



BUSINESS COUNCIL of MONGOLIA

NewsWire

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www.bcmmongolia.org
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NEWS HIGHLIGHTS:

- Business:** *Government accepts and registers Gatsuurt; Major companies targetted for privatization; Garrison International pushes exploration; Eznis secures SouthGobi charter*
- Economy:** *Deaths from poisoned alcohol increase; Mobicom grows in rural areas; MSE trading value exceeds 100 billion*
- Politics:** *Prime Minister's speech renews hope for investment agreements; Cabinet approves deputies; New Mayor for Ulaanbaatar; MPRP action plan released*

Happy New Year

BCM welcomes members with its first NewsWire for 2008 and wishes all a prosperous new year.

BUSINESS

GOVERNMENT ACCEPTS AND REGISTERS GATSUURT

The Mongolian Government's acceptance and official registration of the Gatsuurt ore reserves onto the National Registry of Mineral Reserves, paves the way for Centerra Gold Inc. (TSX - CG) to negotiate an Investment Agreement for future development of the deposit. Centerra announced the news in a News Release, December 27, 2007.

The Company had previously disclosed it intends to truck Gatsuurt ore to Boroo Mine's processing facility where a new bio-oxidation circuit will be constructed to treat refractory Gatsuurt ore.

Source: Centerra Gold News release, www.centerragold.com

MAJOR COMPANIES TARGETED FOR PRIVATIZATION

Mongolia's two State-owned giants, Mongolia Telecom and MIAT Airlines lead the draft list of entities to be privatized in 2008, according to a submission from the State Property Committee to the Government of Mongolia. However prerequisite criteria has to be met before either can be privatized.

The Government needs to hold talks with Korea Telecom Company, which bought 40 percent of the shares and has rejected initial approaches to sell them back to Mongolia and is seeking to undervalue the company. According to a proposal from the Ministry of Road, Transport and Tourism, the Government would keep 51 percent of the company, up to 10 percent of the shares could go to its current employees, and the remainder sold by an international tender bid process. No progress has been made to date.

The privatization of MIAT is anticipated to be smoother. The Company has a fleet of two leased planes and one outdated airplane, over 800 employees and is expected to be privatized within the first quarter of the year. MIAT Company intends to keep rights to the international routes approved by the intergovernmental aviation agreements.

Source: www.gateway.mn

GARRISON INTERNATIONAL PUSHES EXPLORATION

Toronto-based Garrison International Ltd. (TSX VENTURE: GAU) has announced it will be raising capital to further explore its Mongolian sites. Through a 'Private Placement' of 2,300,000 common shares of stock, Garrison International will raise funds to explore its Tsaagaan Staiur site in Bayankhongor Province about 550 kilometers southwest of Mongolia's capital, Ulaanbaatar.

Garrison is a junior mineral exploration company, which acquires and develops advanced stage gold properties in Mongolia.

Source: www.mongolia-web.com

EZNIS SECURES SOUTHGOBI CHARTER

Eznis Airways signed a one-year charter contract December 13, 2007 with Southgobi Sands LLC to fly a charter to Ovoot Tolgoi, Umnugobi aimag. It is the Company's second biggest contract behind their Ivanhoe Mines charter, and important support for the mining sector in Mongolia.

The charter includes two, four-hour flights, two times a week from Ulaanbaatar to Ovoot and return to Ulaanbaatar.

Eznis will operate a minimum of 160 flights a year and grow and expand with Southgobi Sands LLC.

Source: Eznis Airways

ECONOMY

DEATHS FROM POISONED ALCOHOL INCREASE

The death of a 50-year-old man from poisoned alcohol has raised the number of fatalities from a tragic food safety incident to 14 as of the morning of December 3. The Asian Wolf Company in Baganuur district unknowingly sold Bugat Khangai, Morit Khangai and Kherlen vodkas containing methylated spirits that led to the poisoning. The company bought its supplies for the mixture from a Chinese company.

The city mayor has banned the sale of alcohol until further notice. More than 90 victims are sick from poisoning as of TV news reports January 3. Most of the victims are from Baganuur District.

The tragedy occurred over the New Year break on January 1 when Baganuur District Emergency Department received many calls from people suffering symptoms of the poisoning by alcohol.

The number of deaths may rise according to doctors treating victims in hospitals.

Source: Montsame National newsagency

MOBICOM SERVICES GROW IN RURAL AREAS

MobiCom Corporation has opened branches in Khangai and Tsakhir soums 220 to 260 kms from Arkhangai aimag center, Tsetserleg. 65 per cent of each soum's citizens subscribe to cellular phone services. Two to three cell phone branches operate in Battengel, Ogiinuur, Tsenkher soums, where there is an optical cable.

