

**NOT FOR DISTRIBUTION TO ANY PERSON LOCATED OR RESIDENT IN ANY JURISDICTION
WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT**

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offer to purchase memorandum (the “**Offer to Purchase Memorandum**”), whether received by email or otherwise received as a result of electronic communication and you are therefore required to read this disclaimer carefully before reading, accessing or making any other use of the Offer to Purchase Memorandum. In reading, accessing or making any other use of the Offer to Purchase Memorandum, you agree to be bound by the terms and conditions set out in this important notice, including any modifications to them and any information you receive from, The Government of Mongolia (the “**Government**”), J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited (collectively, the “**Dealer Managers**”) or Morrow Sodali Limited (the “**Tender and Information Agent**”) at any time. Capitalized terms used but not otherwise defined in this important notice shall have the meaning given to them in the Offer to Purchase Memorandum.

THE ATTACHED OFFER TO PURCHASE MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If any Bondholder (as defined herein) is in any doubt as to the contents of the Offer to Purchase Memorandum or the action it should take, such Bondholder is advised to seek its own financial advice, including to any tax consequences, immediately from its stockbroker, bank manager, legal advisor, accountant or other independent financial advisor. Any individual or company whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender Bonds in the Offer (as defined herein).

THIS ELECTRONIC TRANSMISSION DOES NOT CONTAIN OR CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR, SECURITIES TO ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER IS UNLAWFUL.

THE ATTACHED OFFER TO PURCHASE MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE OFFER TO PURCHASE MEMORANDUM MAY ONLY BE DISTRIBUTED TO PERSONS TO WHOM IT IS OTHERWISE LAWFUL TO SEND THE OFFER TO PURCHASE MEMORANDUM. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFER TO PURCHASE MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THESE REQUIREMENTS MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The communication of the attached Offer to Purchase Memorandum and any other documents or materials relating to the Offer (as defined below) is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within (i) the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”), (ii) Article 34 of the Financial Promotion Order, or (iii) any other applicable provision or provisions, of the Financial Promotion Order, or to persons to whom it may lawfully be communicated in accordance with the Financial Promotion Order.

Confirmation of your representation: The Offer to Purchase Memorandum contains an invitation by the Government to the Bondholders to make offers to tender their Bonds for purchase by the Government for cash (the “**Offer**”). The Offer to Purchase Memorandum was sent at your request and, by accepting the e-mail to which the Offer to Purchase Memorandum was attached and accessing the Offer to Purchase Memorandum, you shall be deemed (in addition to the above) to have represented to the Government, the Dealer Managers and the Tender and Information Agent that:

- you are a holder or a beneficial owner of Bonds;
- you are a person to whom it is lawful to send the Offer to Purchase Memorandum or to make an invitation pursuant to the Offer in accordance with applicable laws and regulations;
- you are not a person currently subject to any sanctions from relevant governmental authorities (such as a Specially Designated National or Blocked Person as published by the Office of Foreign Assets Control of the United States of America); and
- you consent to delivery of the Offer to Purchase Memorandum to you by electronic transmission.

NONE OF THE OFFER TO PURCHASE MEMORANDUM OR ANY RELATED DOCUMENT HAS BEEN FILED WITH, OR REVIEWED BY, ANY NATIONAL OR LOCAL SECURITIES COMMISSION OR REGULATORY AUTHORITY OF THE UNITED STATES, THE UNITED KINGDOM OR ANY OTHER JURISDICTION, NOR HAS ANY SUCH COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFER TO PURCHASE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL AND MAY BE A CRIMINAL OFFENCE.

In connection with the Offer, the Dealer Managers are not acting for anyone other than the Government and will not be responsible to anyone other than the Government for providing the protections afforded to their clients nor for providing advice in relation to the Offer to Purchase.

If you have recently sold or otherwise transferred your entire holding(s) of the Bonds referred to below please inform the Tender and Information Agent accordingly.

The attached Offer to Purchase Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic communication and consequently none of the Government, the Dealer Managers, the Tender and Information Agent or, in each case, any person who controls any such person, any director, officer, employee or agent of any such person or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offer to Purchase Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Tender and Information Agent.

