

PROTOCOL ON TEMPORARY GRAZING INSIDE THE FENCED SITE OF OYU TOLGOI COMPANY

Purpose

This protocol shall be pursued in relation to cooperation between the Local Government, the Herders Representatives and Oyu Tolgoi LLC in arranging livestock grazing in certain areas of fenced production site of Oyu Tolgoi LLC that runs its operation in the territory of Khanbogd soum, South-Gobi aimag.

ONE. General

- 1.1 Oyu Tolgoi LLC shall have a sole right to use the fenced mining site and any of its expansion.
- 1.2 Oyu Tolgoi LLC is entitled to immediately repeal this protocol due to the reasons related to mining operations, health, safety and environment issues.
- 1.3 Only certain area of fenced mining site shall be allocated for livestock grazing and this area is roughly shown in Annex 1 (further to be referred as Vegetated area). Vegetated area is subject to annual review according to which the size of covered area may be changed and the parties shall be informed respectively.
- 1.4 The available area that is safe for livestock grazing (further to be referred as Available area for livestock grazing) shall be established within the limits of Vegetated area and the livestock grazing shall be allowed during the period from 1 April till 1 June each year.
- 1.5 The final list of herders to be allowed to graze their livestock in the available area for livestock grazing shall be made according to the soum government decision basing on herder's request, weather condition as well as the assessment conclusion on vegetation coverage inside the Mining site.
- 1.6 The parties shall conclude a temporary memorandum of understanding basing on the decision for livestock grazing inside the mining site whereas the memorandum of understanding shall include the number of livestock to be grazed along with the period for grazing. Number of livestock to be grazed and the period for grazing shall be fixed basing on fodder reserve of vegetation coverage of allocated area.
- 1.7 In case of a need to change the period for grazing due to the request from herders or for any other reasons the parties shall meet for discussion to make a decision at least 1 week prior to the commencement of changed period.
- 1.8 Livestock except horses shall be allowed to graze inside the fenced mining site in order to ensure the safety at the mining site.

TWO. Responsibilities of Oyu Tolgoi LLC

- 2.1 The company shall review the vegetation coverage within the mining production site to define the availability of fodder reserve for livestock grazing and to fix the size of area with pasture reserve; and the conclusion shall be presented to the parties before 15 March each year.
- 2.2 Passes shall be established in the locations noted in Annex 1 (further to be referred as locations for passes) ie in the certain points of fenced mining site and the herders shall be informed about the timing of opening the passes and the duration thereof.
- 2.3 The passes established according to this protocol shall be closed and locked for the rest of the year beyond the period for livestock grazing.
- 2.4 During the period of livestock grazing Oyu Tolgoi LLC shall temporary place two water tanks and keep the watertrough equipped with floating valve be full of water every day.

THREE. Responsibilities of Local Government /Soum Governor's Office /

- 3.1 To review the herders' requests to graze their livestock inside the mining site; to finally fix the names of herders to graze their livestock in respective year and submit the list to Regional development and community department of Oyu Tolgoi LLC within 25 March each year.
- 3.2 To involve the herders who will graze their livestock inside the mining site in the required courses during the period of grazing; to instruct the herders to follow relevant rules and procedures of Oyu Tolgoi LLC and supervise the fulfillment thereof.

FOUR. Responsibilities of herders in grazing their livestock inside the mining site

- 4.1 Herders shall submit their request for livestock grazing inside the mining site to Local administration in written within 10 March each year.
- 4.2 Herders, those allowed the graze their livestock inside the mining site in accordance with the local government decision, shall conclude a cooperation memorandum with Oyu Tolgoi LLC.
- 4.3 Herders, those selected to graze their livestock inside the mining site, shall be involved in safety briefings and be issued a temporary ID to access the mining site; and every morning shall let their livestock in through the permitted passes and get the livestock out off the site at fixed time every evening.
- 4.4 Herders shall be fully responsible for personally herding their livestock during grazing period not jeopardizing the integrity of the mine property and shall promptly inform the mining security unit in case of an occurrence of any damage or malfunction.
- 4.5 Herders shall graze their livestock only within allocated area during the grazing period and are obliged to protect their livestock from accessing other areas in mining site. Herders shall be fully accountable for any damage and bear responsibility resulting from entering other areas in mining site.
- 4.6 In any case, the herders are obliged do not discretionary access other areas in mining site and if the livestock leave the allocated area and enter other areas in mining site the herder should timely notify officers from community relation department of Oyu Tolgoi LLC and must return the livestock under company officer's supervision.
- 4.7 During grazing period, herders must comply with relevant rules and procedures of Oyu Tolgoi LLC and follow any instructions and recommendations timely given by the manager in charge of Regional support and partnership as well as the safety manager depending on the circumstance. This might include requests and requirements to relocate the livestock from the fence due to the production activities during grazing period.
- 4.8 Upon expiry of grazing period the herders shall get all livestock out from the available area for livestock grazing and inform the community relation department in written. The passes will be closed and locked after all livestock leave the project site.
- 4.9 Herders are obliged to protect wild animals grazing inside the fenced mining site and should not scare, frighten and hunt wild animals.

FIVE. Effectiveness

- 5.1 This protocol shall become effective and pursued from this day upon mutual agreement and consensus reached at the joint meeting attended by the representatives from Khanbogd Soum Government, Herders and OT LLC on March 20, 2015.

**Khanbogd Soum Government, Herders Representatives,
Oyu Tolgoi LLC Representatives**