been required to be disclosed to you had it been made by the company itself.

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,

[NAME]

On behalf of the Board of Directors

Appendix F List of people we met

During the audit, we have met and discussed with the following people:

| Names | Ministry, agency and other organisation | Position | Date |
|----------------|---|--|---------------------------|
| Purvee YA. | MTA | Chairman of the Special Controlling Unit | 2010.04.10 |
| Oyunchimeg | MTA | Specialist of the Special Controlling Unit | 2010.04.10 |
| Ulziibat M. | MCO | Chairman of Department of Finance and Economics | 2010.04.07 and 2010.04.22 |
| Irina | MCO | General accountant | 2010.04.07 |
| Enkhbat D. | MOET | Chairman of Environmental Resource | 2010.04.07 |
| Erdenetsetseg | MOET | Specialist of Environmental Resource | 2010.04.07 |
| Altanchimeg D. | "Erel" LLC | Chairman of Finance and Economics Department, General accountant | 2010.04.08 |
| Myagmardash | Ministry of Finance | Chairman of the accounting department | 2010.04.12 |
| Gansukh | LWSA | Specialist | 2010.04.12 |
| Dondog L. | MAINS | President | 2010.04.12 |
| Dolgor B. | GOM | Senior consultant of Prime Minister | 2010.04.13 |
| Sumya E. | GOM | Senior Referent of GOM | 2010.04.13 |
| Tsogbaatar | "Erdenet mining corporation" LLC | Chairman of the representative office | 2010.04.14 |
| | "Mongol gazar" LLC | Executive director | 2010.04.14 |
| | "Mongol tsamkhag" LLC | | 2010.04.14 |
| Tseveenjav D. | MCO | Chairman of the MCO | 2010.04.22 |
| Tungalag U. | MCO | State receipt accountant | 2010.04.22 |

Appendix G Covered Entities

The Covered Entities for the MEITI 2008 reconciliation are the Companies listed in Appendix D and the Government Entities listed below:-

| | |
|---|---|
| a. Government Entities | 10. Altai soum Gobi-Altai aimag |
| 1. Ministry of Finance of Mongolia | 11. Delger soum Gobi-Altai aimag |
| 2. Mongolian Tax Authority | 12. Bugat soum Gobi-Altai aimag |
| 3. Mongolian Customs Office | 13. Jargalant soum Gobi-Altai aimag |
| 4. Environment Department | 14. Tugrug soum Gobi-Altai aimag |
| 5. Finance and Economic Department | 17. Khongor soum Darkhan-Uul aimag |
| 6. Petroleum Authority of Mongolia | 18. Shariin gol soum Darkhan-Uul aimag |
| 7. Labour and Social Welfare Agency | 19. Airag soum Dornogobi aimag |
| 8. State Property Committee of Mongolia | 20. Ikh-khet soum Dornogobi aimag |
| | 21. Mandakh soum Dornogobi aimag |
| b. Districts | 22. Saikhan-dulaan soum Dornogobi aimag |
| 1. Capital | 23. Urgan soum Dornogobi aimag |
| 2. Baganuur district | 24. Bayandun soum Dornod aimag |
| 3. Bayanzurkh district | 25. Dashbalbar soum Dornod aimag |
| 4. Sukhbaatar district | 26. Matad soum Dornod aimag |
| 5. Songinokhairkhan district | 27. Sergelen soum Dornod aimag |
| 6. Khan Uul | 28. Choibalsan soum Dornod aimag |
| | 29. Bayanjargalan soum Dundgobi aimag |
| c. Aimag | 30. Delgerkhantai soum Dundgobi aimag |
| 1. Arkhangai | 31. Nomrog soum Zakhan aimag |
| 2. Bayan-Ulgii | 32. Bat-Ulzii soum Uvurkhantai aimag |
| 3. Bayankhongor | 33. Uyanga soum Uvurkhantai aimag |
| 4. Bulgan | 34. Bayan-Ovoo soum Umnugobi aimag |
| 5. Govi-Altai | 35. Manlai soum Umnugobi aimag |
| 6. Darkhan-Uul | 36. Khanbogd soum Umnugobi aimag |
| 7. Dornogovi | 37. Tsogt-tsetsii soum Umnugobi aimag |
| 8. Dornod | 38. Gurvan tes soum Umnugobi aimag |
| 9. Dundgovi | 39. Noyon soum Umnugobi aimag |
| 10. Zavkhan | 40. Sevrei soum Umnugobi aimag |
| 11. Orkhon | 41. Asgat soum Sukhbaatar aimag |
| 12. Uvurkhantai | 42. Sukhbaatar soum Sukhbaatar aimag |
| 13. Umnugovi | 43. Khuder soum Selenge aimag |
| 14. Sukhbaatar | 44. Eruu soum Selenge aimag |
| 15. Selenge | 45. Shaamar soum Selenge aimag |
| 16. Tuv | 46. Dulaankhan soum Selenge aimag |
| 17. Uvs | 47. Bayangol soum Selenge aimag |
| 18. Khentii | 48. Tunkhel soum Selenge aimag |
| | 49. Mandal soum Selenge aimag |
| d. Soum | 50. Zaamar soum Tuv aimag |
| 1. Bulgan soum Arkhangai aimag | 51. Bayanjargalan soum Tuv aimag |
| 2. Nogoon nuur soum Bayan-Ulgii aimag | 52. Tarialan soum Uvs aimag |
| 3. Shinejinst soum Bayanhongor aimag | 53. Darkhan soum Khentii aimag |
| 4. Bayan-Ovoo soum Bayanhongor aimag | 54. Bayanjargalan soum Khentii aimag |
| 5. Bumberur soum Bayanhongor aimag | 55. Bor-Undur soum Khentii aimag |
| 6. Galuut soum Bayanhongor aimag | 56. Berkh soum Khentii aimag |
| 7. Zag soum Bayanhongor aimag | 57. Murun soum Khentii aimag |
| 8. Buregkhantai soum Bulgan aimag | |
| 9. Biger soum Gobi-Altai aimag | |

Appendix H Covered entities' contact information

A. Company management

| # | Companies | Fax number | Company management | | | Mining and exploration area location |
|----|-----------------------------------|----------------|--------------------------|----------------------------|--|---------------------------------------|
| | | | Name of General Director | Name and mobile number | Office telephone & e-mail | |
| 1 | "Erdenet mining corporation" LLC | 01352-23002 | Ganzorig Ch. | Khandsuren Kh. 0135273512, | 01352-73501 | Orkhon aimag |
| 2 | "Boroo Gold" LLC | 316100 | Paul Carli | Bat-Erdene | 317798 /1006/ | Selenge aimag |
| 3 | "Tsairt mineral" LLC | 326900 | Jan Shili | Batkhuu 99277742, | 01512-22121, 325342 | Sukhbaatar and Dornogovi aimags |
| 4 | "Tavan tolgoi" JSC | (0153 22) 2550 | Tumenbayar | Surenkhishig 99009493 | 01532-26519 | Umnugovi aimag |
| 5 | "Bold tumur eruu gol" LLC | 330053 | Delgersaikhan B. | Oyungerel 99081199 | | Selenge aimag |
| 6 | "Mongolyn alt MAK" LLC | 458075 | Nyamtaishair R. | Bilegsaikhan A. 99091017 | 455882, 455338, 455352 (finance) | Umnugovi aimag |
| 7 | "Mongolrustvetmet" LLC | 458380 | Erdenee O. | Khulan 99168029 | 450060, 458082, 458521, 458430 | Khentii aimag |
| 8 | "Shijir alt" LLC | 453521 | Lkhavgasuren Ts. | Strokova A.M | 454337, 450434 (finance) | Tuv aimag |
| 9 | "Chinkhua MAK nariin sukhait" LLC | 353128 | Ju Sui Shan | Munkhbold 99081292 | 352256, 353128 | Umnugovi aimag |
| 10 | "Gatsuurt" LLC | 631711 | Chinbat L. | Bayartugs 99091145 | 633357, 634123 (finance) | Uvurkhangai aimag |
| 11 | "Monpolimet" LLC | 311633 | Garamjav Ts. | Munkhzaya N. | 313137, 312108 (finance) | Tuv and Bulgan aimags |
| 12 | "Engui tal" LLC | 70113441 | Enkhtaivan S. | Lkhagvasuren 91012199 | 70113441 | Bayankhongor aimag |
| 13 | "Ivanhoe mines mongolia" LLC | 331890 | John Mackey | Badamkhand | 331880,331780 (finance) 3682 | Umnugovi aimag |
| 14 | "Ankhai international" LLC | 461757 | Li Jin Zuni | Pilmaa Kh. | 461757 | Tuv aimag |
| 15 | "Petro China dachin tamsag" LLC | 463568 | Mergensod Ts. | Bolormaa 99104448 | 463567 | Dornod aimag |
| 16 | "Baganuur" JSC | 21130 | Dambapeljee D. | Batzorig 99025859, | 0121-2010 | Baganuur district |
| 17 | "Erdes holding" LLC | 331102 | Batkhisig R. | Nansalmaa L. | 331107 | Khuder soum of Selenge aimag |
| 18 | "Shin shin" LLC | 70110158 | Jargalsaikhan T. | Dolgormaa | 99057097 | Dashbalbar soum of Dornod aimag |
| 19 | Mongol gazar" LLC | 681226 | Myanganbayar Ts. | | 681226 | |
| 20 | "Jump" LLC | 320157 | Tserendavaa L. | Tsolmon P. 99009927 | 313185 | Dornod aimag |
| 21 | "Urmun Uul" LLC | 70130088 | Oyunbileg Ts. | Munkhnasan 99177889 | gerle-27@yahoo.com | Tuv and Bulgan aimags |
| 22 | "Shanlun" LLC | 682663 | Van Jin Khua | Otgonchimeg D. 99081490 | 682328 | Choibalsan soum of Dornod aimag |
| 23 | "Gobi coal and energy" LLC | 330829 | Uranbileg D. | | 330828 | Chandmani soum of Govi-Altai aimag |
| 24 | "Shivee ovoo" LLC | 310839 | Baldandorj Kh. | 96661806 | | Shivee ovoo soum of Govisumber aimag |
| 25 | "Shariin gol" JSC | By | Batmunkh Kh. | Davaasuren 99068307 | Davaasuren L@yahoo.com | Shariin gol soum of Darkhan-Uul aimag |
| 26 | "Khan shijir" LLC | 354490 | Dovjid B. | Munkhzaya N. | 99119650 | Bumbugur soum of Bayankhongor aimag |
| 27 | "Sonor trade" LLC | 311029 | Enkbold B. | Oyunchimeg B. 88085224 | sonor@magicnet.mn | Bayangol soum of Selenge aimag |

A. Company management

| # | Companies | Fax number | Company management | | | Mining and exploration area location |
|----|------------------------|-------------|--------------------------|----------------------------|--|---------------------------------------|
| | | | Name of General Director | Name and mobile number | Office telephone & e-mail | |
| 28 | "Mongol alt" JSC | 323424 | Munkhtur J. | Myagmaa J. 99081267 | 323424 myagmaa_j@yahoo.com | |
| 29 | "Tun sin" LLC | 70110689 | Lu Chin | Battsetseg D. | 99005718, 99005286 | Darkhan soum of Khentii aimag |
| 30 | "Mongol tsamkhag" LLC | 681226 | Myanganbayar Ts. | Baigalimaa | 681226 | |
| 31 | "AUM" LLC | 70181143 | Erdenedalai D. | Munkhbaatar S. 99019067 | 70181143 | Uvurkhangai aimag |
| 32 | "Khunanjinlen" LLC | 70117366 | Sharavsambuu D. | Minjmaa 99199610 | 331370 (finance) | Selenge aimag |
| 33 | "Adamas mining" LLC | 462415 | Nomuundari Z. | Bolormaa 99080558 | 462130(finance) | Tuv, Dornod, Sukhbaatar and Khentii |
| 34 | "Zuriin bulan" LLC | 70117366 | Sukhgerel D. | Minjmaa 99199610 | 331370(finance) | Darkhan-Uul aimag |
| 35 | "Dazan trade" LLC | 310897 | Bayanbat D. | Munkhjargal 99092083 | 326025 | Uvs aimag |
| 36 | "Erel" LLC | 341739 | Javkhlan E. | Altanchimeg 99118349 | | Tuv, Darkhan-Uul and Dornogovi aimags |
| 37 | "Tethys mining" LLC | 330280 | Fabio Massoty | Narmandakh 99004569 | 330281,330278 | Khentii aimag |
| 38 | "Shijir talst" LLC | 99094925 | Amar Ts. | 99092470 | mn_02@ymail.com | Bayangol soum of Selenge aimag |
| 39 | "Uuls zaamar" LLC | 01352-28850 | | Densmaa 99352247 | 01352-28850, 99352247 | Orkhon aimag |
| 40 | "Aduunchuluun" JSC | 50021392 | Shatar B. | Enkhbaatar D. 99582892 | 50021392 | Dornod aimag |
| 41 | "Berleg mining" LLC | 325446 | Gerrit Bazuin | Nyambayar M. 99085425 | 329857 | Selenge aimag |
| 42 | "Talbulag trade" LLC | 70111774 | Munkhjargal J. | 99118003 | 70111774 | Bayan-Ovoo soum of Bayankhongor aimag |
| 43 | "Eltrana" LLC | 325524 | Alexandar B. | Munkhtuya B. | 320230/310552 | Buren soum of Tuv aimag |
| 44 | "Uurt gold" LLC | 50014444 | Bayasgalan D. | Tsagaagch 99092384 | | Sergelen soum of Tuv aimag |
| 45 | "Cold gold mongol" LLC | 631311 | Walter | Battulga 99010141 | 631311 | Bumbugur soum of Bayankhongor aimag |
| 46 | "Ten khun" LLC | 362073 | Je le | Ulzijargal A. | 305839 | Jargalant soum of Tuv aimag |

B. Ministries and agencies

| # | Ministries and agencies | Position | Names | Telephone, fax and mobiles | |
|---|-------------------------|---|---------------|----------------------------|--------------------|
| | | | | Room number | Mobiles |
| 1 | MTA | Chairman | Oyunbaatar.Ts | | |
| | | Chairman of controlling department | Purvee.Ya | 312327 | 99166696 |
| | | Specialist | Oyunchimeg | 312327 | 99088740 |
| 2 | MCO | Chairman Finance and Economic Committee | Ulziibat.M | 350055 | 93099933, 96661269 |
| | | General accountant | Irina | 350063 | 99187616 |
| | | Tax accountant | Enkhtuya | 352775 | |
| | | Accountant | Orkhontuul | 353541 | 99156611 |
| 3 | MOET | Chairman of Natural Resource Department /NRD/ | Enkhbat.D | 264166 | 99135446 |
| | | NRD Specialist | Erdenetsetseg | 266426 | 99824971 |
| 4 | MRAM | Specialist of Cadastre Department | Ariunbold | 263620 | 99077335 |
| | | Chairman of Geology department | Borchuluun.U | 263752 | |
| | | Specialist of Mining, Research Department | Sansardarimaa | 263705 | |
| 5 | PAM | Chairman of Investment Controlling Department | Oyunaa | 631208 | 98089008 |
| 6 | LWSA | Chairman of the LWSA | Gankhuyag | 263395 | |
| | | Specialist | Gansukh | 260363 | |