You are also reminded that the Offer to Purchase Memorandum has been delivered to you on the basis that you are a person into whose possession the Offer to Purchase Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or are resident and you may not, nor are you authorized to, deliver the Offer to Purchase Memorandum to any other person. If you are not the addressee to which the Offer to Purchase Memorandum has been delivered, please notify the sender immediately and destroy the Offer to Purchase Memorandum.

In certain jurisdictions, the distribution of this Offer to Purchase Memorandum may be restricted by law. Under no circumstances shall the Offer to Purchase Memorandum constitute an invitation to participate in the Offer in any jurisdiction in which, or to any person to whom, it is unlawful under applicable securities laws to make such invitation. Persons into whose possession the Offer to Purchase Memorandum comes are required by the Government, the Dealer Managers and the Tender and Information Agent to inform themselves about and to observe any such restrictions.

OFFER TO PURCHASE MEMORANDUM
September 21, 2020



The Government of Mongolia
Offer to Repurchase for Cash Any and All of the
10.875% Bonds due 2021 and up to the Maximum Acceptable Amount of the 5.125% Bonds due 2022

Description of the Bonds	ISIN / CUSIP	Outstanding Principal Amount	Repurchase Price ⁽¹⁾	Maximum Acceptance Amount
10.875% Bonds due 2021	Reg S: US60937GAD88/ 60937G AD8 Rule 144A: US60937FAD06/ 60937F AD0	US\$500,000,000	US\$1,044.00	Any and all (the “2021 Maximum Acceptance Amount”)
5.125% Bonds due 2022	Reg S: US60937GAB23/ 60937G AB2 Rule 144A: US60937FAB40/ 60937F AB4	US\$1,000,000,000	US\$1,024.50	Such aggregate principal amount of the 2022 Bonds as the Government may determine to accept in its sole and absolute discretion (the “2022 Maximum Acceptance Amount”, together with the 2021 Maximum Acceptance Amount, the “Maximum Acceptance Amount”). The Maximum Acceptance Amount is expected to be announced by the Government on September 27, 2020 and may be subject to increase or decrease by the Government in its sole and absolute discretion.

(1) Per US\$1,000 in principal amount of Bonds.

The Offer will expire at 5:00 p.m. (New York City time) on September 25, 2020 unless extended or terminated as provided in this Offer to Purchase Memorandum (the “Expiration Date”). Bondholders must validly and irrevocably tender their Bonds such that Tender Instructions (as defined herein) in respect of their Bonds have been received by the Tender and Information Agent at or before the Expiration Date to be eligible to receive the Repurchase Price (as defined herein).

Upon the terms and subject to the conditions set forth in this Offer to Purchase Memorandum (as it may be amended from time to time, this “**Offer to Purchase Memorandum**”), the Government of Mongolia (the “**Government**”) is offering (the “**Offer**”) to repurchase for cash any and all of its 10.875% Bonds due 2021 (the “**2021 Bonds**”) and up to the 2022 Maximum Acceptance Amount of its 5.125% Bonds due 2022 (the “**2022 Bonds**”) and together with the 2021 Bonds, the “**Bonds**”). If the Government decides to accept for purchase 2022 Bonds validly offered for sale in the Offer and the aggregate principal amount of the 2022 Bonds validly offered for sale is greater than the 2022 Maximum Acceptance Amount, the Government will accept any 2022 Bonds for purchase subject to adjustment on a *pro rata* basis. The repurchase price for the 2021 Bonds will be an amount equal to US\$1,044.00 for each US\$1,000 in principal amount of 2021 Bonds tendered at or before the Expiration Date and accepted in the Offer (the “**2021 Bonds Repurchase Price**”). The repurchase price for the 2022 Bonds will be an amount equal to US\$1,024.50 for each US\$1,000 in principal amount of 2022 Bonds tendered at or before the Expiration Date and accepted in the Offer (the “**2022 Bonds Repurchase Price**”). Holders of the Bonds (the “**Bondholders**”) may participate in the Offer by validly and irrevocably tendering their Bonds at or before the Expiration Date.

