

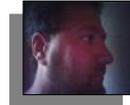
Stateside Report

*“A Unique Report Service for the Intelligent
Small-Cap Investor”*

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April 24, 2015



KOT in Canada, UTOLF in the US

The **ONLY** North American small-cap company
uniquely positioned to exploit the transportation
infrastructure build-out in east-central Asia



The Recent Headlines are Non-Stop:

- **US Loses Fight, China-Led AIIB Announces 57 Founding Members, Canada Also Mulls Joining In – April 16, 2015**
 - China has announced its global financial institution Asian Infrastructure Investment Bank, or AIIB, has gathered 57 nations as founding members. They include US-allies Australia and South Korea. On Wednesday, China’s Finance Ministry announced the addition of an extra seven countries. On the same day, Canada, another key ally of the U.S., announced it also wants to join in. <http://au.ibtimes.com/us-loses-fight-china-led-aiib-announces-57-founding-members-canada-also-mulls-joining-1439929>

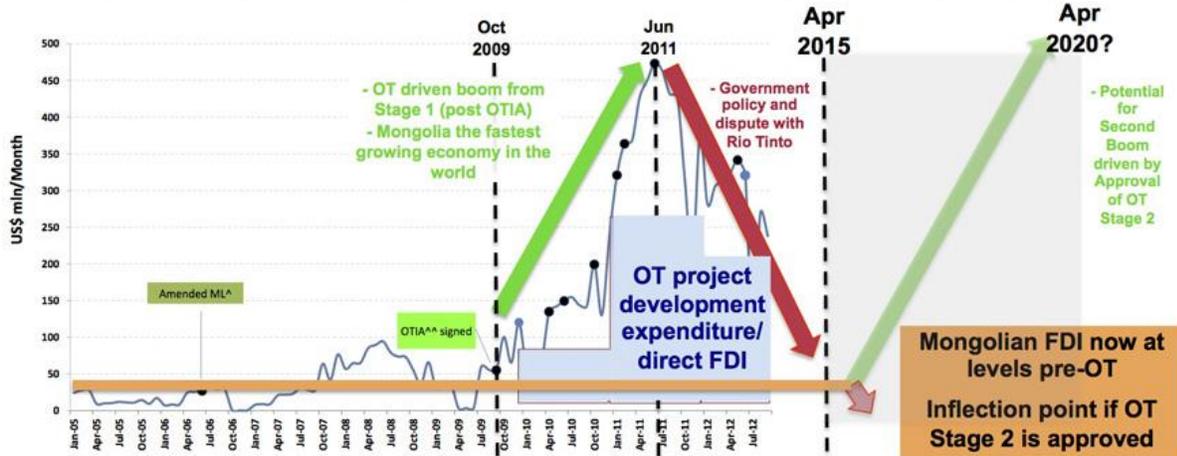
- **China proposes economic corridor with Russia and Mongolia – April 2, 2015**
 - "There is a huge area for cooperation existing between China, Russia and **Mongolia**. The construction of the **China Mongolia-Russia economic corridor** would connect China’s Silk Road Economic Belt to Russia's transcontinental rail plan and **Mongolia's Prairie Road** program," the Chinese Foreign Ministry said in a statement, Sputnik reported. <http://rt.com/business/246281-china-russia-mongolia-corridor/>

- **Mongolia approves new phase of Rio Tinto mine project: PM – April 5, 2015**
 - Mongolian Prime Minister Chimediiin Saikhanbileg announced on Sunday that his Cabinet has **decided to proceed with the second phase** of a huge foreign-invested copper and gold mine that has divided opinion in the resource-rich Central Asian nation. <http://news.yahoo.com/mongolia-approves-phase-rio-tinto-mine-project-pm-175128062.html>
 - Approval of this second phase of the Oyu Tolgoi project should not be underestimated. The chart below (source Turquoise Hill) shows the impact of an approval.

