

RULES FOR DETERMINING AND ENFORCING IRON ORE AND CONCENTRATE TRADING CONTRACT STANDARDS

ONE. GENERAL PROVISIONS

- 1.1 These Rules shall regulate matters concerning establishing contract standards for iron ore and concentrates /hereinafter referred to as "products"/ to be traded through the "Mongolian Stock Exchange" /hereinafter referred to as the "Exchange"/, monitoring the implementation and conducting quality control.
- 1.2 The operations stipulated in this rule shall be implemented within the scope of the Law on Mining Products Exchange, the Law on Securities Market, other related laws, regulations, and instructions adopted by the Financial Regulatory Commission /hereinafter referred to as "Commission"/ and the Exchange, as well as other decisions issued in accordance therewith.
- 1.3 These rules shall be adhered to by brokers, customers, accredited warehouses, terminals, laboratories, carriers, and other participants of the Exchange.

TWO. GENERAL TERMS OF CONTRACT

2.1 GENERAL TERMS OF SPOT CONTRACT

- 2.1.1 The products to be supplied under the contract shall conform to the types and categories stated in Article 1 of Government Resolution No. 223 dated June 7, 2023.
- 2.1.2 The contract shall include the quality specifications submitted by the seller.
- 2.1.3 The contract may include the percentage, and methodology used to calculate the amount of price increases and decreases to account for differences in the quality of products to be supplied.
- 2.1.4 The contract must end on a business day.
- 2.1.5 1 lot of iron ore and concentrate to be traded under the contract is 50 wagons or 3250 tons (maybe ± 10 percent difference depending on the product type).
- 2.1.6 The price of the contract shall be determined in accordance with the "Procedures for Trading and Conducting Settlement of Mining Products".
- 2.1.7 Contract prices may be indicated in foreign currencies.
- 2.1.8 The minimum variation of the contract price is 30 cents per ton or the equivalent of 3 yuan unless otherwise stated by the seller.
- 2.1.9 The amount of collateral of the contract shall be determined in accordance with the "Procedures for Trading and Conducting Settlement of Mining Products".
- 2.1.10 The product delivery point is the "iron ore and concentrate loading and unloading area" in Zamyun-Uud Port of Mongolia, or the "iron ore and concentrate loading and unloading area" at the border port of a foreign country.
- 2.1.11 The delivery of products from the accredited warehouse and terminal to the designated delivery point, as well as the receiving process, must be carried out in accordance with these rules.
- 2.1.12 Products traded in contracts may be coded.

2.2 GENERAL TERMS OF FORWARD CONTRACT

- 2.2.1. The products supplied under the contract must conform to the type, classification, and quality stated in Article 1 of Government Resolution No. 223 dated June 7, 2023.
- 2.2.2. The contract shall include the quality specifications submitted by the seller.
- 2.2.3. The contract may include the percentage, and methodology used to calculate the amount of price increases and decreases to account for differences in the quality of products to be supplied.
- 2.2.4. Forward contracts are subject to physical delivery.
- 2.2.5. The contract is valid for up to 6 months.
- 2.2.6. 1 lot of iron ore and concentrate to be traded under the contract is 50 wagons or 3250 tons (maybe ± 10 percent difference depending on the type of product).
- 2.2.7. The price of the contract shall be determined by the "Procedures for Trading and Conducting Settlement of Mining Products". The price of the forward contract may be adjusted following the market conditions, and the conditions and calculation methods of the price adjustment shall be clearly stated.
- 2.2.8. Contract prices shall be indicated in foreign currencies.
- 2.2.9. The minimum variation of the contract price is 30 cents per ton or the equivalent of 3 yuan unless otherwise stated by the seller.
- 2.2.10. The product delivery point is the "iron ore and concentrate loading and unloading area" in Zamyun-Uud Port of Mongolia, or the "iron ore and concentrate loading and unloading area" at the border port of a foreign country.
- 2.2.11. The delivery of products from the accredited warehouse and terminal to the designated delivery point, as well as the receiving process, must be carried out in accordance with these rules.
- 2.2.12. The contract delivery schedule can be negotiated by the parties.
- 2.2.13. The amount of collateral of the contract shall be determined in accordance with the "Procedures for Trading and Conducting Settlement of Mining Products".
- 2.2.14. Products traded in contracts may be coded.

THREE. TRANSPORT, STORAGE, QUALITY CONTROL AND SETTLEMENT

Transport logistics

- 3.1 The delivery of the products from the accredited warehouse and terminal to the delivery point shall be conducted by the accredited transport logistics operator of the Exchange, which has entered into an agreement with the seller.
- 3.2 Before product delivery, the seller is required to inform the accredited warehouse and terminal about the delivery vehicle number, planned route, coal, quantity, and estimated arrival time, within 3 business days.
- 3.3 Unless otherwise stated in the contract with the buyer, the seller assumes the transportation risk until the products are delivered to the delivery point specified in the contract.
- 3.4 The transport logistics operator is responsible to the person who signed the transport contract.
- 3.5 In the event that the buyer chooses to receive delivery of the products without engaging the services of the accredited transport logistics operator of the Exchange, the delivery operation shall be deemed concluded at the commencement of the shipment.