C. Tax authorities of local governments

| # | Aimag | Position | Names | Telephone, fax and mobiles | | |
|----|---------------------------|---------------------------|--------------------------|----------------------------|-------------|------------------------------|
| | | | | Room number | Fax | Mobiles |
| 1 | Bayan-Ulgii aimag | Chairman of tax authority | Nurgaiw.K | | | 99429150 |
| 2 | Bayankhongor aimag | Chairman of tax authority | Munkhbat.J | | 01442-22924 | 99442055, 99447484, 93073088 |
| 3 | Govi-Altai aimag | Chairman of tax authority | Munkhbold.B | 01482-23322 | 01482-24549 | 99215885 |
| 4 | Darkhan-Uul aimag | Chairman of tax authority | Davaasuren | 01372-37388 | 01372-37388 | 99990083 |
| 5 | Dornogovi aimag | Chairman of tax authority | Mart.G | 01522-22289 | 01522-22289 | 99174008 |
| 6 | Dornod aimag | Chairman of tax authority | Tsevelsuren | 01582-23037 | 01582-23037 | 99589290 |
| 7 | Dundgovi aimag | Chairman of tax authority | Tuyatsetseg | 01592-24212 | 01592-23033 | 99085499 |
| 8 | Zavkhan aimag | Chairman of tax authority | Batsaikhan | | 01462-21120 | 99469685 |
| 9 | Uvurkhangai aimag | Chairman of tax authority | Altantsetseg | 01322-22425 | 01322-23431 | 99329363 |
| 10 | Orkhon aimag | Chairman of tax authority | Erdenebileg.J | 01352-21803 | 01352-21803 | 99092951 |
| 11 | Sukhbaatar aimag | Chairman of tax authority | Dorjpurev | 01512-21484 | 01512-21030 | 99089588 |
| 12 | Selenge aimag | Chairman of tax authority | Otgonbayar | 01362-22363 | 01362-22363 | 99499273 |
| 13 | Tuv aimag | Chairman of tax authority | Adayasuren | 01272-23869 | 01272-22067 | 99769308, 98089094, 99309094 |
| 14 | Khentii aimag | Chairman of tax authority | Battungalag | 01562-22545 | 01562-22545 | 88017005 |
| 15 | Umnugovi aimag | Chairman of tax authority | Ulambayar.N | | 01532-23265 | 99532066 |
| 16 | Uvs aimag | Chairman of tax authority | Sharavkhuu | | 01452-23822 | 99452288 |
| 17 | Songinokharikhan district | Inspector | Batsaikhan, Doljinsuren | 633231 | 633249 | 88009485 |
| 18 | Khan-Uul district | Inspector | Ouynbileg, Chaminchuluun | 70130047 | | 93095319 |
| 19 | Capital | Land department | Dashtsetseg | | | 91111996 |

D. Local government organizations those received donations from the companies

| Corresponding number | Companies | Mining area located local governments | | | |
|----------------------|----------------------------------|---------------------------------------|---|------------------------|---|
| | | Aimags | Soums | Names of the governors | Telephone and fax numbers |
| 1 | "Erdenet mining corporation" LLC | Orkhon aimag | Tuv aimag | Oyunbat.D | 01352-22621 |
| 2 | "Boroo Gold" LLC | Selenge aimag | Tuv aimag | Erdenebat.J | 01362-22223 |
| | | Selenge aimag | Mandal | Tseepildorj.V | 99097018 |
| | | Selenge aimag | Bayangol | Enkhbat.V | 98115258 |
| | | Selenge aimag | Tunkhel | Radnaabazar | 98091682 |
| | | Darkhan-Uul aimag | Hospital | Bayasgalan | 01372-34303 |
| | | Darkhan-Uul aimag | Children Care Centre of Tuv aimag | Batbayar.G | 01372-23275 |
| | | Selenge aimag | Tunkhel | Radnaabazar | 98091682 |
| 3 | "Tsairt mineral" LLC | Sukhbaatar aimag | Tuv aimag | Batsuuri.J | Sent c/o Damdindorj Chairman |
| | | Sukhbaatar aimag | Sukhbaatar aimag | Erdene.Ts | Sent c/o Damdindorj Chairman |
| | | Sukhbaatar aimag | Asgat | Damdindorj | Өөрт нь өгсөн |
| | | Sukhbaatar aimag | Hospital | Munkhzul | Sent c/o Damdindorj Chairman |
| | | Sukhbaatar aimag | Tuv aimag | | Sent c/o Damdindorj Chairman |
| | | Sukhbaatar aimag | Elder's Committee | | Sent c/o Damdindorj Chairman |
| | | Dornogovi aimag | Tuv aimag | Gankhuyag.P | 01522-22288, 01522-22533, 01522-22330 |
| | | Capital | State Philoramony | | 325553 |
| | | Dornogovi aimag | Urgun | Purewkhuu.S | 025248-4052 |
| 4 | "Tavan tolgoi" JSC | Umnugovi aimag | | Badraa.B | 01532-22111 |
| | | Umnugovi aimag | 24 th Kindergarden | Tsermaa.N | 01532-23840 |
| | | Umnugovi aimag | 11 th Kindergarden | Nasanbayar.B | 01532-22011 |
| | | Umnugovi aimag | 3 rd Secondary School of Dalanzadgad | Narantsetseg.Kh | |
| | | Umnugovi aimag | RMC | Myadagsuren.D | 01532-23704 |
| | | Umnugovi aimag | Policy department | Otgonbat.Ts | 01532-23321,01532-22516 |
| | | Umnugovi aimag | Children Care Centre of Tuv aimag | Narantsetseg.B | 01532-22105 |
| | | Umnugovi aimag | Tsogtsetsii soum | Zorigtbaatar | 01532-2211, 99042795 |
| | | Umnugovi aimag | Common service centre | Sarantuya.L | 01532-23489 |
| 5 | "Bold tumur eruu gol" LLC LLC | Selenge aimag | Sport Committee | Battulga | Visited on field trip |
| | | Selenge aimag | Eruu | Sergelen.B | Visited on field trip |
| | | Selenge aimag | Shaamar | Byambasuren.D | Visited on field trip |
| | | Selenge aimag | Dulaankhaan | | Visited on field trip |
| | | Selenge aimag | Bugant | Oyuntsetseg | 01362-108 |
| | | Capital | MRAM | Batkhuuyag | |
| 6 | "Mongolyn alt MAK" LLC | Dornod aimag аймаг | Bayantumen | Sumaya.G | 1582-23530, 99589540 |
| | | Dundgovi aimag аймаг | Delgerkhantai | Ulziijargal.Z | 99073710 |
| | | Govi-Altai aimag аймаг | Tseel | Batbayar.Ts | мэйл хаягаар өгсөн мэйл хаяг bnyantai@yahoo.com, 99763142 |
| | | Bayankhongor aimag аймаг | Zag | Batbayar.M | 01442-26516 |

D. Local government organizations those received donations from the companies

| Corresponding number | Companies | Mining area located local governments | | | |
|----------------------|------------------------------------|---|--|--------------------------------|---------------------------|
| | | Aimags | Soums | Names of the governors | Telephone and fax numbers |
| | | Dundgovi aimag аймаг | Bayanjargalan | Tuya.G | 96961696 |
| | | Dornogovi aimag аймаг | Dalanjargalan | Myagmardorj.G | 025243-4180,99276317 |
| | | Dornogovi aimag аймаг | Mandakh | Otgonbayar.N | 01522-26503 |
| | | Богд хан уулын дархан цаазат газар | Ullaanbaatar city | | 342137 |
| | | Dornogovi aimag | Customs Office of Airag soum | Байцаагч Narantuuya | 96675110,0252-41-4321 |
| 7 | "Mongolrustvetmet" LLC | Khentii aimag | | Erdenebaatar.Ch | 01562-23891 |
| | | Orkhon aimag | | Oyunbat.D | 01352-22621 |
| | | Dornogovi aimag | | Орлогч Chairman Bayarsaikhan.E | 01522-22533, 01522-22330 |
| | | Capital | 55th Secondary School of Bayanzurkh district | Ariunbold | 480582 |
| | | Capital | 22nd Khoroo of Bayanzurkh district | Davaajav.U | 458254 |
| | | Capital | 22nd Kindergarden of Bayanzurkh district | Alгаа.S | 452624 |
| | | Capital | Elder's Committee | Bold.M | 322170 |
| | | Capital | Police department | Baatarjaw.S | 70121002 |
| | | Capital | МУИС | Davaa.S | 320668 |
| | | Tuv aimag | Bayanjargalan | Batmunkh | |
| | | Tuv aimag | Zaamar | Bolormaa.D | 127583199 |
| | | Khentii aimag | Bor-Undur | Battulga.M | 015651-21663 |
| 8 | "Shijir alt" LLC | Bulgan aimag | Tuv aimagд | Oyunbat.M | 01342-22250 |
| | | Булган | Buregkhangai | Baatar.M | 98885212 |
| 9 | ""Chinkhua MAK nariin sukhait" LLC | Umnugovi aimag | Governor office | Badraa.B | 01532-22111 |
| | | | Gurvantes soum, Border Army No.0166 | Mendsaikhan.B | 811410 |
| | | | Gurvantes | Battokhtokh.O | 015344-2222 |
| | | | Noyon | Badamjunai | |
| | | | Sevrei | Chultem.B | 812122 |
| 10 | "Gatsuurt" LLC | Төр засгийн Үйлчилгээ, аж ахуй эрхлэх газар | Chairman | Losol.B | 324024 |
| | | МҮХАҮТанхим | Ullaanbaatar city | Demberel.S | 324620 |
| | | Богд хан уулын дархан цаазат газар | Ullaanbaatar city | | 342137 |
| 12 | "Engui tal" LLC | Sukhbaatar aimag | Ongon | Bor.S | - |

D. Local government organizations those received donations from the companies

| Corresponding number | Companies | Mining area located local governments | | | |
|----------------------|---------------------------------|---------------------------------------|-------------------------------|------------------------|--|
| | | Aimags | Soums | Names of the governors | Telephone and fax numbers |
| | | Bayankhongor aimag | Shinejinst | Byambatogoo.O | 01442-26522 |
| 13 | "Ivanhoe mines mongolia" LLC | Umnugovi aimag | Governor office | | 01532-22111 |
| | | Umnugovi aimag | Hospital | Bayarjargal.Ch | 01532-23434 |
| | | Umnugovi aimag | Education department | Batbileg | 01532-23283 |
| | | Umnugovi aimag | Khanbogd | Dendevsamba.B | 015351-107 |
| | | Umnugovi aimag | Bayan-Ovoo | Batbold.Kh | tsogbadrakho@yahoo.com |
| | | Umnugovi aimag | Manlai | Suger.Kh | tanhilaa85@yahoo.com |
| | | 14 | "Ankhai international" LLC | Tuv aimag | Bayanjargalan | Butmunkh.D | мейлээр |
| 15 | "Petro China dachin tamsag" LLC | Баян зүрх дүүрэг 2-р хоро | Ullaanbaatar city | Davaakhuu.S | 267090 |
| | | Dornod aimag | Choibalsan | Ariunbold.Ts | 01582-21608 |
| | | Dornod aimag | Matad | Narantsetseg.Ts | hatagin_hatagina@yahoo.com |
| | | Dornod aimag | Tuv aimagd | Janlav.Ts | 01582-21608 |
| | | Газрын тосны газар | Ullaanbaatar city | Amarsaikhan.D | 267090 |
| 16 | "Baganuur" JSC | Capital | Baganuur district | Sandag-Ochir.D | 0121-21075 |
| 17 | "Erdes holding" LLC | Selenge aimagаймар | Khuder | Baatarjav.Ch | 013542-121 |
| | | Selenge aimagаймар | Police department | Batsaikhan | 01362-102 |
| 18 | "Shin shin" LLC | Dornod aimagаймар | Serelen | Gurragchaa.N | |
| 19 | "Mongol gazar" LLC | Uvurkhangai aimag | Uyanga | Davgadorj.Z | 01325-62201 |
| 18 | "Urmun-Uul" LLC | Булган | Buregkhangai | Baatar | 01342-22250 |
| 22 | "Shanlun" LLC | Dornod aimagаймар | Tuv aimag | Janlav.Ts | 01582-21608 |
| | | Dornod aimagаймар | Choibalsan | Ariunbold.Ts | 01582-21019 |
| 23 | "Gobi coal and energy" LLC | Bayankhongor aimag | School director | Lhagvaa.B | 01442-22262 |
| | | Bayankhongor aimagаймар ЗДТГ | Bayankhongor aimag | Amartuvshin.A | 01442-23206 |
| | | Bayankhongor aimagаймар | Developmetn Policy Department | Oyunchimeg.Ch | 014442-23206, 99449460 |
| | | Govi-Altai aimag аймар | Govi-Altai aimag | Byambajav.N | 01482-23360 |
| | | Govi-Altai aimag | Jargalant | Gotov.V | 01482-23360 |
| | | Govi-Altai aimag | Chandmani | Radnaased.B | 01482-23360 |
| | | Govi-Altai aimag | Khaliun | Ochir.Ts | 01482-23360 |
| | | Govi-Altai aimag | Tugrug | Ganbuyan.J | 01482-23360 |
| | | Govi-Altai aimag | Biger | Narangerel.B | 01482-23360 |
| | | Bayankhongor aimag | Shinejinst | Byambatogoo.O | 01442-26522 |
| | | Dundgovi aimag | Delgerkhangai | Ulzijargal.Z | 99073710 |

D. Local government organizations those received donations from the companies

| Corresponding number | Companies | Mining area located local governments | | | |
|----------------------|--------------------------|---------------------------------------|-----------------|------------------------|--|
| | | Aimags | Soums | Names of the governors | Telephone and fax numbers |
| | | Bayankhongor аймаг | NRD | | 01442-23206 |
| 25 | "Шарын гол" ХК | Darkhan-Uul аймаг | Shariin gol | Jargal.B | 013743-2521 |
| | | Darkhan-Uul аймаг | Sport Committee | Altantuya | 99379792 |
| 30 | "Mongol Tsamkhag" LLC | Capital | MRAM | Bilegsaikhan.J | 681226 |
| 31 | "AUM" LLC | Uvurkhangai аймаг | Uyanga | Zagarzusem.P | 013256-2201 |
| 32 | "Khunanjinlin" LLC | Selenge аймаг | Eruu | Sergelen.B | 01362-26504 |
| 34 | "Zuriin bulan" LLC | Darkhan-Uul аймаг | Khongor | Chultembat | факс байхгүй мэйл хаяг atara_daa@yahoo.com |
| 35 | "Dazan trade " LLC | Uvs аймаг | Tarialan | Sukh-Ochir.B | 99042922 |
| 36 | "Erel" LLC | Darkhan-Uul аймаг | Tuv аймаг | Erdenebat.G | 01372-27121 |
| 39 | "Uuls Zaamar" LLC | Orkhon аймаг | Tax authority | Erdenebileg.J | 01352-21803 |
| | | Orkhon аймаг | MRAM | Batkhuяag | |
| 40 | "Aduunchuluun" JSC | Dornod аймаг | Tuv аймаг | Janlav.Ts | 01562-21608 |
| | | Dornod аймаг | Kherlen | Enkhtsetseg | 01562-21556 |
| 41 | "Berleg mining" LLC | Selenge аймаг | Tuv аймаг | Otgonbayar | 01362-22363 |
| 45 | "Cold gold mongolia" LLC | Bumbugur soum of Bayankhongor аймаг | | Bolormaa.A | 01442-23724 |