In 2007, cellular phone consumers increased by more than 60 per cent in the aimag indicating aimag's herders are using cell phone services.

Source: Montsame National Newsagency

MSE TRADING VALUE EXCEEDS 100 BILLION MNT

The Mongolian Stock Exchange (MSE) and professional organizations participating on the Mongolian capital market set a goal to reach trading value of MNT 80 billion in securities trade in 2007; to fulfill a mission to protect and honor security issuers and investors rights and to conduct fair transparent effective securities trade. A further goal was to dedicate benefits for each individual and organization to the country's economy.

By the week of December 25, 2007 the MSE's trading value exceeded MNT 102 billion. The Top-20 Index reached 10558.94 units.

Read more: www.mse.mn/en

POLITICS

PRIME MINISTER'S SPEECH RENEWS HOPE FOR INVESTMENT AGREEMENTS

Prime Minister S. Bayar's speech to the Parliamentary Plenary session, December 13, following his appointment to his post, has renewed confidence the Mongolian Government will deal with stalled investment agreements in the mining sector. In Part Four of his five-part speech the Prime Minister targetted participation from an experienced foreign company to conclude the Oyu Tolgoi investment agreement in recognition the Mongolian nation did not have the capacity to do so itself and the importance of moving negotiations on the Tavan Tolgoi mining licence before it loses its title of 'the most' to another deposit in Mozambique.

Read more: www.bcmmongolia.org, BCM News & Press

CABINET APPROVES DEPUTIES

Cabinet completed appointed of deputies in ministries following the approval of Prime Minister S. Bayar's new Cabinet late December 2007. The deputies include: D. Battor as State Secretary of the Finance Ministry; J. Altankhuayg as State Secretary of Health; G. Altansukh as deputy chairman of the General Intelligence Agency; Delgertsogt as Deputy Minister of Environment; S. Baasankhuu as Deputy Minister of Defence; B. Enkhmandakh as Deputy Minister of Foreign Affairs; D. Batkhuyag as the Deputy Minister of Road, Transport and Tourism; N. Battserereg as the Deputy Minister of Finance; B. Torbayar as the Deputy Minister of Justice and Internal Affairs; N. Ganbyamba as Deputy Minister of Food and Agriculture; and J. Tsolmon as the Deputy Minister of Health.

Cabinet dismissed acting State Secretary of Road, Transport and Tourism Ts. Bat-Enkh claiming he made ethical errors. B. Enkhmandakh was released from the post of Deputy Minister of Environment; Sh. Sukhbaatar from the Deputy Minister of Justice and Internal Affairs; P. Ulaankhuu from the Deputy Minister of Food and Agriculture; and A. Otgonbold from the Deputy Minister of Health.

Source: Montsame National Newsagency, The Mongol Messenger

NEW MAYOR FOR ULAANBAATAR

Former Presidential Office head, T. Bilegt has replaced former Ulaanbaatar Mayor and Governor Ts. Batbayar, by order of the Capital City Citizens' Representative Khural on December 28.

The proposal for the dismissal of Ts. Batbayar from G. Monkhbayar with a resolution from the MPRP caused heated debate among members for several days. T. Bilegt was appointed with a unanimous vote from 30 members in attendance, defeating another candidate L. Amarsanaa.

Ts. Batbayar's resignation, submitted to the meeting on December 27, was accepted.

MPRP ACTION PLAN RELEASED

The 'MPRP action plan' designed by the MPRP has been posted on the BCM website for information. See, 'BCM News & Press' section on BCM website – as follows:

Check: www.bcmmongolia.org

ECONOMIC INDICATORS

CURRENCY RATES - January 4 2008

Currency name	Currency	Rate
US dollar	US \$	1169.97
Euro	EUR	1719.21
Japanese yen	JPY	10.68
British pound	GBP	2314.14
Hong Kong dollar	HKD	149.80
Chinese Yuan	CNY	160.87
South Korean won	KRW	1.25
North Korean won	KPW	8.18
Canadian dollar	CAD	1176.50
Australian dollar	AUD	1029.75
Taiwan dollar	TWD	36.06
Indonesian rupiahs	IDR	0.12
Malaysian ringed	MYR	355.78
Singapore dollar	SGD	815.88

INFLATION

January 4 2008	
October	0.6
YTD 2007	13.2