“The OT effect”

Mongolia’s Foreign Investment Directly Depending on Oyu Tolgoi Project (FDI US\$/mth)

- **Mongolia was the worlds fastest growing economy, driven by OT Stage 1**
- **Mongolian FDI (and asset prices) are now at levels pre-OT Stage 1**
- **Resolution of dispute for OT Stage 2 provides for another period rapid growth, boom in Mongolian asset prices and improvement in the standard of living for the Mongolian people**



ON BIENNIAL BASIS, FDI INTO MONGOLIA COLLAPSED 88.6% IN 2012-2014 FROM \$4.45 BILLION TO \$0.5 BILLION

RESOLUTION OF 2.5 YEAR DISPUTE WOULD SEE ~\$6 BILLION INVESTED OVER 5 YEARS FOR OT STAGE 2 (EX INDIRECT BENEFITS)

ESTIMATES INCLUDING OT STAGE 2 SEE DIRECT GOVERNMENT SHARE OF 80% OF TOTAL PROJECT FREE CASH FLOW 2010-2021, >\$3 BILLION IN TAXES/ROYALTIES ALONE

- **America's European "Allies" Desert Obama, Join China-led Infrastructure Bank – March 17, 2015**
 - France, Germany and Italy have all agreed to follow Britain’s lead and join a China-led international development bank, according to European officials, delivering a blow to US efforts to keep leading western countries out of the new institution. **The decision by the three European governments comes after Britain announced last week that it would join the \$50bn Asian Infrastructure Investment Bank**, a potential rival to the Washington-based World Bank. <http://www.zerohedge.com/news/2015-03-17/plan-b-major-european-allies-desert-obama-join-china-led-infrastructure-bank>
- **Mongolian PM takes to TV and Texting to Win Back Investment – April 5, 2014**
 - Mongolian Prime Minister Saikhanbileg Chimed stands out from predecessors in his use of national television and texting to get his message across to the public: Without foreign investment, the economy is going nowhere. <http://www.bloomberg.com/news/articles/2015-04-05/mongolia-s-leader-takes-to-tv-and-texting-to-win-back-investment>

Turning to Khot Infrastructure

- **Khot Completes Road Repair Project and Receives Payment – December 29, 2014**

- ULAANBAATAR, MONGOLIA — **Khot infrastructure** holdings Ltd. (CSE: KOT; “Khot” or “The Company”) is pleased to announce that its **75% owned Mongolian subsidiary AMZ LLC**, following the successful completion of the previously announced **6-kilometer road repair project in Darkhan province, Mongolia**, has received payment from the Ministry of Road and Transportation for MNT 1,300,000,000 (USD \$698,000). This represents approximately 60% of the funds due from completion of AMZ’s initial road repair contract in Mongolia; the balance owing of MNT 900,000,000 will be paid to the Company at the expiration of the contractual holdback period.



Mongolia has 4,800 kilometers of paved road, much of which requires repair work, representing a total estimated market opportunity of \$1 billion. In addition, the government is planning to construct 10,000 kilometers of new paved roads, representing an \$8 billion market opportunity for total road construction. <http://khot-infrastructure.com/khot-completes-road-repair-project-and-receives-payment/>

But the most important news in April was this

Khot to form consortium for bidding of tender calls

2015-04-08 09:59 ET - News Release

Mr. James Passin reports

KHOT INFRASTRUCTURE TO EXPAND MONGOLIAN OPERATIONS

Khot Infrastructure Holdings Ltd. has provided shareholders with an update on its Mongolian infrastructure operations.

As previously announced on Dec. 29, 2014, the company completed its first Mongolian highway repair contract in November, 2014. This initial six-kilometre project, although modest in size, was an important step for the company and its Mongolian operating subsidiary, AMZ, clearly demonstrated management's ability to successfully conclude all aspects of a Mongolian road construction contract.

Management has determined that timing is now optimum for the company to rapidly expand its operational capacity to take advantage of the full range of infrastructure opportunities currently approved or with approval pending. This includes 5,400 kilometres of new paved road construction scheduled for completion by the end of 2016. Mongolian government plans include tenders for construction of both contract and concession roads.