Appendix I Schedule of initial differences

| Items | B-1 | B-2 | B-3 | B-4 | B-5 | B-6 | B-7 | B-8 | B-9 |
|---|----------------------------------|------------------|----------------------|--------------------|---------------------------|------------------------|-------------------------|------------------|-----------------------------------|
| | "Erdenet mining corporation" LLC | "Boroo Gold" LLC | "Tsairt mineral" LLC | "Tavan tolgoi" JSC | "Bold tumur eroo gol" LLC | "Mongolyn alt MAK" LLC | "Mongolrustv etmet" LLC | "Shijir alt" LLC | "Chinkhua MAK nariin sukhait" LLC |
| Taxes | | | | | | | | | |
| Corporate income tax | 17,517,764 | (332,724) | 2,190,261 | (572,799) | (20) | - | 19,392 | 43,000 | 507,179 |
| Customs tax | (17,052,481) | 15,784 | (22,371) | 50,105 | (1,227,985) | (66,218) | 126,989 | (117,777) | (228,829) |
| Windfall tax | (9,242,839) | (24,477) | - | - | - | - | (54,678) | - | - |
| Real estate tax | - | (197,428) | - | (780) | - | (6,698) | (33,481) | (11,609) | (843) |
| Excise tax on imported fuel and lubricants | 575,949 | - | - | - | - | - | 110,145 | - | 0 |
| Tax on petrol and diesel fuel | 47,088 | - | - | - | - | - | 6,603 | - | 0 |
| Tax on automobile and self moving vehicles | (320) | (2,583) | (170) | 100 | 133 | (487) | (7,437) | 130 | - |
| Other taxes in monetary value (1) | (1,208,622) | - | (4,190,260) | - | - | - | (34) | - | (507,179) |
| Other taxes in monetary value (2) | (138) | - | - | - | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - | - |
| Fee for exploitation of mineral resources ("royalty fee") | 12,022,370 | (3,378,845) | (360,660) | 4,842,800 | 1,363,121 | (177,325) | (1,999,417) | (158,754) | 70,364 |
| Licence fee for exploitation and exploration of mineral resources | - | (141,883) | (660,424) | (2,900) | (24,252) | (157,283) | (157,512) | (12,391) | - |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 341 | 121 | 1 | - | 21 | 122 | 167 | 11 | - |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | (476) | - | - | - |
| Land rent | (8,780,537) | (50,383) | - | 6 | 380 | (34,467) | (21,523) | - | - |
| Fee for water use | - | (29,913) | (8,375) | (2) | - | (2) | (52,094) | (14,577) | - |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - |
| Fee for recruiting foreign experts and workers | - | (124) | (2,117) | - | (83,973) | 19,611 | 13,322 | 48,617 | (24,509) |
| Fee for use of mineral resources of widespread deposit | - | (1,030,269) | - | - | - | 540 | - | - | - |
| Other | - | (16,848) | - | - | - | - | - | - | - |
| Charges and service charges | - | - | - | - | - | - | - | - | - |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | (7,430) | - | - | - | - | - | 156 | (24,340) |

Appendix I Schedule of initial differences

| Items | B-1 | B-2 | B-3 | B-4 | B-5 | B-6 | B-7 | B-8 | B-9 |
|--|----------------------------------|--------------------|----------------------|--------------------|---------------------------|------------------------|-------------------------|------------------|-----------------------------------|
| | "Erdenet mining corporation" LLC | "Boroo Gold" LLC | "Tsairt mineral" LLC | "Tavan tolgoi" JSC | "Bold tumur eroo gol" LLC | "Mongolyn alt MAK" LLC | "Mongolrustv etmet" LLC | "Shijir alt" LLC | "Chinkhua MAK nariin sukhait" LLC |
| Service charges paid to state and local administration in accordance with relevant law | - | (14,183) | - | (5,716) | - | - | - | - | (208,175) |
| Custom service fee | 82,681 | (69,089) | 7,764 | 240 | 88,568 | 18,882 | 17,132 | (205,215) | 42,825 |
| Other | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | (71,176) | 262,134 |
| Dividends on local property | - | - | - | 6,021,492 | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | (57,768) | (34,095) | (142,720) | - | (4,300) | (3,000) | (3,786) | (3,000) | (3,000) |
| Monetary donation from business entity to aimag | (5,767,007) | (29,576) | (128,887) | (72,713) | (1,000) | - | - | - | (6,500) |
| Monetary donation from business entity to soums | - | (19,319) | (7,200) | 451,082 | (177,596) | 11,900 | (25,728) | (5,000) | (32,555) |
| Monetary donation from business entity to local organisations | (279,377) | (236,700) | - | - | - | (24,311) | (7,456) | - | - |
| Funds disbursed by company in sustainable development and community relations | (133,270) | (1,009,190) | (266,466) | - | - | - | (2,100) | (2,000) | (500,000) |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | (65,000) | (45,442) | (5,000) | 6,300 | - | (3,514) | 46,263 | - | (12,000) |
| Costs disbursed for protection of the environment | (130,000) | (1,109,033) | 1,450,815 | - | (110,280) | (75,760) | (855,062) | (31,645) | (77,400) |
| | | | | | | | | | |
| Total | (12,471,165) | (7,763,628) | (2,145,811) | 10,717,214 | (177,184) | (498,486) | (2,880,297) | (541,228) | (742,827) |

Appendix I Schedule of initial differences

| Items | B-10 | B-11 | B-12 | B-13 | B-14 | B-15 | B-16 | B-17 | B-18 |
|---|----------------|------------------|-----------------|----------------------------------|----------------------------|---------------------------------|----------------|---------------------|-----------------|
| | "Gatsuurt" JSC | "Monpolimet" LLC | "Engui tal" LLC | "Ivanhoe mines mongolia inc" JSC | "Ankhai international" LLC | "Petro china dachin tamsag" LLC | "Baganuur" JSC | "Erdes holding" LLC | "Shin shin" LLC |
| Taxes | | | | | | | | | |
| Corporate income tax | (2,407) | - | - | 19,063 | (1,760) | - | - | - | 4,500 |
| Customs tax | (12,175) | 61,039 | - | (239,548) | (423) | 73,340 | 124,669 | (23,906) | (1,864,172) |
| Windfall tax | (1,780,177) | 1,208,762 | - | - | - | - | - | - | - |
| Real estate tax | 2,349 | 606 | - | 0 | - | - | - | - | - |
| Excise tax on imported fuel and lubricants | 405 | 10,359 | - | - | - | 92,601 | - | - | - |
| Tax on petrol and diesel fuel | - | - | - | - | - | (122,612) | - | (5,248) | - |
| Tax on automobile and self moving vehicles | (11,871) | - | - | (871) | (29) | - | - | (4,445) | (1) |
| Other taxes in monetary value (1) | - | - | - | (793,579) | - | (30,087) | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - |
| Fees | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | (118,938) | 534,817 | - | - | (10,696) | - | (174,032) | (95,401) | - |
| Licence fee for exploitation and exploration of mineral resources | (243,611) | - | - | (2,416,823) | (5,305) | - | (27,683) | (24,706) | (28,440) |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 195 | 23 | 15 | 2,177 | 9 | - | 1 | 7 | 23 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | 1,985,719 | - | - | - | - | - | (59) |
| Land rent | (7,116) | - | - | 600 | (4,832) | (318,320) | (253,605) | (6,306) | (171) |
| Fee for water use | (28,950) | - | - | 1,662 | - | (5,691) | - | (1,740) | (1,440) |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | (43,243) | - |
| Fee for recruiting foreign experts and workers | 236,195 | 22,960 | - | (24,186) | (40,731) | 100,440 | 4,536 | - | (197,993) |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | (3,380) | 2,000 |
| Other | - | - | - | - | - | - | - | - | - |
| Charges and service charges | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | - | - | (10,059) | - | - | - | - | - |

Appendix I Schedule of initial differences

| Items | B-10 | B-11 | B-12 | B-13 | B-14 | B-15 | B-16 | B-17 | B-18 |
|--|--------------------|------------------|------------------|----------------------------------|----------------------------|---------------------------------|------------------|---------------------|--------------------|
| | "Gatsuurt" JSC | "Monpolimet" LLC | "Engui tal" LLC | "Ivanhoe mines mongolia inc" JSC | "Ankhai international" LLC | "Petro china dachin tamsag" LLC | "Baganuur" JSC | "Erdes holding" LLC | "Shin shin" LLC |
| Service charges paid to state and local administration in accordance with relevant law | - | - | - | (103,186) | - | - | - | (1,076) | - |
| Custom service fee | 5,266 | 182 | - | 10,136 | 13,249 | (40,501) | 756 | 113 | 18,955 |
| Other | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | (26,390,273) | - | - | - |
| Other | - | - | - | - | - | (279,675) | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | (42,000) | - | - | - | - | (6,215) | - | (2,550) | - |
| Monetary donation from business entity to aimag | - | - | - | (42) | - | (32,166) | - | (1,000) | 9,425 |
| Monetary donation from business entity to soums | - | - | - | 22 | - | (2,167) | - | (20,760) | (10,670) |
| Monetary donation from business entity to local organisations | - | - | - | (70,277) | - | (6,215) | - | - | - |
| Funds disbursed by company in sustainable development and community relations | - | - | - | (3,985) | (24,040) | (27,904) | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | (11,584) | - | - | (6,479) | - | (10) | - | 19,670 | 5,170 |
| Costs disbursed for protection of the environment | 981,700 | 444,800 | - | (15,075) | - | (162,180) | - | 340,800 | (17,800) |
| | | | | | | | | | |
| Total | (1,032,717) | 2,283,547 | 1,985,734 | (3,650,450) | (74,557) | (27,157,635) | (325,358) | 126,828 | (2,080,673) |

Appendix I Schedule of initial differences

| Items | B-19 | B-20 | B-21 | B-22 | B-23 | B-24 | B-25 | B-26 | B-27 |
|---|--------------------|------------|-----------------|---------------|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | "Mongol gazar" LLC | "Jump" LLC | "Urmun Uul" LLC | "Shanlun" LLC | "Gobi coal and energy" LLC | "Shivee ovoo" LLC | "Shariin gol" JSC | "Khan shijir" LLC | "Sonor trade" LLC |
| Taxes | | | | | | | | | |
| Corporate income tax | - | 1,172 | 57,291 | - | 72,289 | (22,296) | (7) | - | (6,003) |
| Customs tax | 53,840 | 14,500 | - | - | - | 29,671 | 5,707 | - | 5,420 |
| Windfall tax | (170,588) | - | 624,231 | - | - | - | - | - | 0 |
| Real estate tax | - | (2,163) | - | (1,000) | - | - | (3,600) | - | (812) |
| Excise tax on imported fuel and lubricants | - | 9,649 | - | - | - | - | - | - | - |
| Tax on petrol and diesel fuel | - | 367 | - | - | - | - | - | - | - |
| Tax on automobile and self moving vehicles | 6,734 | - | 618 | - | (92) | - | (1,440) | (88) | 56 |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | (72,289) | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - | - |
| Fee for exploitation of mineral resources ("royalty fee") | (19,633) | - | 91,823 | - | (1,125) | (26,498) | 22,998 | (16,188) | (14,685) |
| Licence fee for exploitation and exploration of mineral resources | (73,725) | 6,786 | 7,449 | (23,331) | (61,037) | 0 | 9,424 | (6,556) | (11,862) |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 49 | 10 | - | 20 | 1,226 | - | 2 | 6 | 10 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | (296) | 180,406 | - | - | - | - |
| Land rent | - | (4,118) | 2,744 | - | (4,326) | - | (43,089) | (1,428) | (1,773) |
| Fee for water use | (7,582) | (33,678) | - | - | (7,697) | (144) | (1,991) | (1,722) | (640) |
| Fee for forestry use and firewood | - | (268) | - | - | - | - | - | - | - |
| Fee for recruiting foreign experts and workers | - | 1,320 | - | 23,660 | (262) | - | - | - | - |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | (18) | - | - | - |
| Charges and service charges | - | - | - | - | - | - | - | - | - |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | (1) | - | - | (1,567) | - | - | - | - | - |

Appendix I Schedule of initial differences

| Items | B-19 | B-20 | B-21 | B-22 | B-23 | B-24 | B-25 | B-26 | B-27 |
|--|--------------------|----------------|-----------------|----------------|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | "Mongol gazar" LLC | "Jump" LLC | "Urmun Uul" LLC | "Shanlun" LLC | "Gobi coal and energy" LLC | "Shivee ovoo" LLC | "Shariin gol" JSC | "Khan shijir" LLC | "Sonor trade" LLC |
| Service charges paid to state and local administration in accordance with relevant law | - | (16,590) | - | (825) | - | - | - | - | - |
| Custom service fee | 430 | 67 | - | 463 | - | 230 | 766 | - | 34 |
| Other | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | (3,000) | - | - | - | - | - |
| Monetary donation from business entity to aimag | - | - | - | 12,000 | - | - | - | (13,000) | - |
| Monetary donation from business entity to soums | (164,000) | - | - | (2,500) | - | - | (40,559) | (2,341) | - |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - |
| Funds disbursed by company in sustainable development and community relations | (90,000) | (11,190) | - | (6,000) | (189,788) | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | (7) | (2,500) | - | (350) | - | (2,500) | 2,600 | - | - |
| Costs disbursed for protection of the environment | 88,371 | 299,000 | - | (250) | (4,610) | (15,500) | (20) | 44,927 | - |
| Total | (376,113) | 262,365 | 784,156 | (2,976) | (87,306) | (37,055) | (49,209) | 3,609 | (30,255) |

