

**NEWS ON NEGOTIATION BETWEEN LOCAL GOVERNMENT, HERDERS' REPRESENTATIVES
OF KHANBOGD SOUM AND OYU TOLGOI COMPANY**

Khanbogd soum

Ikh Bulag

19-20 March 2015

We regularly provide you with information regarding the agreements reached at the joint meetings held between the Herders' Representatives and Oyu Tolgoi Company with CAO involvement in the problem solving process. This is brief news about last meeting which took place on 19-20 March 2015 in Vocational Training Center of Khanbogd soum.

The main purpose of this meeting was to discuss and finalize the drafts of Memorandum of Understanding on establishment of Tripartite Council involving representatives of local government, elected herders and "Oyu Tolgoi" company in order to held negotiations on challenging issues faced by herders, Council's Charter, and protocols on livestock grazing inside mining site and temporary water delivery.

The meeting was facilitated by CAO facilitator and attended by Mrs. Kh. Otgonjargal, Deputy Governor of Khanbogd soum, Mr. M. Myagmarjav, Governor of Bayan bagh, Mr. B. Altangerel, Officer in charge of environmental and mining issues at soum Government, and Herders' representatives as well as representatives of "Oyu Tolgoi" company. As a result of the meeting the parties:

- Finalised the draft of Memorandum of Understanding on establishment of Tripartite Council involving representatives of local government, elected herders and "Oyu Tolgoi" company, and the draft Council's Charter.

- Developed and agreed on implementation of action plan related to presentation of Phase 1 report produced by International Experts' Team to relevant parties.

- Discussed and approved temporary protocols concerning livestock grazing inside the mining site and delivery of water to herders residing in 20 km radius from mining site and agreed to realise starting from 20 March 2015.

- Discussed the draft of Expression of Interest for Multidisciplinary Team and agreed to open public announcement.

During this meeting Mr. Ivan Vella, Chief Operations Officer of "Oyu Tolgoi" company come in person to hand over a letter of apology to Herders' representatives apologizing and asking for forgiveness on behalf of the company for lacking consultation with local herders, not providing full explanation about the works related to the partial diversion of Undai river main stream.

Khanbogd Soum Government
Herders' representatives of Khanbogd Soum
"Oyu Tolgoi" LLC