

## **Opportunity for cooperation among the large and small-scale mining and the local authority**

Dear Ladies and Gentlemen,

It is my great pleasure to have an opportunity to make a presentation for you, who are visiting Mongolia during these beautiful summer days.

The subject of my presentation is about trust between people. People first respect and love each other and then this concept of mutual trust comes to effect. Personally I think that the sincere trust for each other as well as trust from one of people to the other is the most important thing in various ways of cooperation among the people.

Therefore, I would like to make a presentation for you with the title “Opportunity for cooperation among large and small-scale mining and the local authority.”

During the last 2 decades, each year, more than 100000 small-scale miners are taking active mining operation in Mongolia and they did not have permanent workplaces, did not have sustained income, and were lacking social protection in other words, they were operating illegally. Therefore, they attacked the large-scale mining site in 200-300s and sometime even in thousands and they not only created the serious risks for themselves but also they caused risks for the workers at large-scale mining. In other words, because the conflicts between mining security agency and small-scale miners happen and illegal entering of small-scale miners to the large-scale mining site occurs, they faced such risks as being hit by machinery of large-scale mining companies, being hit by large rocks or frozen soils that were potential to fall from mining walls, cause damages to each other by small-scale miners due to disputes or conflicts, getting into accidents in motorcycles and cars while being chased by police, cause damages to the property by breaking glass and light of mining equipment, causing damages to the people by throwing stones to large-scale mining companies’ workers and guards and cease of operations at mining due to attack by the small-scale miners.

Therefore, government institutions of Mongolia, private sector organizations, international humanitarian organizations are taking initiatives during the last years and actively working to eliminate this dangerous situation.

Our company is fully aware of its social responsibilities, and we think that we have to make our contribution to this deed, conducted related studies and based on these, we decided that this is an opportunity to effectively implement this in our mining via tri-partite agreement.

Therefore, we selected the “Enkh munch ergek kholboo” NGO, comprising of 50 small-scale miners in Zaamar soums of Tuv aimag and as a results of series of meetings and discussions, we achieved a certain level of mutual trust. After that, in 2011 we established a tri-partite agreement with the Governor of Zaamar soum, ‘Enkh munch ergek kholboo” NGO to use gold residue, which is not possible to extract by the large-scale mining technology

Within the scope of this agreement, we accept the small-scale miners as workers of our company and involve them safety trainings and the trainings on the positive tendency of safety and familiarize them with the mining rules and regulations and as a result of our active cooperation, we maintained certain trust among us.

Thanks to this mutual trust, the following advantages are appearing to our 50 small-scale miners:

- They gained certain knowledge on safety,
- They got used to using personal safety tools in the workplaces,
- They have safe work places,
- They have a community of co-workers,
- They gained social protection by getting involved in health and social insurances,
- Have permanent work places to work at least 2 days each quarter and the maximum of twice per week in the large-scale mining site,
- They are working free from fear,
- They are now free from risks of losing lives, health and properties,
- Monthly income of small-scale miners exceeded 600 000 MNT,
- Because they work in teams, productivity has increased,
- 1,5 kg of gold, which is usually left in the nature is submitted to the Mongolbank every 3 months after the mining is complete in large-scale mining,
- At least 9,9 million MNT is paid to state budget as tax every 3 months.

As of 1 March of 2013, there are total of 437 mining special licenses, covering a total of 150553,7 hectares of land, issued to the gold mining purposed within the territory of Mongolia and there are over 15000 registered small-scale miners. Out of 437 gold mining licenses, 427 are carrying out mining activities in mining sites with gold extraction licenses. If we make a comparative assessment, 35 small-scale miners are for 1 gold bench sites.

This number shows the potential for small-scale miners, working in the gold mine site and in order to realize this opportunity, building a "MUTUAL TRUST", which was addressed at the beginning of my presentation is the biggest opportunity in working together towards this direction.

Thank you for your attention... May all the good deeds prosper.

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