Appendix I Schedule of initial differences

| Items | B-28 | B-29 | B-30 | B-31 | B-32 | B-33 | B-34 | B-35 | B-36 |
|--|------------------|---------------|-----------------------|-----------|--------------------|---------------------|--------------------|-------------------|------------|
| | "Mongol alt" JSC | "Tun sin" LLC | "Mongol tsamkhag" LLC | "AUM" LLC | "Khunanjinlen" LLC | "Adamas mining" LLC | "Zuriin bulan" LLC | "Dazan trade" LLC | "Erel" LLC |
| Taxes | | | | | | | | | |
| Corporate income tax | - | - | 10 | - | 250 | 167,827 | 1,200 | - | - |
| Customs tax | 76 | 55,595 | - | (89,383) | 9,205 | 12,360 | - | - | 102,128 |
| Windfall tax | 12,518 | - | - | (101,826) | 20 | - | 12,340 | - | - |
| Real estate tax | 11,910 | (2,180) | - | - | - | - | - | 304 | 4,175 |
| Excise tax on imported fuel and lubricants | - | - | - | - | - | - | - | - | 2,321 |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - |
| Tax on automobile and self moving vehicles | 1,563 | - | - | (30) | 267 | 288 | (15) | 437 | 5,471 |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | (10) | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - | - |
| Fee for exploitation of mineral resources ("royalty fee") | 190,463 | (472,195) | - | (11,017) | 4,238 | (13,632) | (3,396) | 0 | - |
| Licence fee for exploitation and exploration of mineral resources | 2,982 | (5,855) | (44,721) | (20,255) | (829) | (2,491) | (7,332) | (18,920) | 4,009 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 10 | - | 44 | 18 | 4 | 314 | 4 | 16 | 1 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | 6,469 | - | 171,591 | - | - | - | - | - | 29,765 |
| Land rent | 3,423 | (1,131) | - | (1,287) | 4 | (2,304) | (16,323) | (6,779) | - |
| Fee for water use | - | (730) | - | - | (9,000) | (4,071) | (17,267) | (3,264) | - |
| Fee for forestry use and firewood | - | - | - | (100) | 570 | - | 1,066 | - | - |
| Fee for recruiting foreign experts and workers | - | (36,298) | - | 2,580 | (22,518) | - | (173,863) | - | - |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - |
| Other | - | (37,467) | - | - | - | - | - | - | - |
| Charges and service charges | - | - | - | - | - | - | - | - | - |

Appendix I Schedule of initial differences

| Items | B-28 | B-29 | B-30 | B-31 | B-32 | B-33 | B-34 | B-35 | B-36 |
|---|------------------|------------------|-----------------------|------------------|--------------------|---------------------|--------------------|-------------------|----------------|
| | "Mongol alt" JSC | "Tun sin" LLC | "Mongol tsamkhag" LLC | "AUM" LLC | "Khunanjinlen" LLC | "Adamas mining" LLC | "Zuriin bulan" LLC | "Dazan trade" LLC | "Erel" LLC |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | (42,276) | - | (1,236) | - | - | - | - | - |
| Service charges paid to state and local administration in accordance with relevant law | - | (1,718) | - | (104) | (3,915) | - | (6,789) | - | - |
| Custom service fee | 8 | (21,645) | - | (12) | 114 | 28 | - | - | 2,930 |
| Other | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - |
| Dividends on state property | 4,033 | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | (100) | - |
| Monetary donation from business entity to aimag | - | (3) | - | - | - | - | - | (500) | - |
| Monetary donation from business entity to soums | - | - | - | - | (4,750) | - | (1,250) | (600) | - |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | (2,000) | - |
| Funds disbursed by company in sustainable development and community relations | - | - | - | (18,400) | - | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | - | - | - | (17,661) | - | - | (1,000) | (100) | - |
| Costs disbursed for protection of the environment | - | (12,000) | - | (9,810) | - | (73,600) | - | 7,480 | - |
| | | | | | | | | | |
| Total | 233,455 | (577,903) | 126,924 | (268,522) | (26,340) | 84,718 | (212,625) | (24,037) | 150,801 |

Appendix I Schedule of initial differences

| Items | B-37 | B-38 | B-39 | B-40 | B-41 | B-42 | B-43 | B-44 | B-45 | B-46 | TOTAL |
|---|---------------------|--------------------|-------------------|---------------------|---------------------|----------------------|---------------|-----------------|------------------------|----------------|--------------|
| | "Tethys mining" LLC | "Shijir talst" LLC | "Uuls zaamar" LLC | "Aduunchul uun" JSC | "Berleg mining" LLC | "Talbulag trade" JSC | "Eltrana" LLC | "Uurt gold" LLC | "Cold gold mongol" LLC | "Ten khun" LLC | |
| Taxes | | | | | | | | | | | |
| Corporate income tax | (12,130) | 0 | 12,434 | (7,996) | - | 867 | - | (11,558) | - | - | 19,644,800 |
| Customs tax | 1,994 | - | - | 14,993 | 111,843 | - | - | - | - | - | (20,076,011) |
| Windfall tax | - | - | (22,890) | - | 5,515 | - | - | 73,579 | 0 | - | (9,460,508) |
| Real estate tax | 33,934 | - | - | - | - | - | - | - | - | 3,831 | (203,487) |
| Excise tax on imported fuel and lubricants | - | - | - | - | 5,780 | - | - | - | - | - | 807,210 |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - | - | (73,801) |
| Tax on automobile and self moving vehicles | 642 | (849) | 159 | - | 493 | - | - | (304) | - | 611 | (13,330) |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | (6,729,772) |
| Other taxes in monetary value (2) | - | - | (245) | - | - | - | - | - | - | - | (72,672) |
| Fees | - | - | - | - | - | - | - | - | - | - | - |
| Fee for exploitation of mineral resources ("royalty fee") | 8,700 | (1,242) | (3,316) | - | 758 | (4,575) | - | (11,673) | (15,757) | - | 12,063,450 |
| Licence fee for exploitation and exploration of mineral resources | (862,938) | - | 90 | - | - | 0 | (10,207) | (12,802) | (4,566) | - | (5,039,899) |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 761 | - | - | - | 7 | - | 40 | 5 | 4 | 6 | 5,792 |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | (99) | - | - | - | - | 2,373,021 |
| Land rent | 2,173 | - | (4,736) | - | (4) | (450) | (6,288) | (8,000) | - | - | (9,569,969) |
| Fee for water use | (5,701) | (1,098) | - | - | (1) | (6,642) | - | - | - | 3,122 | (239,229) |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - | - | (41,975) |
| Fee for recruiting foreign experts and workers | 4,104 | - | - | - | - | - | 594 | (844) | - | 92,520 | (36,960) |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | (1,031,109) |
| Other | - | - | - | - | - | - | - | - | - | - | (54,333) |
| Charges and service charges | - | - | - | - | - | - | - | - | - | - | - |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | - | - | (7,120) | - | - | - | (212) | - | - | (94,084) |