The Offer is conditioned upon the Financing Condition (as defined in “*Overview of the Offer*”), which relates to a concurrent offering of a new issue of Bonds (“**New Bonds**”) by the Government (the “**New Bonds Offering**”), and certain other conditions. The New Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction. Accordingly, the New Bonds are being offered and sold only to qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the Securities Act (“**Rule 144A**”) and outside the United States in accordance with Regulation S under the Securities Act. The Offer is not an offer to sell or a solicitation of an offer to buy the New Bonds. Bondholders who wish to tender their Bonds for cash and also subscribe for the New Bonds should quote an allocation identifier code (“**Allocation Identifier Code**”), which can be obtained by contacting the Dealer Managers (as defined herein), in their ATOP or Tender Instructions (each term as defined herein). The receipt of an Allocation Identifier Code in conjunction with any tender of Bonds in the Offer is not an allocation of the New Bonds. In order to apply for the purchase of the New Bonds from the Government such Bondholder must make a separate application in respect of the New Bonds for the purchase of such New Bonds. The Government will review Tender Instructions and may in its sole and absolute discretion give priority to those investors tendering with Allocation Identifier Codes in connection with the allocation of New Bonds. However, no assurance can be given that any Bondholder that tenders Bonds will be given an allocation of New Bonds at the levels it may subscribe for, or at all. The ability to purchase New Bonds and for the use of Allocation Identifier Codes to be effective is subject to all applicable securities laws and regulations in force in any relevant jurisdiction. In particular, Bondholders in the United States must be QIBs in order to be eligible to apply for and obtain an Allocation Identifier Code or purchase New Bonds. Please refer to “The Offer – Allocation Identifier Codes”. The New Bonds Offering will be made solely by means of an offering memorandum relating to that offering, and this Offer to Purchase Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the New Bonds.

Subject to applicable law and as provided in this Offer to Purchase Memorandum, the Government may, in its sole and absolute discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time. Details of any extension, re-opening, amendment, waiver or termination will be announced as provided in this Offer to Purchase Memorandum as soon as reasonably practicable after the relevant decision is made. The Repurchase Price and the Accrued Interest (each as defined herein) will only become payable upon acceptance by the Government of the Bonds tendered in the Offer.

Before making a decision with respect to the Offer, Bondholders should carefully consider all of the information in this Offer to Purchase Memorandum, in particular the risk factors described in “*Risk Factors and Other Considerations*” beginning on page 9.

This Offer to Purchase Memorandum contains important information that should be read carefully before any decision is made with respect to the Offer. Bondholders are recommended to seek their own financial and legal advice, including as to any tax consequences, from their stockbroker, bank manager, solicitor, accountant or other independent financial or legal advisor. Any individual or company whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to tender Bonds in the Offer.

A separate Tender Instruction needs to be submitted per each beneficial owner.

Any questions or requests for assistance in connection with this Offer to Purchase Memorandum should be directed to J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited (the “**Dealer Managers**”) at the telephone numbers

and email addresses provided on the back cover of this Offer to Purchase Memorandum. None of the Government, the Dealer Managers or Morrow Sodali Limited (the “**Tender and Information Agent**”) makes any recommendation whether Bondholders should tender Bonds in the Offer.

In making your decision whether to tender your Bonds pursuant to the Offer and the information contained in this Offer to Purchase Memorandum, including your own determination of the merits and risks involved in participating in the Offer. No United States federal or state securities commission or regulatory authority has confirmed the accuracy or determined the adequacy of this Offer to Purchase Memorandum. Any representation to the contrary is a criminal offense.

The Government is making the Offer only in those jurisdictions where it is legal to do so. See “Jurisdictional Restrictions.”

Custodians, direct participants and clearing systems may have deadlines prior to the Expiration Date for receiving instructions, and you should contact them as soon as possible to ensure proper and timely delivery of instructions.

