



**AGREEMENT BETWEEN THE GOVERNMENT OF MONGOLIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON THE GASHUUN SUKHAIT-GANTS MOD CROSS-BORDER RAILWAY, COAL TRADE AND TAVANTOLGOI COAL MINE CAPACITY EXPANSION COOPERATION**

Based on the Joint Declaration between Mongolia and the People's Republic of China on the Establishment and Development of a Comprehensive Strategic Partnership, adhering to the principles of compliance with laws and regulations, equality and mutual benefit, company-led, market operation and international practices, the government of Mongolia and the government of the People's Republic of China (Collectively referred to as "the two sides", and individually as "the Mongolian side" or "the Chinese side") reach agreement on construction of the Gashuun Sukhait-Gants Mod cross-border railway and the cooperation of coal trade and capacity expansion of Tavantolgoi coal mine based on "Three in One" principle.

**I. Terminology**

(I) The following terms used in this agreement shall be understood as:

"Three in One" refers to the construction of the Gashuun Sukhait-Gants Mod railway, which will create conditions for both parties to achieve long-term and stable economic benefits. Companies from both countries will sign mutually beneficial long-term coal trade agreements based on market principles. These agreements will include comprehensive measures related to Tavantolgoi coal mine expansion cooperation, aimed at ensuring a stable supply of mineral resources.

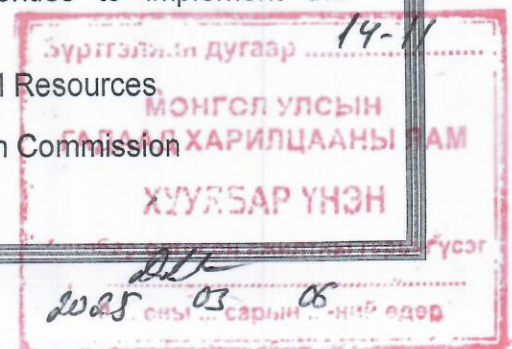
(II) For any other terms not defined in this agreement, their meanings shall be interpreted in accordance with the relevant laws and regulations of Mongolia and China. In case of ambiguity, the meanings shall be determined through friendly consultation between the two sides.

**II. Implementation Authorities of the Agreement**

(I) The two sides designate the following authorities to implement this agreement:

The Mongolian side: Ministry of Industry and Mineral Resources

The Chinese side: National Development and Reform Commission



(II) Considering the historical background of project implementation, in order to ensure the smooth execution of the project, relevant companies from both countries should expedite their work under the framework of this agreement. The aforementioned relevant companies include, but are not limited to:

The Mongolian side: Erdenes-Tavantolgoi JSC (State-owned Enterprise) and its affiliated legal entities.

The Chinese side: China Energy Investment Corporation (State-owned Enterprise) and its affiliated legal entities, as well as Chinese-funded corporate entities or institutions that cooperate with China Energy Investment Corporation and its affiliated legal entities.

### III. Cooperation Direction and Scope

To create favorable conditions for implementing the "Three in One" cooperation principle, the two sides should support the following three comprehensive measures:

#### (I). Joint Construction of Cross-Border Railway

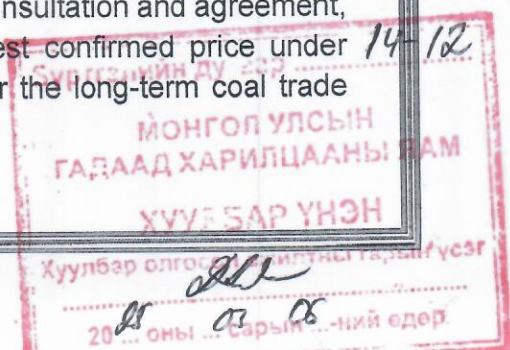
1. The two sides should adhere to the principle of "jointly working on the connection work of technology plan, standard and etc, investing independently for each party's own railway section, and completing the railway construction at the same time ". According to the Agreement between the Governments of Mongolia and China on Jointly Building the Gashuun Sukhait-Gants Mod Port Cross-border Railway Bridge signed in April 2024, the two sides are responsible for the investment and construction of the railway and port within their respective territory. The two sides should comply with the standards and regulations of their respective railway gauges. Support should be provided for signing inter-company construction agreements, maintaining communication on the project start date, and striving to launch construction at an early date. The signing of long-term coal trade agreement and the cooperation agreement on Tavantolgoi coal mine expansion between companies are prerequisites for the launch of cross-border railway construction.

2. The two sides shall be responsible for the quality supervision of the railway construction within their respective territory, and jointly responsible for the quality supervision of the border connection section.

3. The two sides should support prioritizing the use of railways for cross-border coal transportation, ensuring that coal traded by companies of both countries can be shipped via this railway on a priority basis.