Appendix I Schedule of initial differences

| Items | B-37 | B-38 | B-39 | B-40 | B-41 | B-42 | B-43 | B-44 | B-45 | B-46 | TOTAL |
|--|---------------------|--------------------|-------------------|---------------------|---------------------|----------------------|-----------------|-----------------|------------------------|----------------|---------------------|
| | "Tethys mining" LLC | "Shijir talst" LLC | "Uuls zaamar" LLC | "Aduunchul uun" JSC | "Berleg mining" LLC | "Talbulag trade" JSC | "Eltrana" LLC | "Uurt gold" LLC | "Cold gold mongol" LLC | "Ten khun" LLC | |
| Service charges paid to state and local administration in accordance with relevant law | - | - | - | - | - | (600) | (2,670) | - | - | - | (365,547) |
| Custom service fee | (50) | - | - | 194 | 390 | - | - | - | - | - | (24,107) |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | 194,991 |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | 6,021,492 |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | (26,390,273) |
| Other | - | - | - | - | - | - | - | - | - | - | (279,675) |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | - | - | - | (305,533) |
| Monetary donation from business entity to aimag | - | - | - | - | - | - | - | (1,000) | (10,000) | - | (6,041,969) |
| Monetary donation from business entity to soums | - | - | - | - | - | - | - | (1,500) | - | - | (55,492) |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - | - | (626,337) |
| Funds disbursed by company in sustainable development and community relations | - | - | (1,000) | - | - | - | (1,650) | - | - | - | (2,286,982) |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | (15,070) | - | - | (16) | (3) | - | (73) | (800) | 4,600 | - | (104,505) |
| Costs disbursed for protection of the environment | - | 38 | - | - | (3) | 30 | - | - | - | - | 957,933 |
| | | | | | | | | | | | - |
| Total | (843,582) | (3,151) | (19,503) | 54 | 124,776 | (11,470) | (20,253) | 24,893 | (25,719) | 100,089 | (47,148,870) |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-1 | B-2 | B-3 | B-4 | B-5 | B-6 | B-7 | B-8 | B-9 | B-10 | B-11 | B-12 |
|---|----------------------------------|------------------|----------------------|--------------------|---------------------------|-------------------------|---------------------------|------------------|-----------------------------------|----------------|------------------|-----------------|
| | "Erdenet mining corporation" LLC | "Boroo Gold" LLC | "Tsairt mineral" LLC | "Tavan tolgoi" JSC | "Bold tumur eroo gol" LLC | "Mongol yn alt MAK" LLC | "Mongolru s stvetmet" LLC | "Shijir alt" LLC | "Chinkhua MAK nariin sukhait" LLC | "Gatsuurt" JSC | "Monpolimet" LLC | "Engui tal" LLC |
| Taxes | | | | | | | | | | | | |
| Corporate income tax | (17,516,884) | 332,724 | (2,190,261) | 572,799 | 20 | - | (19,392) | (43,000) | (507,179) | 2,407 | - | - |
| Customs tax | 17,052,481 | (15,784) | 22,371 | - | 1,227,985 | 66,218 | (126,989) | 117,777 | 228,829 | 12,175 | (61,039) | - |
| Windfall tax | 9,242,839 | 24,477 | - | - | - | - | 54,678 | - | - | 1,780,177 | (1,208,762) | - |
| Real estate tax | - | 197,428 | - | 780 | - | 6,698 | 33,481 | 11,609 | 843 | (2,349) | (606) | - |
| Excise tax on imported fuel and lubricants | (575,949) | - | - | - | - | - | (110,145) | - | - | (405) | (10,359) | - |
| Tax on petrol and diesel fuel | (47,088) | - | - | - | - | - | (6,603) | - | - | - | - | - |
| Tax on automobile and self moving vehicles | - | 10,041 | - | (100) | 50 | 767 | 7,437 | (130) | - | 11,871 | - | - |
| Other taxes in monetary value (1) | 1,208,622 | - | 4,190,260 | - | - | - | 34 | - | 507,179 | - | - | - |
| Other taxes in monetary value (2) | 138 | - | - | - | - | - | - | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Fee for exploitation of mineral resources ("royalty fee") | (12,022,370) | 3,378,845 | 360,660 | (4,842,800) | (1,363,121) | 177,325 | 1,999,417 | 158,754 | (70,364) | 118,938 | (534,817) | - |
| Licence fee for exploitation and exploration of mineral resources | - | 141,883 | 660,424 | 2,900 | 24,252 | 157,283 | 157,512 | 12,391 | - | 243,611 | - | - |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | (341) | (121) | (1) | - | (21) | (122) | (167) | (11) | - | (195) | (23) | (15) |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | 476 | - | - | - | - | - | (1,985,719) |
| Land rent | 8,780,537 | 50,383 | - | - | - | 34,467 | 21,523 | - | - | 7,116 | - | - |
| Fee for water use | - | 29,913 | - | - | - | 2 | 52,094 | 14,577 | - | 28,950 | - | - |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - | - | - | - |
| Fee for recruiting foreign experts and workers | - | - | - | - | 83,973 | (19,611) | (13,322) | (48,617) | 24,509 | (236,195) | (22,960) | - |
| Fee for use of mineral resources of widespread deposit | - | 1,030,269 | - | - | - | (540) | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Charges and service charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant | - | - | - | - | - | - | - | (156) | (2,670) | - | - | - |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-1 | B-2 | B-3 | B-4 | B-5 | B-6 | B-7 | B-8 | B-9 | B-10 | B-11 | B-12 |
|--|----------------------------------|------------------|----------------------|---------------------|---------------------------|-------------------------|---------------------------|------------------|-----------------------------------|------------------|--------------------|--------------------|
| | "Erdenet mining corporation" LLC | "Boroo Gold" LLC | "Tsairt mineral" LLC | "Tavan tolgoi" JSC | "Bold tumur eroo gol" LLC | "Mongol yn alt MAK" LLC | "Mongolru s stvetmet" LLC | "Shijir alt" LLC | "Chinkhua MAK nariin sukhait" LLC | "Gatsuurt" JSC | "Monpolimet" LLC | "Engui tal" LLC |
| law | | | | | | | | | | | | |
| Service charges paid to state and local administration in accordance with relevant law | - | - | - | - | - | (43,213) | - | - | 114,823 | - | - | - |
| Custom service fee | (82,681) | 69,089 | (7,764) | - | (87,301) | (18,882) | (17,132) | 205,215 | (42,825) | (5,266) | (182) | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | 71,176 | (262,134) | - | - | - |
| Dividends on local property | - | - | - | (6,021,492) | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | 57,768 | 34,095 | 141,000 | - | 3,000 | 3,000 | - | 3,000 | 3,000 | 42,000 | - | - |
| Monetary donation from business entity to aimag | 5,767,007 | 29,576 | 128,887 | 72,213 | 1,000 | - | - | - | 6,500 | - | - | - |
| Monetary donation from business entity to soums | - | 19,319 | 7,200 | (451,082) | 177,596 | (11,900) | - | 5,000 | 32,555 | - | - | - |
| Monetary donation from business entity to local organisations | 279,377 | 236,700 | (2,700) | - | - | 24,311 | 680 | - | - | - | - | - |
| Funds disbursed by company in sustainable development and community relations | 133,270 | 1,009,190 | 266,466 | - | - | - | - | 2,000 | 500,000 | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | 64,000 | 45,442 | 5,050 | (6,300) | - | 3,514 | (46,263) | - | 12,000 | 11,584 | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | 75,760 | - | 31,645 | 77,400 | (981,700) | (444,800) | - |
| Total | 12,340,725 | 6,623,467 | 3,581,593 | (10,673,081) | 67,434 | 455,553 | 1,986,845 | 541,228 | 622,467 | 1,032,717 | (2,283,547) | (1,985,734) |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-13 | B-14 | B-15 | B-16 | B-17 | B-18 | B-19 | B-20 | B-21 | B-22 | B-23 | B-24 |
|---|----------------------------------|----------------------------|---------------------------------|----------------|---------------------|-----------------|--------------------|------------|-----------------|---------------|----------------------------|-------------------|
| | "Ivanhoe mines mongolia inc" JSC | "Ankhai international" LLC | "Petro china dachin tamsag" LLC | "Baganuur" JSC | "Erdes holding" LLC | "Shin shin" LLC | "Mongol gazar" LLC | "Jump" LLC | "Urmun Uul" LLC | "Shanlun" LLC | "Gobi coal and energy" LLC | "Shivee ovoo" LLC |
| Taxes | | | | | | | | | | | | |
| Corporate income tax | (19,063) | 1,760 | - | - | - | (4,500) | - | (1,172) | (57,291) | - | (72,289) | 22,296 |
| Customs tax | 239,548 | 423 | (73,340) | (133,105) | 23,906 | 1,864,172 | (33,366) | (14,500) | - | 0 | - | (29,671) |
| Windfall tax | - | - | - | - | - | - | 170,588 | - | (624,231) | - | - | - |
| Real estate tax | - | - | - | - | - | - | - | 2,163 | - | 1,000 | - | - |
| Excise tax on imported fuel and lubricants | - | - | (92,601) | - | - | - | - | (9,649) | - | - | - | - |
| Tax on petrol and diesel fuel | - | - | 122,612 | - | 5,248 | - | - | (367) | - | - | - | - |
| Tax on automobile and self moving vehicles | 871 | 29 | - | - | 4,445 | 1 | (8,179) | - | (618) | - | - | - |
| Other taxes in monetary value (1) | 793,579 | - | 30,087 | - | - | - | - | - | - | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - | - | 72,289 | - |
| Fees | | | | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | - | 10,696 | - | 174,034 | 95,401 | - | - | - | (91,822) | - | - | 29,054 |
| Licence fee for exploitation and exploration of mineral resources | 2,416,823 | 5,305 | - | 27,683 | 24,706 | 28,440 | 76,345 | (6,795) | (7,449) | 23,331 | 61,037 | - |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | (2,177) | (9) | - | (1) | (7) | (23) | (49) | (10) | - | (20) | (1,231) | - |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | 59 | - | - | - | 296 | (180,406) | - |
| Land rent | (600) | 4,832 | 318,320 | 253,933 | 6,306 | 171 | - | 4,118 | (2,744) | - | 4,326 | - |
| Fee for water use | (1,662) | - | 5,691 | - | 1,740 | 1,440 | 7,442 | 33,678 | - | - | 7,697 | 144 |
| Fee for forestry use and firewood | - | - | - | - | 43,243 | - | - | 118 | - | - | - | - |
| Fee for recruiting foreign experts and workers | 24,186 | 40,731 | (100,440) | - | - | 197,993 | - | (1,320) | - | (26,900) | 262 | - |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | 3,380 | (2,000) | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | 18 |
| Charges and service charges | | | | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | - | - | - | - | - | - | - | - | 1,553 | - | - |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-13 | B-14 | B-15 | B-16 | B-17 | B-18 | B-19 | B-20 | B-21 | B-22 | B-23 | B-24 |
|--|----------------------------------|----------------------------|---------------------------------|----------------|---------------------|------------------|--------------------|------------------|------------------|----------------|----------------------------|-------------------|
| | "Ivanhoe mines mongolia inc" JSC | "Ankhai international" LLC | "Petro china dachin tamsag" LLC | "Baganuur" JSC | "Erdes holding" LLC | "Shin shin" LLC | "Mongol gazar" LLC | "Jump" LLC | "Urmun Uul" LLC | "Shanlun" LLC | "Gobi coal and energy" LLC | "Shivee ovoo" LLC |
| Service charges paid to state and local administration in accordance with relevant law | 763 | - | - | - | - | - | - | - | - | (4,489) | - | - |
| Custom service fee | (10,136) | (13,249) | 40,501 | (756) | (113) | (18,955) | - | (67) | - | (463) | - | (230) |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | 26,390,273 | - | - | - | - | - | - | - | - | - |
| Other | - | - | 279,675 | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | 6,215 | - | 2,550 | - | - | - | - | 3,000 | - | - |
| Monetary donation from business entity to aimag | 42 | - | 32,166 | - | 1,000 | (9,425) | - | - | - | (12,000) | - | - |
| Monetary donation from business entity to soums | (22) | - | 2,167 | - | 20,760 | 10,670 | 164,000 | - | - | 2,500 | - | - |
| Monetary donation from business entity to local organisations | 70,277 | - | 6,215 | - | - | - | - | - | - | - | - | - |
| Funds disbursed by company in sustainable development and community relations | 3,985 | 24,040 | 27,904 | - | - | - | 90,000 | 11,190 | - | 6,000 | 177,438 | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | 6,479 | - | 10 | - | (19,670) | (5,170) | 11,077 | 2,500 | - | 350 | - | 2,500 |
| Costs disbursed for protection of the environment | 746 | - | 162,180 | - | (340,800) | 17,800 | - | (299,000) | - | 250 | 4,610 | 15,500 |
| Total | 3,523,640 | 74,557 | 27,157,635 | 321,788 | (127,904) | 2,080,673 | 477,859 | (279,114) | (784,155) | (5,592) | 73,733 | 39,610 |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-25 | B-26 | B-27 | B-28 | B-29 | B-30 | B-31 | B-32 | B-33 | B-34 | B-35 | B-36 |
|---|-------------------|-------------------|-------------------|------------------|---------------|-----------------------|-----------|---------------------|---------------------|--------------------|-------------------|------------|
| | "Shariin gol" JSC | "Khan shijir" LLC | "Sonor trade" LLC | "Mongol alt" JSC | "Tun sin" LLC | "Mongol tsamkhag" LLC | "AUM" LLC | "Khunan jinlen" LLC | "Adamas mining" LLC | "Zuriin bulan" LLC | "Dazan trade" LLC | "Erel" LLC |
| Taxes | | | | | | | | | | | | |
| Corporate income tax | 7 | - | 6,003 | - | - | - | - | (250) | (167,827) | (1,200) | - | - |
| Customs tax | (5,707) | - | (5,420) | (76) | (55,595) | - | 89,383 | (9,205) | (12,360) | - | - | (102,128) |
| Windfall tax | - | - | - | (12,518) | - | - | 101,826 | (20) | - | (12,340) | - | - |
| Real estate tax | 3,600 | - | 812 | (11,910) | 2,180 | - | - | - | - | - | (304) | (4,175) |
| Excise tax on imported fuel and lubricants | - | - | - | - | - | - | - | - | - | - | - | (2,321) |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - | - | - | - |
| Tax on automobile and self moving vehicles | 1,440 | 88 | - | (1,563) | - | - | 30 | (267) | (339) | 15 | (437) | (5,471) |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | 10 | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Fee for exploitation of mineral resources ("royalty fee") | (22,998) | 16,188 | 14,685 | (190,463) | 472,195 | - | 11,017 | (4,238) | 13,632 | 3,396 | - | - |
| Licence fee for exploitation and exploration of mineral resources | (9,424) | 6,556 | 11,862 | (2,982) | 5,855 | 44,721 | 20,255 | 829 | 2,491 | 7,332 | 18,920 | (4,009) |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | (2) | (6) | (10) | (10) | - | (44) | (18) | (4) | (314) | (4) | (16) | (2) |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | (6,469) | - | (171,591) | - | - | - | - | - | (29,766) |
| Land rent | 43,089 | 1,428 | 1,773 | (3,423) | 1,131 | - | 1,287 | (4) | 2,304 | 16,323 | 6,779 | (536) |
| Fee for water use | 1,991 | 1,722 | 640 | - | - | - | - | 9,000 | 4,071 | 17,267 | 3,264 | - |
| Fee for forestry use and firewood | - | - | - | - | - | - | 100 | (570) | - | (1,066) | - | - |
| Fee for recruiting foreign experts and workers | - | - | - | - | 36,298 | - | (2,580) | 22,518 | - | 173,863 | - | - |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | 37,467 | - | - | - | - | - | - | - |
| Charges and service charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | - | - | - | 42,276 | - | (43) | - | - | - | - | (1,111) |
| Service charges paid to state and local administration in | - | - | - | - | (1,481) | - | 104 | (1,870) | - | (4,111) | - | - |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-25 | B-26 | B-27 | B-28 | B-29 | B-30 | B-31 | B-32 | B-33 | B-34 | B-35 | B-36 |
|---|-------------------|-------------------|-------------------|------------------|----------------|-----------------------|----------------|---------------------|---------------------|--------------------|-------------------|------------------|
| | "Shariin gol" JSC | "Khan shijir" LLC | "Sonor trade" LLC | "Mongol alt" JSC | "Tun sin" LLC | "Mongol tsamkhag" LLC | "AUM" LLC | "Khunan jinlen" LLC | "Adamas mining" LLC | "Zuriin bulan" LLC | "Dazan trade" LLC | "Erel" LLC |
| accordance with relevant law | | | | | | | | | | | | |
| Custom service fee | (766) | - | (34) | (8) | 21,645 | - | 12 | (114) | (28) | - | - | (2,930) |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | (4,033) | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | - | - | - | 100 | - |
| Monetary donation from business entity to aimag | - | 13,000 | - | - | 3 | - | - | - | - | - | 500 | - |
| Monetary donation from business entity to soums | 29,463 | 2,341 | - | - | - | - | - | 4,750 | - | 1,250 | (1,400) | - |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - | - | 2,000 | - |
| Funds disbursed by company in sustainable development and community relations | - | - | - | - | - | - | 18,400 | - | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | (2,600) | - | - | - | - | - | 17,661 | - | - | 1,000 | 100 | - |
| Costs disbursed for protection of the environment | - | (44,927) | - | - | 12,000 | - | 9,810 | - | 73,600 | - | (7,480) | - |
| Total | 38,093 | (3,609) | 30,311 | (233,455) | 573,974 | (126,914) | 267,243 | 20,555 | (84,769) | 201,725 | 22,037 | (152,448) |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-37 | B-38 | B-39 | B-40 | B-41 | B-42 | B-43 | B-44 | B-45 | B-46 | Total |
|---|---------------------|--------------------|-------------------|---------------------|---------------------|----------------------|---------------|-----------------|------------------------|----------------|--------------|
| | "Tethys mining" LLC | "Shijir talst" LLC | "Uuls zaamar" LLC | "Aduun chuluun" JSC | "Berleg mining" LLC | "Talbulag trade" JSC | "Eltrana" LLC | "Uurt gold" LLC | "Cold gold mongol" LLC | "Ten khun" LLC | |
| Taxes | | | | | | | | | | | |
| Corporate income tax | 12,130 | - | (12,435) | 7,996 | - | (867) | - | 11,558 | - | 3,248 | (19,640,663) |
| Customs tax | (1,994) | - | - | (14,993) | (111,843) | - | - | - | - | (2,316) | 20,135,838 |
| Windfall tax | - | 0 | 22,890 | - | (5,515) | - | - | (73,579) | - | - | 9,460,508 |
| Real estate tax | (33,934) | - | - | - | - | - | - | - | - | (351) | 206,967 |
| Excise tax on imported fuel and lubricants | - | - | - | - | (5,780) | - | - | - | - | - | (807,210) |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - | - | 73,801 |
| Tax on automobile and self moving vehicles | (642) | 170 | (159) | - | (493) | - | - | (26) | - | (157) | 18,675 |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | 6,729,772 |
| Other taxes in monetary value (2) | - | - | 245 | - | - | - | - | - | - | - | 72,672 |
| Fees | | | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | (8,700) | 1,242 | 3,316 | - | (758) | 4,575 | 0 | 11,673 | 15,757 | - | (12,081,649) |
| Licence fee for exploitation and exploration of mineral resources | 862,938 | - | - | - | - | - | 10,207 | 12,802 | 4,566 | - | 5,042,601 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | (761) | - | - | - | (7) | - | (40) | (5) | (4) | (6) | (5,798) |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | 100 | - | - | - | - | (2,373,021) |
| Land rent | (2,173) | - | 4,736 | - | 4 | 450 | 6,288 | 8,000 | - | (5,960) | 9,564,187 |
| Fee for water use | 5,701 | 1,098 | - | - | 1 | 6,642 | - | - | - | (3,122) | 229,983 |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - | - | 41,825 |
| Fee for recruiting foreign experts and workers | (4,104) | - | - | - | - | - | (594) | 844 | - | (121,000) | 7,534 |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | 1,031,109 |
| Other | - | - | - | - | - | - | - | - | - | - | 37,485 |
| Charges and service charges | | | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | - | - | - | - | - | - | 212 | - | - | 40,062 |

Appendix J Schedule of net adjustments resulting from the reconciliation

| Items | B-37 | B-38 | B-39 | B-40 | B-41 | B-42 | B-43 | B-44 | B-45 | B-46 | Total |
|--|---------------------|--------------------|-------------------|---------------------|---------------------|----------------------|---------------|-----------------|------------------------|------------------|-------------------|
| | "Tethys mining" LLC | "Shijir talst" LLC | "Uuls zaamar" LLC | "Aduun chuluun" JSC | "Berleg mining" LLC | "Talbulag trade" JSC | "Eltrana" LLC | "Uurt gold" LLC | "Cold gold mongol" LLC | "Ten khun" LLC | |
| Service charges paid to state and local administration in accordance with relevant law | - | - | - | - | - | 600 | (229) | - | - | - | 60,897 |
| Custom service fee | 50 | - | - | (194) | (390) | - | - | - | - | (55) | 25,989 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | (194,991) |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | (6,021,492) |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | 26,390,273 |
| Other | - | - | - | - | - | - | - | - | - | - | 279,675 |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | - | - | - | 298,727 |
| Monetary donation from business entity to aimag | - | - | - | - | - | - | - | 1,000 | 10,000 | - | 6,041,469 |
| Monetary donation from business entity to soums | - | - | - | - | - | - | - | 1,500 | - | - | 16,668 |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - | - | 616,860 |
| Funds disbursed by company in sustainable development and community relations | - | - | 1,000 | - | - | - | 1,650 | - | - | - | 2,272,532 |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | 15,070 | - | - | 16 | - | - | 73 | 800 | (4,600) | - | 114,622 |
| Costs disbursed for protection of the environment | - | (38) | - | - | - | - | - | - | - | - | (1,637,444) |
| Total | 843,582 | 2,472 | 19,592 | (7,175) | (124,781) | 11,500 | 17,354 | (25,223) | 25,719 | (129,718) | 46,048,463 |

Appendix K Schedule of unresolved differences

| Items | B-1 | B-2 | B-3 | B-4 | B-5 | B-6 | B-7 | B-8 | B-9 | B-10 | B-11 |
|---|----------------------------------|------------------|----------------------|--------------------|---------------------------|------------------------|--------------------------|------------------|-----------------------------------|----------------|-------------------|
| | "Erdenet mining corporation" LLC | "Boroo Gold" LLC | "Tsairt mineral" LLC | "Tavan tolgoi" JSC | "Bold tumur eroo gol" LLC | "Mongolyn alt MAK" LLC | "Mongolrus stvetmet" LLC | "Shijir alt" LLC | "Chinkhua MAK nariin sukhait" LLC | "Gatsuurt" JSC | "Monpoli met" LLC |
| Taxes | | | | | | | | | | | |
| Corporate income tax | 880 | - | - | - | - | - | - | - | - | - | - |
| Customs tax | - | - | - | 50,105 | - | - | - | - | 0 | 0 | - |
| Windfall tax | - | 0 | - | - | - | - | - | 0 | - | - | - |
| Real estate tax | - | - | 0 | - | - | 0 | - | - | - | - | - |
| Excise tax on imported fuel and lubricants | - | - | - | - | - | - | - | - | - | - | - |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | 0 | - | - |
| Tax on automobile and self moving vehicles | (320) | 7,458 | (170) | - | 183 | 280 | - | - | - | - | - |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - | - | - |
| Fees | | | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | 0 | - | - | - | - | - | - | 0 | - | - | - |
| Licence fee for exploitation and exploration of mineral resources | - | - | - | - | - | - | - | - | - | - | - |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | 0 | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | - | - | - | - | - | - |
| Land rent | - | - | - | 6 | 380 | 0 | - | - | - | - | - |
| Fee for water use | - | - | (8,375) | (2) | - | 0 | - | - | - | - | - |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - | - | - |
| Fee for recruiting foreign experts and workers | - | (124) | (2,117) | - | - | - | - | - | - | - | - |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | (16,848) | - | - | - | - | - | - | - | - | - |
| Charges and service charges | | | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | (7,430) | - | - | - | - | - | - | (27,009) | - | - |
| Service charges paid to state and local administration in accordance with relevant law | - | (14,183) | - | (5,716) | - | (43,213) | - | - | (93,352) | - | - |
| Custom service fee | - | - | - | 240 | 1,267 | 0 | - | - | - | - | - |