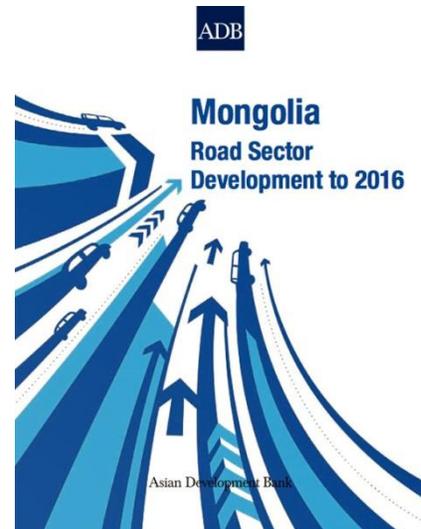
The company would benefit from a significant joint venture partner to bolster the financial credibility and major construction experience required to successfully win tenders in both the contract and concession categories.

Management is pleased to report that Khot has entered into a binding memorandum of understanding (MOU) with a major foreign state-owned entity to form a special purpose consortium which provides for joint participation in the bidding for all tender calls.

This combination will enable the consortium to participate in the full range of construction opportunities for approximately 500 kilometres of concession road projects.

"We are excited to co-venture with a corporate partner of this stature and experience. The combined companies will create a formidable team with the resources necessary to successfully exploit this enormous opportunity," said James Passin, chairman of Khot.

There is only one company that had the foresight 18 months ago to take a leap of faith and focus on a country (Mongolia) and sector (Infrastructure) that was out of favor. With the recently announced consortium, Khot Infrastructure now has first mover advantage and more importantly the resources to capitalize on the upcoming increased flow of investment funds into the sector and increase shareholder value.



Khot Infrastructure Holdings LTD – KOT trades on the Canadian CSE, UTOLF in the US

- Price at April 24, 2015 - \$0.13/share
- Cash in the Treasury – approximately \$1 million
- Working Capital – approximately \$0.8 million, no bank debt
- Shares Outstanding – 64 million; no warrants; 6 million stock options
- Insider ownership 63%
- Chairman – James Passin, President & CEO – Don Padgett
- Website: <http://khot-infrastructure.com/>
- Extensive management expertise and contacts in Mongolia
- First road infrastructure project already completed
- Market cap of approximately \$8 million
- Just announced consortium with major foreign state-owned entity

The Opportunity



Road construction is one of the fastest growing industries in Mongolia.

Of the current 49,294 kilometers of roads in Mongolia, less than 25% are paved. To improve its infrastructure, the government intends to build over 10,000 kilometers of new paved roads over the next ten years. To do so, it passed a new law to mandate paved roads between Ulaanbaatar and each of the country's 21 province centers by 2016. In addition, the government allocated US\$335 million to road building projects in the near term.

Modern roads and other transportation infrastructure are essential to the growth of Mongolia's economy. A large, sparsely-populated country, Mongolia possesses world-class resource assets about to be developed. Whether it becomes one of the world's wealthiest economies in the coming years will depend on a massive investment in the nation's infrastructure.

New road projects in Mongolia can bring in \$800,000/km in revenue while repair projects (similar to the 6 km project completed by Khot) can bring in \$200,000/km in revenue.

The Management Team

- James Passin - Chairman
 - Don Padgett – President
 - Erdemleg Jugdernamjil - Chief Operating Officer
 - Tsogbayar Dojgotoviin - Head of Operations
 - Sabino Di Paola - Chief Financial Officer and Secretary
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James Passin - Chairman

As early as 2007, the Chairman of Khot Infrastructure James Passin was being called the “Indiana Jones of frontier stock markets” with an article appearing in the Financial Times <http://www.ft.com/intl/cms/s/2/c6a5ba32-aa3c-11dc-a779-0000779fd2ac.html#axzz3XU8EZjeF>. Concerning Mongolia, the article states:

Passin’s other big bet is Mongolia. This vast land-locked republic has colossal resource potential – gold and copper just for starters – and there are already a number of potentially multi-billion dollar projects that cumulatively have the potential to transform the tiny £2bn domestic economy.