Dealer Managers

HSBC

J.P. MORGAN

MORGAN STANLEY

NOMURA

This Offer to Purchase Memorandum is important and requires your immediate attention. This Offer to Purchase Memorandum has been delivered to you on the basis that you are a person into whose possession this Offer to Purchase Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or are resident and you may not, nor are you authorized to, deliver this Offer to Purchase Memorandum to any other person. If you are not the addressee to which this Offer to Purchase Memorandum has been delivered, please notify the sender immediately and destroy this Offer to Purchase Memorandum.

THE ATTACHED OFFER TO PURCHASE MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS OFFER TO PURCHASE MEMORANDUM MAY ONLY BE DISTRIBUTED TO PERSONS TO WHOM IT IS OTHERWISE LAWFUL TO SEND THIS OFFER TO PURCHASE MEMORANDUM. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFER TO PURCHASE MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THESE REQUIREMENTS MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NONE OF THE GOVERNMENT, THE TENDER AND INFORMATION AGENT, THE DEALER MANAGERS OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY RECOMMENDATION AS TO WHETHER HOLDERS SHOULD TENDER, OR REFRAIN FROM TENDERING, ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT OF THEIR BONDS PURSUANT TO THE OFFER, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION. HOLDERS MUST MAKE THEIR OWN DECISIONS AS TO WHETHER TO TENDER BONDS, AND, IF SO, THE PRINCIPAL AMOUNT OF BONDS TO TENDER AND THE PRICE AT WHICH TO TENDER THEIR BONDS. HOLDERS MUST MAKE THEIR OWN DECISION WITH REGARD TO THIS OFFER TO PURCHASE. HOLDERS SHOULD TAKE THEIR OWN TAX AND ACCOUNTING ADVICE IN RELATION TO THE TAX CONSEQUENCES OF THE PURCHASE BY THE ISSUER OF THE BONDS.

The Offer is being made pursuant to exemptions from the U.S. tender offer rules provided for in Rule 3a12-3 of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to the offer timetable, settlement procedures and timing of payments that are different from those applicable to tender offers subject to Section 14 of the Exchange Act.

In the event of the termination of the Offer, including due to failure to satisfy the Financing Condition, all Bonds tendered pursuant to the Offer will be promptly returned to the tendering Bondholders.

Under no circumstances will any interest on the Repurchase Price or Accrued Interest be payable because of any delay in the transmission of funds to Bondholders by the Depository Trust Company (the “**DTC**”), Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking S.A. (“**Clearstream**”) or any relevant intermediary.

The Government is not providing you with any legal, business, tax or other advice in this Offer. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to offer to sell your Bonds for cash.

You are reminded that documents (including, but not limited to, the DTC Automated Tender Offer Program instructions) transmitted through electronic means may be altered or changed during the process of electronic transmission. Consequently, none of the Government, the Dealer Managers or the Tender and Information Agent accepts any liability or responsibility whatsoever in respect of any difference between the documents in original form and the documents transmitted in electronic format.

As used in this Offer to Purchase Memorandum, “Business Day” means any day other than a Saturday, a Sunday or a U.S. federal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City, Ulaanbaatar, Singapore or London.

Unless otherwise indicated, all references in this Offer to Purchase Memorandum to “U.S. dollars” or “US\$” are to the lawful currency of the United States of America.

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FORWARD-LOOKING STATEMENTS

The Government considers portions of this Offer to Purchase Memorandum to be forward-looking statements. Forward-looking statements can be identified by the use of words such as “may,” “will,” “plan,” “should,” “expect,” “anticipate,” “estimate,” “continue” or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Government cannot predict with accuracy and some of which the Government might not even anticipate. Although the Government believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, the Government can give no assurance that such expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements as a result of risks and uncertainties, including, without limitation, possible changes in the timing and consummation of the Offer. Bondholders are cautioned not to place undue reliance on these forward-looking statements. The Government assumes no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

The forward-looking statements contained in this Offer to Purchase Memorandum speak only as of the date of this Offer to Purchase Memorandum. The Government does not undertake to publicly update, except as required by U.S. federal securities laws, any forward-looking statement to reflect events or circumstances after such dates or to reflect the occurrence of unanticipated events.