Appendix K Schedule of unresolved differences

| Items | B-1 | B-2 | B-3 | B-4 | B-5 | B-6 | B-7 | B-8 | B-9 | B-10 | B-11 |
|---|----------------------------------|--------------------|----------------------|--------------------|---------------------------|------------------------|--------------------------|------------------|-----------------------------------|----------------|-------------------|
| | "Erdenet mining corporation" LLC | "Boroo Gold" LLC | "Tsairt mineral" LLC | "Tavan tolgoi" JSC | "Bold tumur eroo gol" LLC | "Mongolyn alt MAK" LLC | "Mongolrus stvetmet" LLC | "Shijir alt" LLC | "Chinkhua MAK nariin sukhait" LLC | "Gatsuurt" JSC | "Monpoli met" LLC |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | (1,720) | - | (1,300) | - | (3,786) | - | - | - | - |
| Monetary donation from business entity to aimag | - | - | - | (500) | - | - | - | - | - | - | - |
| Monetary donation from business entity to soums | - | - | - | - | - | - | (25,728) | - | - | - | - |
| Monetary donation from business entity to local organisations | - | - | (2,700) | - | - | - | (6,776) | - | - | - | - |
| Funds disbursed by company in sustainable development and community relations | - | - | - | - | - | - | (2,100) | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | (1,000) | - | 50 | - | - | - | - | - | - | - | - |
| Costs disbursed for protection of the environment | (130,000) | (1,109,033) | 1,450,815 | - | (110,280) | - | (855,062) | - | - | - | - |
| Total | (130,440) | (1,140,161) | 1,435,782 | 44,133 | (109,750) | (42,933) | (893,452) | - | (120,361) | - | - |

Appendix K Schedule of unresolved differences

| Items | B-12 | B-13 | B-14 | B-15 | B-16 | B-17 | B-18 | B-19 | B-20 | B-21 | B-22 |
|---|-----------------|----------------------------------|-----------------------------|---------------------------------|---------------|---------------------|-----------------|--------------------|------------|-----------------|----------------|
| | "Engui tal" LLC | "Ivanhoe mines mongolia inc" JSC | "Ankhai internatio nal" LLC | "Petro china dachin tamsag" LLC | "Baganur" JSC | "Erdes holding" LLC | "Shin shin" LLC | "Mongol gazar" LLC | "Jump" LLC | "Urmun Uul" LLC | "Shanlun " LLC |
| Taxes | | | | | | | | | | | |
| Corporate income tax | - | - | - | - | - | - | - | - | - | - | - |
| Customs tax | - | - | - | - | (8,436) | - | - | 20,474 | - | - | - |
| Windfall tax | - | - | - | - | - | - | - | - | - | - | - |
| Real estate tax | - | - | - | - | - | - | - | - | - | - | - |
| Excise tax on imported fuel and lubricants | - | - | - | - | - | - | - | - | - | - | - |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - | - | - |
| Tax on automobile and self moving vehicles | - | - | - | - | - | - | - | (1,445) | - | - | - |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - | - | - |
| Fees | | | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | - | - | - | - | 2 | - | - | (19,633) | - | 1 | - |
| Licence fee for exploitation and exploration of mineral resources | - | - | - | - | - | - | - | 2,621 | (9) | - | - |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | - | - | - | - | - | - |
| Land rent | - | - | - | - | 328 | - | - | - | - | - | - |
| Fee for water use | - | - | - | - | - | - | - | (140) | - | - | - |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | (150) | - | - |
| Fee for recruiting foreign experts and workers | - | - | - | - | 4,536 | - | - | - | - | - | (3,240) |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Charges and service charges | | | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | (10,059) | - | - | - | - | - | (1) | - | - | (14) |
| Service charges paid to state and local administration in accordance with relevant law | - | (102,423) | - | - | - | (1,076) | - | - | (16,590) | - | (5,313) |
| Custom service fee | - | - | - | - | - | - | - | 430 | - | - | - |

Appendix K Schedule of unresolved differences

| Items | B-12 | B-13 | B-14 | B-15 | B-16 | B-17 | B-18 | B-19 | B-20 | B-21 | B-22 |
|---|-----------------|----------------------------------|----------------------------|---------------------------------|----------------|---------------------|-----------------|--------------------|-----------------|-----------------|----------------|
| | "Engui tal" LLC | "Ivanhoe mines mongolia inc" JSC | "Ankhai international" LLC | "Petro china dachin tamsag" LLC | "Baganur" JSC | "Erdes holding" LLC | "Shin shin" LLC | "Mongol gazar" LLC | "Jump" LLC | "Urmun Uul" LLC | "Shanlun" LLC |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to aimag | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to soums | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - | - | - |
| Funds disbursed by company in sustainable development and community relations | - | - | - | - | - | - | - | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | - | - | - | - | - | - | - | 11,070 | - | - | - |
| Costs disbursed for protection of the environment | - | (14,329) | - | - | - | - | - | 88,371 | - | - | - |
| Total | - | (126,811) | - | - | (3,570) | (1,076) | - | 101,747 | (16,749) | 1 | (8,567) |

Appendix K Schedule of unresolved differences

| Items | B-23 | B-24 | B-25 | B-26 | B-27 | B-28 | B-29 | B-30 | B-31 | B-32 | B-33 | B-34 |
|---|----------------------------|-------------------|-------------------|-------------------|-------------------|------------------|---------------|-----------------------|-----------|---------------------|---------------------|--------------------|
| | "Gobi coal and energy" LLC | "Shivee ovoo" LLC | "Shariin gol" JSC | "Khan shijir" LLC | "Sonor trade" LLC | "Mongol alt" JSC | "Tun sin" LLC | "Mongol tsamkhag" LLC | "AUM" LLC | "Khunan jinlen" LLC | "Adamas mining" LLC | "Zuriin bulan" LLC |
| Taxes | | | | | | | | | | | | |
| Corporate income tax | - | - | - | - | - | - | - | 10 | - | - | - | - |
| Customs tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Windfall tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Real estate tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Excise tax on imported fuel and lubricants | - | - | - | - | - | - | - | - | - | - | - | - |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - | - | - | - |
| Tax on automobile and self moving vehicles | (92) | - | - | - | 56 | - | - | - | - | - | (51) | - |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - | - | - | - |
| Fees | | | | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | (1,125) | 2,556 | - | - | - | - | - | - | - | - | - | - |
| Licence fee for exploitation and exploration of mineral resources | - | - | - | - | - | - | - | - | - | - | - | - |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | (6) | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | - | - | - | - | - | - | - |
| Land rent | - | - | - | - | - | - | - | - | - | - | - | - |
| Fee for water use | - | - | - | - | - | - | (730) | - | - | - | - | - |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - | - | - | - |
| Fee for recruiting foreign experts and workers | - | - | - | - | - | - | - | - | - | - | - | - |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Charges and service charges | | | | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | - | - | - | - | - | - | - | (1,279) | - | - | - |
| Service charges paid to state and local administration in accordance with relevant law | - | - | - | - | - | - | (3,199) | - | - | (5,785) | - | (10,900) |
| Custom service fee | - | - | - | - | - | - | - | - | - | - | - | - |

Appendix K Schedule of unresolved differences

| Items | B-23 | B-24 | B-25 | B-26 | B-27 | B-28 | B-29 | B-30 | B-31 | B-32 | B-33 | B-34 |
|---|----------------------------|-------------------|-------------------|-------------------|-------------------|------------------|----------------|-----------------------|----------------|---------------------|---------------------|--------------------|
| | "Gobi coal and energy" LLC | "Shivee ovoo" LLC | "Shariin gol" JSC | "Khan shijir" LLC | "Sonor trade" LLC | "Mongol alt" JSC | "Tun sin" LLC | "Mongol tsamkhag" LLC | "AUM" LLC | "Khunan jinlen" LLC | "Adamas mining" LLC | "Zuriin bulan" LLC |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to aimag | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to soums | - | - | (11,096) | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| Funds disbursed by company in sustainable development and community relations | (12,350) | - | - | - | - | - | - | - | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | - | - | - | - | - | - | - | - | - | - | - | - |
| Costs disbursed for protection of the environment | - | - | (20) | - | - | - | - | - | - | - | - | - |
| Total | (13,573) | 2,556 | (11,116) | - | 56 | - | (3,929) | 10 | (1,279) | (5,785) | (51) | (10,901) |

Appendix K Schedule of unresolved differences

| Items | B-35 | B-36 | B-37 | B-38 | B-39 | B-40 | B-41 | B-42 | B-43 | B-44 | B-45 | B-46 | TOTAL |
|---|-------------------|------------|---------------------|--------------------|-------------------|---------------------|---------------------|-----------------------|---------------|-----------------|------------------------|----------------|-----------|
| | "Dazan trade" LLC | "Erel" LLC | "Tethys mining" LLC | "Shijir talst" LLC | "Uuls zaamar" LLC | "Aduun chuluun" JSC | "Berleg mining" LLC | "Talbul ag trade" JSC | "Eltrana" LLC | "Uurt gold" LLC | "Cold gold mongol" LLC | "Ten khun" LLC | |
| Taxes | | | | | | | | | | | | | |
| Corporate income tax | - | - | - | - | (1) | - | - | - | - | - | - | 3,248 | 4,137 |
| Customs tax | - | - | - | - | - | - | - | - | - | - | - | (2,316) | 59,827 |
| Windfall tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Real estate tax | - | - | - | - | - | - | - | - | - | - | - | 3,480 | 3,480 |
| Excise tax on imported fuel and lubricants | - | - | - | - | - | - | - | - | - | - | - | - | (1) |
| Tax on petrol and diesel fuel | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Tax on automobile and self moving vehicles | - | - | - | (679) | - | - | - | - | - | (330) | - | 455 | 5,345 |
| Other taxes in monetary value (1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other taxes in monetary value (2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fees | | | | | | | | | | | | | |
| Fee for exploitation of mineral resources ("royalty fee") | - | - | - | - | - | - | - | - | - | - | - | - | (18,200) |
| Licence fee for exploitation and exploration of mineral resources | - | - | - | - | 90 | - | - | - | - | - | - | - | 2,702 |
| Licence fee for exploitation and exploration of mineral resources /in USD/ | - | - | - | - | - | - | - | - | - | - | - | - | (6) |
| Reimbursement of deposit, exploration of which is carried by the budget fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Land rent | - | (536) | - | - | - | - | - | - | - | - | - | (5,960) | (5,782) |
| Fee for water use | - | - | - | - | - | - | - | - | - | - | - | - | (9,246) |
| Fee for forestry use and firewood | - | - | - | - | - | - | - | - | - | - | - | - | (150) |
| Fee for recruiting foreign experts and workers | - | - | - | - | - | - | - | - | - | - | - | (28,480) | (29,426) |
| Fee for use of mineral resources of widespread deposit | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | (16,848) |
| Charges and service charges | | | | | | | | | | | | | |
| Stamp and other charges for registration paid to state and local administration in accordance with relevant law | - | (1,111) | - | - | - | (7,120) | - | - | - | - | - | - | (54,022) |
| Service charges paid to state and local administration in accordance with relevant law | - | - | - | - | - | - | - | - | (2,899) | - | - | - | (304,650) |
| Custom service fee | - | - | - | - | - | - | - | - | - | - | - | (55) | 1,882 |

