

MEMORANDUM OF UNDERSTANDING

The Mongolian State Professional Committee on Mineral Resources (MSPCMR) and the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) undertake the following:

- In consideration of their principal activities and the long-term interests of both Committees, concerning the active participation of Mongolia in the development of the worldwide mining industry;

- In consideration of the role of MSPCMR in providing conditions for efficient and complete use of the Mineral Resources and Mineral Reserves of Mongolia and the leading role of CRIRSCO in development of international reporting standards for Exploration Results, Mineral Resources and Mineral Reserves,

- For the purpose of strengthening correspondence between skilled experts of MSPCMR and CRIRSCO in the matter of improving reporting of Exploration Results, Mineral Resources and Mineral Reserves;

-Noting the growing importance of international activity in mineral resources with globalization of markets for raw materials and capital, and in particular the growing contribution of the Mongolian minerals industry in supplying raw materials to consumers throughout the world,

HAVE AGREED THE FOLLOWING:

1. The purpose of this MOU is to collaborate in development and implementation of a national reporting standard for Exploration Results, Mineral Resources and Mineral Reserves in Mongolia that is compliant with the CRIRSCO Template.

2. Under this agreement, MSPCMR and CRIRSCO will form a joint working group: "MSPCMR-CRIRSCO Working Group" to develop a **Mongolian Code for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves** by July 2012. The Mongolian code will be based on the CRIRSCO family of codes and will include specific features relevant to Mongolia.

3. MSPCMR will develop the regulatory framework and requirements and obtain governmental approvals allowing a professional organization within Mongolia to satisfy the criteria to become a full CRIRSCO member as a National Reporting Organization (NRO).

4. MSPCMR will develop the regulatory framework and requirements and obtain governmental approvals allowing professional specialist members of this NRO to become recognized internationally as Competent Persons. The qualification of Competent Persons will include university degrees in courses of study relevant to the minerals industry, at least five years of relevant experience, and membership in a professional organization with disciplinary powers, including the power to expel a member.

5. MSPCMR and CRIRSCO will develop and use a set of "**Guidelines for Alignment of Mongolian Minerals Reporting Standards and the CRIRSCO Template**" as a handbook for Competent Persons and as a contributory basis for developing the "**Mongolian Code for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves**".

6. CRIRSCO members shall provide necessary assistance in fulfillment of provisions in the MOU.

7. Once the "**Mongolian Code for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves**" has been adopted for use in Mongolia, the Mongolian NRO has been established, and Competent Persons have been recognized, the Mongolian NRO and CRIRSCO will meet to ratify the "**Mongolian Code for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves**" as a member of the CRIRSCO family of codes. Thereafter both the Mongolian NRO and CRIRSCO shall not make any changes to reporting documents without mutual consultation and resolution.

Signed in duplicate in London, this day of 2011 in the English and Mongolian languages.

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Appendix

About MSPCMR

MSPCMR is a board that has right to consider geological researches conducted by the state within the territory of Mongolia; exploration results, mineral resource and mineral reserve estimations of all types submitted by mining and exploration license holders; economic evaluation reports; feasibility studies on exploitation of mineral deposits, and mining and petroleum related research; work proposals, plans, and results. The MSPCMR also has the right to give professional consultancy and draw conclusions as to whether those issues are in compliance with the existing laws, regulations and research methods.

About CRIRSCO

CRIRSCO is the umbrella organization founded in 1994 to coordinate the work of international minerals reporting organizations (now including JORC, CIM, SAMREC, SME, Comision Minera (Chile), the IMM committee - now reconstituted as PERC, and NAEN (Russia)). The current chairman of CRIRSCO is Deborah McCombe. For further information on CRIRSCO, please refer to www.crirSCO.com

Guidelines on Alignment of Mongolian minerals reporting standards and the CRIRSCO Template are to be prepared by the Working Group of experts incorporating leading professional researchers of MSPCMR, CRIRSCO, mining and other companies and Mongolian and international universities. This set of guidelines will be developed to provide an aid to the Competent Person to carry out a direct conversion from Mongolian classified estimates to CRIRSCO compatible estimates. In addition to referring to these guidelines, however, non-Mongolian specialists will still need to have a level of understanding of the Mongolian classification system in order to ensure the appropriate representation of Minera Resources and Mineral reserves and the necessary examination of all modifying factors. Similarly Mongolian specialists undertaking the same work will need to have a thorough level of understanding of the CRIRSCO template.

The Mongolian Code for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves shall have the format of the CRIRSCO Template, including core definitions and guidance, tables containing assessment criteria, and definitions and guidance relating to coal, industrial minerals and gemstones.