Warehouse receipt, storage

- 3.6 Accredited warehouses and terminals are responsible for the quality, quantity, and safety of products until they are received and shipped.
- 3.7 In addition to the storage conditions stated in relevant national standards, the accredited warehouse terminal shall provide the following conditions when storing products:
 - 3.7.1 Establish a camera monitoring system;
 - 3.7.2 Have a product stack nameplate.
- 3.8 The accredited warehouse and terminal shall receive the products traded, both impending and completed, on the Exchange and fill out and submit attachment 1 /hereinafter referred to as "warehouse receipt"/ of these rules to the Exchange.
- 3.9 Accredited warehouses and terminals shall cooperate with accredited laboratories for sampling and testing. The seller or broker shall submit the results of the test to the Exchange.
- 3.10 When the seller submits the receipt of payment for the product to the Exchange under the contract with the buyer, the Exchange shall deliver the notice of receipt of the product to the buyer or the broker, the accredited warehouse, and the terminal.
- 3.11 The seller shall inform the accredited warehouse and terminal of the shipment from the warehouse and terminal, and the identity of the person receiving the product, the container, the vehicle, and the notification of product receipt to the accredited warehouse and terminal 3 business days in advance.
- 3.12 The accredited warehouse and terminal shall make the shipment of products in accordance with the contract to the buyer along with the act and submit it to the Exchange with the results from the accredited laboratory.
- 3.13 The products to be traded by spot contract shall be delivered to and registered in the accredited warehouse and terminal at least 5 business days before the trading day.
- 3.14 Accredited warehouses and terminals shall keep records of receipt and delivery of products, and the Exchange is responsible for reviewing the records and warehouse documents for monitoring and inspection purposes.
- 3.15 The accredited warehouse and terminal are responsible for the accuracy of the warehouse receipt.

Settlement

- 3.16 In the event that the buyer does not receive the products within the specified time due to their own fault, they shall pay the warehouse and terminal fees. The warehouse fee shall be calculated as follows:
 - 3.16.1 Payment for the warehouse terminal under the conditions stated in the contract with the seller of the warehouse or terminal;
 - 3.16.2 After the buyer receives the products after the due date, according to the invoice amount of the warehouse or terminal.
- 3.17 In case of non-payment of the payment within the set time of the warehouse and terminal, the buyer will be held responsible as stipulated in the Exchange's "Procedures for Trading and Conducting Settlement of Mining Products" and the contract with the buyer.
- 3.18 The seller is responsible for the quality analysis service for the products placed in the accredited warehouse and terminal.

Quality control

- 3.19 The seller shall conclude an agreement with the Exchange's accredited laboratory for quality testing of the products situated in the accredited warehouse and terminal.
- 3.20 The accredited laboratory shall take samples from the products situated in the accredited warehouse and terminal and analyze them in accordance with the methodology specified in the relevant standards of Mongolia.
- 3.21 Accredited warehouses and terminals shall accurately measure and verify the weight of the products when it is unloaded at the warehouses, terminals, and shipped from the warehouses.
- 3.22 After the accredited laboratory completes the product quality analysis, the original copy of the analysis report shall be delivered to the warehouse and terminal, as well as a copy to the Exchange and the seller.
- 3.23 The analysis results sheet of the accredited laboratory shall include the sample information, test, standards used, parameters tested, acceptable amounts, units of measurement, and results.
- 3.24 The accredited warehouse and terminal shall submit the test results of the accredited laboratory to the buyer when the product is loaded from the warehouse and terminal.
- 3.25 In case of non-shipment from the warehouse or terminal due to a quality dispute, the buyer may postpone the shipment by notifying the accredited warehouse and terminal. In this case, the buyer shall submit a request for re-examination to the Exchange within 3 business days after receiving the product receipt notice from the Exchange. In the request for re-examination, the name of the warehouse and terminal, coal location, quantity, quality parameters, contact address, and other necessary information shall be included and shall be confirmed by an official seal. The re-examination shall be performed by an accredited laboratory of the Exchange chosen by mutual agreement between the seller and the buyer, and the buyer shall be responsible for the payment.
- 3.26 If the buyer does not request re-examination in accordance with the rules within the specified period, the quality of the products loaded from the warehouse or terminal shall be deemed accepted.
- 3.27 The results of the re-examination shall be the basis for resolving quality disputes.
- 3.28 If the results of the re-examination and the results of the initial analysis fall within the standard deviation set by the relevant standards approved by the Mongolian Agency for Standard Metrology, the products is considered to meet the quality requirements stated in the contract.
- 3.29 If there is a difference between the two results, and the difference exceeds the range of standard deviation, it shall be regulated by the export contract or purchase and sale agreement concluded between the seller and the buyer.

FOUR MISCELLANEOUS

- 4.1 The seller and buyer shall include the conditions of the transaction made in the system specified in Article 2 of this rule in their export contract and other conditions shall be determined by mutual agreement in accordance with the relevant laws and regulations.
- 4.2 The Exchange has the right to change the terms of the contract and make additions and amendments.