Appendix K Schedule of unresolved differences

| Items | B-35 | B-36 | B-37 | B-38 | B-39 | B-40 | B-41 | B-42 | B-43 | B-44 | B-45 | B-46 | TOTAL |
|---|-------------------|----------------|---------------------|--------------------|-------------------|---------------------|---------------------|-----------------------|----------------|-----------------|------------------------|-----------------|--------------------|
| | "Dazan trade" LLC | "Erel" LLC | "Tethys mining" LLC | "Shijir talst" LLC | "Uuls zaamar" LLC | "Aduun chuluun" JSC | "Berleg mining" LLC | "Talbul ag trade" JSC | "Eltrana" LLC | "Uurt gold" LLC | "Cold gold mongol" LLC | "Ten khun" LLC | |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state and local property | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on state property | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends on local property | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payments to recipient government | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Entitlement under Production Sharing Contract with the government | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Donations to Governmental organisations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Monetary donation from business entity to ministries and agencies | - | - | - | - | - | - | - | - | - | - | - | - | (6,806) |
| Monetary donation from business entity to aimag | - | - | - | - | - | - | - | - | - | - | - | - | (500) |
| Monetary donation from business entity to soums | (2,000) | - | - | - | - | - | - | - | - | - | - | - | (38,824) |
| Monetary donation from business entity to local organisations | - | - | - | - | - | - | - | - | - | - | - | - | (9,476) |
| Funds disbursed by company in sustainable development and community relations | - | - | - | - | - | - | - | - | - | - | - | - | (14,450) |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| In kind contribution at rate of 50% to environmental special account | - | - | - | - | - | - | (3) | - | - | - | - | - | 10,118 |
| Costs disbursed for protection of the environment | - | - | - | - | - | - | (3) | 30 | - | - | - | - | (679,511) |
| Total | (2,000) | (1,647) | - | (679) | 89 | (7,121) | (5) | 30 | (2,899) | (330) | - | (29,629) | (1,100,407) |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|------------------|--|---|---|---|--------------------------|
| 1 | "Erdenet mining corporation" LLC | 7/14/2008 | Governor's Office of Bulgan aimag | Religious ritual,/Budda painting , Orkhon aimag/ | 347,436 |
| | | 1/4/2008 | Governor's Office of Bulgan aimag | Religious ritual,/Budda painting , Orkhon aimag/ | 126,345 |
| | | 5/12/2008 | Governor's Office of Bulgan aimag | Religious ritual,/Budda painting , Orkhon aimag/ | 349,482 |
| | | 6/30/2008 | Governor's Office of Bulgan aimag | Price for vehicle taken from Erdenet Mining | 7,291 |
| | | 4/30/2008 | Erdenet amidral local government equity company | Line, network expense of "Erdenet Amidral" | 644,830 |
| | | 12/31/2008 | Erdenet amidral local government equity company | Line, network expense of "Erdenet Amidral" | 4,743,754 |
| Sub-total | | | | | 6,219,137 |
| 2 | "Boroo Gold" LLC | 12/24/2008 | Mineral Resources Authority of Mongolia /MRAM/ | Computer, furniture and fixtures | 24,860 |
| | | 12/22/2008 | Mineral Resources Authority of Mongolia /MRAM/ | Computers to Geology department | 3,455 |
| | | 12/30/2008 | General Hospital , Darkhan-Uul aimag | Computers | 6,082 |
| | | 3/18/2008 | Tunkhel Village, Mandal soum, Selenge aimag | Donation for Soum development | 13,546 |
| | | 7/10/2008 | Tunkhel Village, Mandal soum, Selenge aimag | Naadam's Festival | 1,000 |
| | | 7/17/2008 | Bayangol soum, Selenge aimag | Musical instrument | 3,350 |
| Sub-total | | | | | 52,293 |
| 3 | "Tsairt mineral" LLC | | Standing Commission | To fix damage by nature disaster | 10,000 |
| | | | Aimag Development Fund | Religious activities | 6,500 |
| | | | Universities | Tuition fee of 40 students | 29,488 |
| | | | Asgat soum, Sukhbaatar aimag | Herder of Asgat soum | 500 |
| | | | Sukbaatar soum, Sukhbaatar aimag | Donation for organizing Naadam festival | 1,000 |
| | | | Sukbaatar soum, Sukhbaatar aimag | To fix damage by nature disaster | 500 |
| | | | Asgat soum | Children park in Asgat | 3,000 |
| | | | Sukbaatar soum, Sukhbaatar aimag | To fix damage by nature disaster | 5,000 |
| | | | Committee of Eldest | Puplication for Elder people | 1,980 |
| | | | Committee of Eldest | Puplication for Elder people | 2,000 |
| | | | Sport Committee of aimag | Donation | 200 |
| | | | Hospital of aimag | Donation | 1,000 |
| | | | Committee of people having poor eyesight | Donation for supporting people having poor eyesight | 250 |
| | | | Labor Union | Supporting operations of Aimag's Labor Union | 250 |
| | | | Development fund for aimag | Donation to monument construction located at Sukhbaatar square of Baruun-Urt soum | 20,000 |
| | The company has build and submitted by itself. | Donation to monument construction located at Sukhbaatar square of Baruun-Urt soum | 130,000 | | |
| | 2008.01.14 | Mining Office | Donation /iridium phone/ | 1,720 | |
| | 2008.05.13 | Auto road fund of Dornogovi aimag | Donation | 130,000 | |
| | 2008.05.16 | National Centre | Donation | 1,000 | |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|------------------|---|--|---|---|--------------------------|
| | | 2008.07.07 | State Philoramony | Donation | 10,000 |
| Sub-total | | | | | 224,388 |
| 4 | "Tavan tolgoi" JSC | 2008.09.30 | Civil Representative Khural of Umnugobi aimag | Car | 4,900 |
| | | 2008.09.30 | General Hospital | Coal | 112 |
| | | 2008.12.15 | General Hospital | Monetary donation | 4,978 |
| | | 2008.02.27 | Governor's Office of aimag | Monetary donation | 500 |
| | | 2008.07.17 | Governor's Office of aimag | Monetary donation | 5,000 |
| | | 2008.09.22 | Police department | Monetary donation | 4,500 |
| | | 2008.01.15 | Children Care Centre | Monetary donation | 1,000 |
| | | 2008.01.28 | 11 th kindergarden | Monetary donation | 1,000 |
| | | 2008.09.09 | 3 th secondary school | Monetary donation | 4,500 |
| | | 2008.10.23 | 24 th kindergarden | Monetary donation | 1,000 |
| | | 2008.9.19 | Kindergarden of Tsogt-tsetsii soum | Monetary donation | 500 |
| | | 2008.5.13 | Hospital of Tsogt-tsetsii soum | Car | 19,000 |
| | | 2008.11.23 | Kindergarden of Tsogt-tsetsii soum | Coal | 792 |
| | | 2008.01.18 | Soum cattle security fund | Monetary donation | 10,000 |
| | | 2008.04.01 | Governor's Office of Tsogt-tsetsii soum | Monetary donation | 9,000 |
| | | 2008.05.05 | Governor's Office of Tsogt-tsetsii soum | Monetary donation | 5,445 |
| | | 2008.06.30 | Governor's Office of Tsogt-tsetsii soum | Monetary donation | 935 |
| | | 2008.11.30 | Tsogttsetsii soum | Diesel and fuel | 9,964 |
| 2008.01.17 | Civil Representative Khural of Tsogt-tsetsii soum | Monetary donation | 17,000 | | |
| Sub-total | | | | | 100,126 |
| 5 | "Bold tumur eruu gol" LLC | 10/16/2008 | MRAM | Donation for 59th anniversary of Geology Office | 1,000 |
| | | 9/25/2008 | Emergency department | | 300 |
| | | 12/22/2008 | MRAM | Donation for Christmas events | 3,000 |
| | | 1/28/2008 | Eruu soum, Selenge aimag | Soum development fund | 100,000 |
| | | 8/27/2008 | Eruu soum, Selenge aimag | Tuition fee for Soums' student | 7,500 |
| | | 12/22/2008 | Shaamar soum, Selenge aimag | Soum development fund | 12,229 |
| | | | Shaamar soum, Selenge aimag | Plant trees in Dulaankhaan village | 5,000 |
| | | 8/29/2008 | Shaamar soum, Selenge aimag | Tuition fee for Soums' student | 2,572 |
| | | 1/25/2008 | Shaamar soum, Selenge aimag | Gift for Elder people in Shaamar and Dulaankhaan village | 680 |
| | | 7/25/2008 | Shaamar soum, Selenge aimag | Donation for fee of draw plan of hospital in Dulaankhaan village | 4,000 |
| | | 5/12/2008 | Shaamar soum, Selenge aimag | Donation for travel expenses of Elder people of Dulaankhaan village | 3,300 |
| | | 6/19/2008 | Shaamar soum, Selenge aimag | Donation for archery festival to Dulaankhaan village | 1,640 |
| | | 7/1/2008 | Shaamar soum, Selenge aimag | Donation to Shaamar soum | 1,000 |
| | | 7/1/2008 | Shaamar soum, Selenge aimag | Donation for festival to Dulaankhaan village | 1,000 |
| 12/23/2008 | Shaamar soum, Selenge aimag | Donation to Governors' office of Dulaankhaan | 600 | | |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|---|------------------------|------------|---|---|--------------------------|
| | | | | village | |
| | | 6/9/2008 | Shaamar soum, Selenge aimag | Religious activities for Dulaankhaan village | 946 |
| | | | Selenge aimag | Sport Committee of Selenge aimag | 1,000 |
| | | | Eruu soum, Selenge aimag | Donation to Elder people | 399 |
| | | 7/18/2008 | Eruu soum, Selenge aimag | donation to hospital of Bugant village of Yruu soum | 1,000 |
| | | 1/9/2008 | Eruu soum, Selenge aimag | donation to school of Bugant village of Yruu soum | 1,020 |
| | Sub-total | | | | 148,185 |
| 6 | "Mongolyn alt MAK" LLC | 2008.09.23 | Administration of Special Security of Bogdkhaan Uul | Donation | 1,000 |
| | | 2008.07.16 | Delgerkhangai soum, Dundgobi aimag | Donation | 500 |
| | | 2008.07.18 | Bayanjargalan soum, Dundgobi aimag | Donation | 500 |
| | | 2008.04.11 | Gurvantes soum, Umnugobi aimag | Donation | 200 |
| | | 2008.08.14 | Mandah soum, Dornogobi aimag | To re-funding of the energy | 2,500 |
| | | 2008.08.11 | Zag soum, Bayankhongor aimag | Financing of tourism expenditure | 1,500 |
| | | 2008.07.31 | Mandah soum, Dornogobi aimag | Maintenance of teacher's building | 24,311 |
| | Sub-total | | - | | 30,511 |
| 7 | "Mongolrustvetmet" LLC | 2008.01.31 | Mongolian Embassy at Moskva | Issue of uniform to security guard | 201 |
| | | 2008.03.31 | Ministry of Foreign Affairs | Support cooperation activity of "MongoliaRussia Tsvetmet" LLC and Ministry of Foreign Affairs | 3,125 |
| | | 2008.11.30 | Ministry of Industry and Trade, Mining Association | Donation of legal documents materials as distribution during the semionar organization. | 460 |
| | | 2008.07.31 | Berkh soum, Khentii aimag | To fix damage caused by nature disaster. | 1,500 |
| | | 2008.07.31 | Bayanjargalan soum, Khentii aimag | Donation to Governors' Office for organizing Naadam's festival | 3,800 |
| | | 2008.08.21 | Zaamar soum, tuv aimag | Donation for road re-construction work | 20,000 |
| | | 2008.09.30 | Airag soum Dornogobi aimag | Donations for 80th anniversary events of Airag soum | 428 |
| | | 2008.03.31 | Governors' Office of Urgan soum Dornogobi aimag | Donation for organizing the Meeting of Herders | 123 |
| | | 2008.03.31 | Governors' Office of Bor-Undur soum | Donation for religious activity /Ochirvaani/ | 300 |
| | | 2008.03.31 | 22nd Khoroo of Bayanzurkh district | Donation for "Tsagaan sar" festival | 500 |
| | | 2008.04.03 | 22nd Kindergardan of Bayanzurkh district | Donation for organizing activities to provide education to pre-school children | 500 |
| | | 2008.05.31 | 55th Secondary School of Bayanzurkh district | Gift for school's | 483 |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|----|-----------------------------------|------------|---|--|--------------------------|
| | | | | anniversary | |
| | | 2008.09.26 | 22nd Khoroo of Bayanzurkh district | Donation for Elders' day | 100 |
| | | 2008.09.30 | Post Office of Khentii aimag | Donation | 1,200 |
| | | 2008.10.31 | Mathematic department of Mongolian National University | Donation | 500 |
| | | 2008.12.26 | Post Office of City | Donation | 2,500 |
| | | 2008.12.31 | Governors' Office of Khentii aimag | Donation for 70th year anniversary for Khalkh gol war victory | 1,250 |
| | | 2008.05.31 | Disabled Counsel of Bor-Undur | Donation | 250 |
| | | 2008.07.31 | Sport Committee of Khentii aimag | Donation for organizing the contest | 1,600 |
| | | 2008.09.15 | Elders' Committee in UB | Donation for 40th year anniversary events of Elder's Committee | 100 |
| | | 2008.10.22 | Association of Technology, Innovation Youth NGO | Prize for winners of "Khureltogoot-2008" scientific conference | 150 |
| | Sub-total | | | | 39,070 |
| 8 | "Shijir alt" LLC | 2008.07.08 | Governors' Office of Bulgan aimag | Donation | 10,000 |
| | | 2008.06.25 | Buregkhangai soum, Bulgan aimag | Donation | 2,500 |
| | | 2008.09.01 | Buregkhangai soum, Bulgan aimag | Donation | 2,500 |
| | Sub-total | | - | | 15,000 |
| 9 | "Chinkhua MAK nariin sukhait" LLC | 2008.12.22 | MRAM | Conference and meetings | 3,000 |
| | | 2008.01.18 | Governors' Office in Umnugobi | Donation | 5,000 |
| | | 2008.06.09 | Umnugovi Centre | Donation | 500 |
| | | 2008.09.09 | NCCI of Umnugovi aimag | Donation for organizing Gobi Festival | 1,000 |
| | | 2008.01.12 | Sevrei soum, Umnugobi aimag | coal | 1,244 |
| | | 2008.01.12 | Noyon soum, Umnugobi aimag | coal | 2,122 |
| | | 2008.01.12 | Gurvantes soum, Umnugobi aimag | coal | 857 |
| | | 2008.01.18 | Gurvantes soum, Umnugobi aimag | Governors' Office /tuition fee/ | 1,368 |
| | | 2008.09.18 | Gurvantes soum, Umnugobi aimag | Governors' Office /tuition fee/ | 1,330 |
| | | 2008.07.09 | Gurvantes soum, Umnugobi aimag | Donation to Governors' Office for organizing Naadam's festival | 1,000 |
| | | 2008.07.18 | Noyon soum, Umnugobi aimag | Donation to Governors' Office for organizing Naadam's festival | 1,000 |
| | | 2008.03.08 | Gurvantes soum, Umnugobi aimag | Governors' Office /prize of the contest/ | 1,389 |
| | | 2008.09.23 | Gurvantes soum, Border Army No.0166 | Construction materials | 11,510 |
| | | 2008.10.28 | Gurvantes soum, Border Army No.0166 | Donation to anniversary | 10,000 |
| | | 2008.12.07 | Gurvantes soum, Umnugobi aimag | Computer to secondary school | 704 |
| | | 2008.01.12 | Gurvantes soum, Umnugobi aimag | Donation to re-construct Cultural Centre building. | 39,428 |
| | | 2008.01.12 | Governors' Office of Umnugobi aimag | Donation for Road construction to Shivee Khuren port | 3,356,730 |
| | Sub-total | | - | | 3,438,181 |
| 10 | "Gatsuurt" LLC | 2008.08.15 | Bat-Ulzii soum, Uvurkhangai | Accomplishment for hospital | 200 |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|----|------------------------------|------------|---|--|--------------------------|
| | | 2008.08.29 | Bat-Ulzii soum, Uvurkhangai | Donation to Governors' Office | 300 |
| | | 2008.09.05 | MNCCI | Donation for new office | 10,000 |
| | | 2008.10.01 | Administration of Special secured Area of Bogd Khaan Uul | Donation for anniversary | 1,000 |
| | | 2008.11.10 | State service department /State palace/ | Religious activities | 50,000 |
| | | 2008.12.22 | Water Office | Donation for anniversary | 500 |
| | Sub-total | | - | | 62,000 |
| 12 | "Engui tal" LLC | 2008.08.20 | Shinejinst soum, Bayankhongor aimag | Governors' Office /repairment for irrigation system/ | 6,000 |
| | Sub-total | | | | 6,000 |
| 13 | "Ivanhoe mines mongolia" LLC | 2008.12.31 | Hospital of Umnugobi aimag | Scholarship for soum's doctors program | 14,035 |
| | | 2008.12.31 | Hospital of Umnugobi aimag | Office for Soums doctors program | 17,630 |
| | | 2008.12.31 | Education department of Umnugovi aimag | Student scholarship | 22,914 |
| | | 2008.12.08 | Development fund for aimag | Donation for survey work | 318,964 |
| | | 2008.12.30 | Bayan-ovoo, Umnugobi aimag | Fuel | 6,349 |
| | | 2008.12.30 | Bayan-ovoo, Umnugobi aimag | Ger | 750 |
| | | 2008.12.24 | Bayan-ovoo, Umnugobi aimag | Computer | 1,492 |
| | | 2008.12.30 | Manlai soum, Umnugobi aimag | Fuel | 8,090 |
| | | 2008.12.30 | Manlai soum, Umnugobi aimag | Ger | 750 |
| | | 2008.12.30 | Manlai soum, Umnugobi aimag | Camp | 22,505 |
| | | 2008.06.25 | Khanbogd soum, Umnugobi aimag | Master plan | 9,000 |
| | | 2008.09.23 | Khanbogd soum, Umnugobi aimag | Conference room | 250 |
| | | 2008.12.30 | Khanbogd soum, Umnugobi aimag | Fuel | 14,784 |
| | | 2008.08.28 | Khanbogd soum, Umnugobi aimag | Dictionary to school | 225 |
| | | 2008.09.30 | Khanbogd soum, Umnugobi aimag | Accumulator for Hospital vehicle | 52 |
| | | 2008.09.30 | Khanbogd soum, Umnugobi aimag | Car for ambulance /emergency/ | 70,000 |
| | | 2008.12.24 | Khanbogd soum, Umnugobi aimag | Computer to secondary school | 1,492 |
| | | 2008.12.24 | Khanbogd soum, Umnugobi aimag | Donation for Temple opening ceremony to Governors' Office | 1,000 |
| | Sub-total | | | | 510,282 |
| 14 | "Ankhai international" LLC | 2008.05.09 | Bayanjargalan soum, Tuv aimag | Donation for tuition fees to Governors' children | 1,000 |
| | | 2008.08.28 | Bayanjargalan soum, Tuv aimag | Donation for soums events to Governors' Office | 2,000 |
| | | 2008.06.20 | Bayanjargalan soum, Tuv aimag | Digging of water hole, spare parts | 1,150 |
| | | 2008.06.19 | Bayanjargalan soum, Tuv aimag | Governors' Office /water truck ZIL-130/ | 12,000 |
| | | 2008.08.28 | Bayanjargalan soum, Tuv aimag | Governors' Office /fuel for water truck/ | 263 |
| | | 2008.09.18 | Bayanjargalan soum, Tuv aimag | Spare parts of vehicle and its repairment fees for Police unit | 2,402 |
| | | 2008.05.09 | Bayanjargalan soum, Tuv aimag | Governors' Office /Sport utilities/ | 1,000 |
| | | 2008.07.19 | Bayanjargalan soum, Tuv aimag | Donation to Governors' Office for Naadam's | 1,000 |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|------------------|---------------------------------|------------|---|---|--------------------------|
| | | | | festival | |
| | | 2008.12.30 | Bayanjargalan soum, Tuv aimag | Governors' Office /2,163 fuel for soum/ | 2,916 |
| | | 2008.05.29 | Bayanjargalan soum, Tuv aimag | Governors' Office /Gift for Children's day/ | 249 |
| | | 2008.08.28 | Bayanjargalan soum, Tuv aimag | Governors' Office /couples' competition bet / | 60 |
| Sub-total | | | | | 24,040 |
| 15 | "Petro China dachin tamsag" LLC | 2008.09.15 | Dornod aimag | Vocational training centre | 8,280 |
| | | 2008.05.16 | Petroleum Authority of Mongolia | Donation for Petroleum event | 5,818 |
| | | 2008.07.10 | Dornod aimag | Donation to Governors' Office for Naadam's festival | 5,000 |
| | | 2008.08.19 | Choibalsan soum, Dornod aimag | Donation to Governors' Office | 5,000 |
| | | 2008.09.10 | Matad soum, Dornod aimag | Donation to Governors' Office | 2,500 |
| | | July 2008 | FIFTA | Computer | 770 |
| | | July 2008 | Dornod aimag | Car for ambulance /emergency/ | 20,000 |
| | | July 2008 | Dornod aimag | Governors' Office /monetary donation for bridge construction in Bichigt port/ | 23,400 |
| | | 2008 7 cap | Khalkh gol soum, Dornod aimag | Governors' Office /20 tonns cement/ | 3,200 |
| | | 2008 7 cap | Matad soum, Dornod aimag | Governors' Office /600 litre fuel/ | 3,780 |
| | | 2008 9 cap | Erdenetsagaan soum, Dornod aimag | Governors' Office /fuel to military unit/ | 1,200 |
| | | 2008 10cap | Matad soum, Dornod aimag | Governors' Office Donation | 500 |
| | | 2008 11cap | Dornod aimag | Governors' Office /Donation to Emergency Assistance Office/ | 800 |
| | | 2008 12cap | Matad soum, Dornod aimag | Governors' Office /christmas gifts for children/ | 11,533 |
| Total | | | | | 91,780 |
| 17 | "Erdes holding" LLC | 2008.05.15 | Police Office of Selenge aimag | Donation | 500 |
| | | 2008.03.21 | Civil Representative Khural of Khuder soum, Selenge aimag | according to contract | 4,560 |
| | | 2008.06.27 | Civil Representative Khural of Khuder soum, Selenge aimag | For construction of Kindergarden #23 | 400 |
| | | 2008.07.22 | Khuder soum, Selenge aimag | according to contract | 10,000 |
| | | 2008.10.10 | Khuder soum, Selenge aimag | For construction of Kindergarden #23 | 660 |
| Sub-total | | | | | 16,120 |
| 18 | "Shin shin" LLC | 2008.07.08 | "Development fund" of Dornod aimag | Donation | 2,000 |
| | | 2008.07.23 | Sergelen soum, Dornogovi aimag | Donation | 500 |
| | | 2008.11.03 | Labor and Welfare Services, Dornod aimag | Donation | 500 |
| | | 2008.11.04 | "Development fund" of Dornod aimag | Donation | 5,000 |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|----|----------------------------|------------|--|---|--------------------------|
| | | 2008.11.03 | Children Centre, Dornod aimag | Donation | 200 |
| | | 2008.12.05 | Emergency Office in Dornod aimag | Donation | 300 |
| | Sub-total | | | | 8,500 |
| 19 | "Mongol gazar" LLC | 2008.07.17 | Peoples of Uyanga soum | Donation | 110,000 |
| | | 2008.09.04 | Peoples of Uyanga soum | Donation | 90,000 |
| | | 2008.10.0 | Peoples of Uyanga soum | Donation | 70,500 |
| | Sub-total | | | | 270,500 |
| 20 | "Jump" LLC | 2008.01.30 | Governor Office, Eruu, Selenge aimag | Donation to Elder People | 200 |
| | | 2008.08.22 | Sustainable living Project | Hospital roof repair made according to Project implemented in Dornod aimag. | 2,000 |
| | | 2008.07.08 | Governor Office, Eruu, Selenge aimag | Donation | 500 |
| | Sub-total | | | | 2,700 |
| 22 | "Shanlun" LLC | 2008.12.19 | Dornod aimag | Donation | 3,000 |
| | | 2008.07.07 | Dornod aimag | Donation to Naadam Festival | 2,000 |
| | | 2008.10.13 | "Development fund" of Dornod aimag | Donation | 5,000 |
| | | 2008.07.06 | Choibalsan soum, Dornod aimag | Donation to Naadam Festival | 700 |
| | | 2008.09.25 | Individual Sainjargal S. Choibalsan soum, Dornod aimag | Donation | 300 |
| | | 2008.09.23 | Tuition fee /Khongorzul. P/ | Tuition fee | 1,500 |
| | | 2008.05.14 | Khavirga port, Dornod aimag | Fence price | 6,000 |
| | Sub-total | | | | 18,500 |
| 23 | "Gobi coal and energy" LLC | 2008.08.27 | Shinejinst soum, Bayankhongor aimag | Donation | 635 |
| | | 2008.01.10 | Jargalant soum, Govi-Altai aimag | Donation to "Jargalant" fund | 250 |
| | | 2008.01.15 | Chandmani soum, Govi-Altai aimag | Donation / Automobile repair, maintenance/ | 300 |
| | | 2008.01.18 | Chandmani soum, Govi-Altai aimag | Year 2008 Donation - Chandmani soum, Govi-Altai aimag | 1,500 |
| | | 2008.02.04 | Chandmani soum, Govi-Altai aimag | Donation to Chandmani soum, Govi-Altai aimag | 2,000 |
| | | 2008.02.04 | Tugurg soum, Govi-Altai aimag | Donation | 3,000 |
| | | 2008.02.04 | Tugurg soum, Govi-Altai aimag | Donation for environment expense | 2,000 |
| | | 2008.02.20 | "Soum development fund" Delger soum, Govi-Altai aimag | Donation to Delger soum, Govi-Altai aimag | 400 |
| | | 2008.02.22 | Khaliun soum, Govi-Altai aimag | Donation to Khaliun soum, Govi-Altai aimag | 500 |
| | | 2008.03.31 | "Soum development fund" of Shinejinst soum, Bayankhongor aimag | Local government donation /3rd bag building construction/ | 4,500 |
| | | 2008.03.31 | Governor Office of Chandmani soum, Govi-Altai aimag | Local government donation | 4,000 |
| | | 2008.04.04 | Governor Office of Biger soum, Govi-Altai aimag | Local government donation | 2,000 |
| | | 2008.04.08 | "Investment fund" of Bayankhongor aimag | Local government donation | 6,000 |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|------------------|-------------------|----------------|---|---|--------------------------|
| | | 2008.04.22 | Shinejinst soum, Bayankhongor aimag | Donation to Shinejinst soum, /Design picture price of Ekh River / | 800 |
| | | 2008.04.23 | Shinejinst soum, Bayankhongor aimag | Participation donation for tender to re-construct flowing system of Ekh River | 540 |
| | | 2008.05.19 | Governor's Office, Govi-Altai aimag | Donation | 11,635 |
| | | 2008.05.21 | Chandmani soum, Govi-Altai aimag | Donation /according to cooperation agreement/ | 4,000 |
| | | 2008.05.30 | Biger soum, Govi-Altai aimag | Donation | 1,500 |
| | | 2008.06.12 | Civil Representative Khural of Govi-Altai | Donation | 2,500 |
| | | 2008.06.18 | Reserve Fund at Governor's Office, Biger soum, Govi-Altai aimag | Donation, as mortgage of Environmental Restoration | 1,000 |
| | | 2008.06.20 | Shinejinst soum, Bayankhongor aimag | Donation | 5,736 |
| | | 2008.06.20 | Shinejinst soum, Bayankhongor aimag | Donation /according to cooperation agreement/ | 12,040 |
| | | 2008.07.03 | Shinejinst soum, Bayankhongor aimag | Donation | 3,355 |
| | | 2008.07.10 | Governor Office of Delgerkhantai soum, Dundgovi aimag | Donation | 1,000 |
| | | 2008.07.21 | Shinejinst soum Secondary School, Bayankhongor aimag. | Donation | 1,000 |
| | | 2008.07.22 | Shinejinst soum, Bayankhongor aimag | Donation | 350 |
| | | 2008.08.13 | Biger soum, Govi-Altai aimag | Donation | 5,000 |
| | | 2008.08.16 | Shinejinst soum, Bayankhongor aimag | Donation | 1,885 |
| | | 2008.08.21 | Altai city, Govi-Altai aimag | Donation for religious ritual | 8,000 |
| | | 2008.08.27 | Shinejinst soum, Bayankhongor aimag | Donation | 4,000 |
| | | 2008.08.27 | Shinejinst soum, Bayankhongor aimag | Donation | 1,000 |
| | | 2008.09.11 | Tugurg soum, Govi-Altai aimag | Local government donation | 1,800 |
| | | 2008.09.12 | Chandmani soum, Govi-Altai aimag | Local government donation | 2,000 |
| | | 2008.09.17 | Shinejinst soum, Bayankhongor aimag | Donation /tuition fee/ | 550 |
| | | 2008.10.03 | Tugurg soum, Govi-Altai aimag | Donation/Baasanjav N./ | 1,500 |
| | | 2008.10.03 | Chandmani soum, Govi-Altai aimag | Donation | 1,500 |
| | | 2008.10.06 | "Bayankhongor fund" of Bayankhongor aimag | Donation for aimag development | 68,746 |
| | | 2008.10.24 | Shinejinst soum, Bayankhongor aimag | Donation / Renewal of watering system/ | 3,000 |
| | | 2008.11.05 | Shinejinst soum, Bayankhongor aimag | Local government Donation/Azzaya Z. / | 400 |
| Sub-total | | | | | 171,922 |
| 25 | "Shariin gol" JSC | 2,008 | Secondary School #2, of Darkhan-Uul aimag | English class facilitation | 1,000 |
| | | 2,008 | "Lkha" TV of Darkkhan-Uul aimag | installation of a station for TV information and advertisement | 25,000 |
| | | 2008.06-12 cap | Shariin Gol soum, Darkhan-Uul aimag | donation for temple construction | 9,996 |