By Passin’s own calculations, if just one or two of these projects comes on line in the next five to 10 years, Mongolia’s GDP could treble. In his view, that could create a huge multiplier effect throughout the Mongolian economy that could set the domestic stock exchange – value \$700m – alight. The very fact that Mongolia has a stock market hints at the other big plus: relative legal and political stability based on a thriving civil society.

Passin’s credo is: if you’re patient and are willing to wait a decade or two, returns in the hundreds of per cent could be yours.

James Passin is a recipient of the Mining Sector 90-Year Anniversary Honorary Medal from the Mongolian government and was awarded the Honorary Medal from Khentii Aimag (the birthplace of Genghis Hahn).

He is the Fund Manager at Firebird Management LLC since 1999 and is also a Manager and Director of Firebird Global Master Fund Holdings, Ltd. He is a Principal at FGS Advisors LLC and FG2 Advisors LLC. Prior to that, he was an Investment Fund Manager at Wedge Energy International, Inc. and its Director since January 25, 2010.

Don Padgett - President

Don has extensive experience in all aspects of public company finance and governance. He is a director of a number of international public and private companies. He previously held executive positions at Canaccord Capital and Burns Fry (BMO Nesbitt Burns).

Erdembileg Jugdernamjil - Chief Operating Officer

Erdembileg is the CEO of CBM LLC, a Mongolian-registered business consulting, administration and geology service provider and the CEO of Big Mogul Coal & Energy LLC, a producing coal mining company. He also served as an officer at the Ministry of Mineral Resources and Energy, a project manager at Energy Resources LLC and an officer at the State Property Committee. He earned a bachelor's degree from the Economic school of University of Mongolia and a MBA from the Academy of Management.

Tsogbayar Dojgotoviin - Head of Operations

Tsogbayar is an experienced civil engineer who has focused on road construction. He is particularly skilled at operating heavy equipment. He spent five years in the United States as a heavy equipment operator building roads. He holds a degree in Civil Engineering from the Mongolia University of Science and Technology.

Sabino Di Paola - Chief Financial Officer and Secretary

Sabino is a Chartered Professional Accountant, CPA, CA, and member of the Chartered Professional Accountants Ontario and Ordre des CPA du Québec. He began his career as auditor for international accounting firms such as PricewaterhouseCoopers and BDO Canada. Since leaving the public accounting sector his focus has shifted to financial reporting, disclosure controls and corporate governance in the junior mining exploration industry, where he is CFO of a number of companies.

Next Steps

The details on the major foreign state-owned entity who will be partnering with Khot Infrastructure to form a special purpose consortium to bid on Mongolian road projects will be forthcoming once the agreement is finalized and once the first projects for tender are awarded.

Khot Infrastructure management is currently reviewing the first of what will undoubtedly be many opportunities to modernize the Mongolian roads and drive revenues for the consortium and value to shareholders.

Upcoming Share Price Catalysts

- Awarding of initial road contract(s)
- Details of the consortium
- Positive news flow out of Mongolia
- Final implementation of the AIIB (2015)

Conclusion

Khot Infrastructure is perfectly positioned as the only North American small cap company to exploit the opportunities Mongolia and the newly formed Asian Infrastructure Investment Bank will provide. Partnering with a major foreign state-owned entity to form a special purpose consortium which provides for joint participation in the bidding for all tender calls will provide the resources, finances and backing that will allow Khot Infrastructure to become a dominant player in the resurgent Mongolian economy. Investors in Khot are getting in at the beginning stages of a resurgent 5-10 year infrastructure build-out in Mongolia that will play a critical role in the expansion of the entire China-Mongolia-Russia corridor.

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