#### (II). Long-term Coal Trade Agreement

Taking into account the delays in the Gashuun Sukhait-Gants Mod railway and cross-border railway construction, the time and economic losses suffered by the two sides, and the precedents set by the long-term coal trade agreements previously signed by the two sides, based on the principle of mutual consultation and agreement, companies from both countries agreed to adopt the latest confirmed price under execution (before the signing date of this Agreement) for the long-term coal trade



agreement signed between Erdenes-Tavantolgoi JSC and the Chinese state-owned enterprises as the initial price (FCA-Point of Delivery is at Tavantolgoi mine Stockyard), and the following price shall be derived from the agreed mechanism of "the initial price+adjustment by jointly selected quarterly index". The pricing will follow the agreed cooperation details including the duration of cooperation, trade volume, and coal quality will be specified in the long-term coal trade agreement.

#### (III). Coal Mine Capacity Expansion

1. To meet the long-term demands for cross-border railway transportation volume, economic and investment benefits, and to ensure the quantity of goods transported by rail, the Mongolian side should support Erdenes-Tavantolgoi JSC to expand Tavantolgoi coal mine capacity. In the development of new mining areas and the initiation of operations, the two sides should support and cooperate with the companies mentioned in the Clause II (II) of this Agreement to participate in the capacity expansion construction cooperation of Tavantolgoi coal mine according to commercial principles.

2. Under the framework of cooperation in the field of mineral resources, modern machineries and technologies should be adopted in the process of exploration, planning and mining to achieve environmentally friendly and efficient development.

#### IV. Outcomes and Conclusion of the Agreement

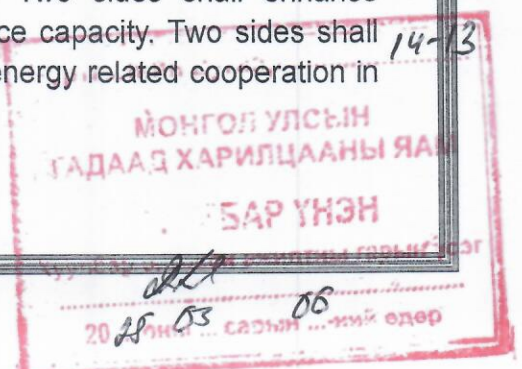
(I). The implementation of this agreement will promote the cooperation between the two sides under the framework of the Joint Declaration between Mongolia and the People's Republic of China on the Establishment and Development of a Comprehensive Strategic Partnership, in areas such as the Gashuun Sukhait-Gants Mod cross-border railway, coal trade and Tavantolgoi coal mine capacity expansion.

(II) During the implementation of this agreement, companies from both countries should summarize the outcomes of this agreement according to each cooperative field and plan the next steps for joint work in due time.

(III) During the implementation of this agreement, the signing of new long-term coal trade agreements by companies of both countries under the framework of this agreement shall not affect the execution of existing long-term coal trade agreements between the companies of both countries.

#### V. Other Matters

After this agreement comes into effect, the two sides should support and actively promote other cross-border railway construction projects and export of thermal coal. The two sides should cooperate on large-scale construction projects in urban city development, housing, and infrastructure. Two sides shall enhance cooperation at ports and improve the customs clearance capacity. Two sides shall continue to support companies to carry out renewable energy related cooperation in accordance with commercial principles.



## VI. Supplementary Provisions

(I) This agreement shall come into effect after the two sides complete their necessary internal procedures and shall be valid for 16 years. If either party wishes to terminate this agreement, it must notify the other party in writing through diplomatic channels and obtain their consent. The agreement shall terminate six months after the intending terminating party receives the aforementioned written consent from the other party. The termination of the agreement does not affect the cooperation activities already undertaken during the effective period of the agreement, nor does it affect the validity of contracts signed between companies of the two countries within the framework of this agreement.

(II) Amendments and supplements to this agreement may be made based on mutual consultation and agreement between the two sides.

(III) Any disputes related to the execution and interpretation of this agreement shall be resolved through friendly consultation between the two sides.

(IV) The two sides should strictly fulfill the relevant provisions of this agreement as well as those stipulated in inter-company agreements signed based on this agreement.

(V) The two sides agree that the information provided by one side to the other during the process of negotiation, review and implementation is for internal use only and shall not be disclosed to any third party without written consent from the side beforehand. The above mentioned third party, including but not limited to government departments or companies that are not involved in the railway construction, coal trade, and coal mine development cooperation under the framework of this agreement. The amendment, termination, or expiration of other terms of the agreement will not affect the validity and enforcement of this term.

This agreement is signed in duplicate on February 14, 2025 in Harbin, in Mongolian, English and Chinese languages, all texts being equally authentic. In case of any discrepancy, the English text shall prevail

ON BEHALF OF THE  
GOVERNMENT OF MONGOLIA

  
\_\_\_\_\_  
TUVAAAN TSEVEGDORJ

  
\_\_\_\_\_  
DELGERSAIKHAN BORKHUU

ON BEHALF OF THE  
PEOPLE'S REPUBLIC OF CHINA



\_\_\_\_\_  
ZHENG SHANJIE