Appendix L Donations, assistance provided by the companies (per detailed reports of the companies)

| # | Company name | Date | Organization name which received donations and assistance | Description | Amount /in thousand MNT/ |
|----|------------------------|------------|--|--|--------------------------|
| | | 2,008 | Fair Department, Shariin Gol soum, Darkhan-Uul aimag | Donation | 550 |
| | | 2,008 | Sport Committee of Darkhan-Uul aimag | Football contest of Elder Football Players | 550 |
| | Sub-total | | | | 37,096 |
| 26 | "Khan shijir" LLC | 2,008 | Governer's office of Bayankhongor aimag | Religious ritual | 10,000 |
| | | 2008.10.16 | Environment Department of Bayankhongor aimag | Donation to new office | 3,000 |
| | | 2,008 | Governer's office of Bumbohur soum, Bayankhongor aimag | Office furniture and fixtures | 1,700 |
| | | 2008.08.08 | Governer's office of Bumbohur soum, Bayankhongor aimag | Fuel expense for cleaning the sewage | 441 |
| | | 2,008 | Environment Committee of Bumbohur soum, Bayankhongor aimag | Donation | 200 |
| | Sub-total | | | | 15,341 |
| 32 | "Khunanjinlen" LLC | 2008.08.25 | Eruu soum, Selenge aimag | Donation for Governer's office | 4,100 |
| | | 2008.07.08 | Eruu soum, Selenge aimag | Naadam festival's donation | 500 |
| | Sub-total | | | | 4,600 |
| 33 | "Zuriin bulan" LLC | 2008.07.25 | Eruu soum, Selenge aimag | Donation for Hospital | 250 |
| | | 2008.06.05 | Eruu soum, Selenge aimag | Naadam festival's donation | 1,000 |
| | Sub-total | | | | 1,250 |
| 34 | "Dazan trade" LLC | 2008.12.12 | Prize for laboratory ceremony | Laboratory prize | 100 |
| | | 2008.12.17 | Chandmani soum, Govi-Altai aimag | Donation in cash to the committee | 300 |
| | | 2008.10.02 | Tarialan soum, Uvs aimag | Donation | 2,000 |
| | Sub-total | | | | 2,400 |
| 36 | "Erel" LLC | 2008.03.17 | Sport Centre, Darkhan-Uul aimag | Donation | 867 |
| | Total | | | | 867 |
| 45 | "Cold gold mongol" LLC | | Bayankhongor aimag | Religious ritual | 10,000 |
| | Sub-total | | | | 10,000 |
| | Total | | | | 154,229,291 |