OFFER AND DISTRIBUTION RESTRICTIONS

General

The distribution of this Offer to Purchase Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Offer to Purchase Memorandum comes are required by the Government, the Dealer Managers and the Tender and Information Agent to inform themselves about, and to observe, any such restrictions. Each Participating Bondholder (as defined in “*Overview of the Offer*”) will be deemed to give certain representations in respect of the jurisdictions referred to above and generally as set out herein under “*Procedures for Participating in the Offer—Bondholders’ Representations, Warranties and Undertakings*” beginning on page 20. Any tender of Bonds from a Bondholder that is unable to make these representations will not be accepted. Each of the Government and the Dealer Managers reserves the right, in its absolute discretion, to investigate, in relation to any tender of Bonds whether any such representation given by a Bondholder is correct and, if such investigation is undertaken and as a result the Government determines (for any reason) in its sole and absolute discretion that such representation is not correct, such tender or delivery shall not be accepted.

NONE OF THIS OFFER TO PURCHASE MEMORANDUM OR ANY RELATED DOCUMENT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR HAS ANY SUCH DOCUMENT BEEN FILED WITH OR REVIEWED BY ANY U.S. STATE SECURITIES COMMISSION OR THE REGULATORY AUTHORITY OF ANY COUNTRY. NO AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFER TO PURCHASE MEMORANDUM OR ANY RELATED DOCUMENTS, AND IT IS UNLAWFUL AND IS A CRIMINAL OFFENCE TO MAKE ANY REPRESENTATION TO THE CONTRARY.

This Offer to Purchase Memorandum does not constitute an offer to buy or a solicitation of an offer to sell any Bonds, and tenders of Bonds in the Offer will not be accepted from Bondholders, in any jurisdiction in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Offer to be made by a licensed broker or dealer and the Dealer Managers or any of its affiliates is such a licensed broker or dealer in such jurisdictions, the Offer shall be deemed to be made on behalf of the Government in such jurisdictions by the Dealer Managers or its affiliate (where it is so licensed), as the case may be, and the Offer is not being made in any such jurisdiction where the Dealer Managers or any of their affiliates is not so licensed.

The Offer is subject to the limitations described in “*Jurisdictional Restrictions*” beginning on page 25.

NOTICE TO BONDHOLDERS

The Government accepts responsibility for the information contained in this Offer to Purchase Memorandum. To the best of the knowledge and belief of the Government (having taken all reasonable care to ensure that such is the case), the information contained in this Offer to Purchase Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorized in connection with the Offer to give any information or to make any representation other than those contained in this Offer to Purchase Memorandum, and any such information or representation must not be relied upon as having been authorized by the Government, the Dealer Managers or the Tender and Information Agent. Neither the delivery of this Offer to Purchase Memorandum nor any repurchase of Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Government since the date of this Offer to Purchase Memorandum or that the information contained in this Offer to Purchase Memorandum has remained accurate and complete.

Bonds can only be tendered in the Offer in accordance with the procedures described in “*Procedures for Participating in the Offer*” and in compliance with the terms and conditions of the Bonds related to authorized denominations (as defined therein). In particular, Bonds can only be tendered in the Offer in minimum principal amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Dealer Managers and the Tender and Information Agent (or their respective directors, officers, employees, agents or affiliates) have not separately verified the information contained herein or incorporated by reference herein and make no representations or recommendations whatsoever regarding this Offer to Purchase Memorandum or the Offer and they accept no liability or responsibility as to the accuracy or completeness of the information contained in this Offer to Purchase Memorandum or the Offer.

The Depository Trust Company (“**DTC**”) and the Tender and Information Agent have confirmed that each Offer for Bonds cleared through DTC is eligible for the DTC Automated Tender Offer Program (“**ATOP**”). DTC has authorized DTC participants that hold Bonds on behalf of beneficial owners of Bonds through DTC to tender those Bonds as if they were the Holders of Bonds. To effect such a tender, DTC participants should transmit their acceptances to DTC through ATOP and follow the procedure for book-entry transfer set forth in “*Procedures for Participating in the Offer*.” **Tender of Bonds held through DTC must be made through ATOP.**

Bondholders who do not participate in the Offer, or whose Bonds are not accepted for repurchase by the Government, will continue to hold their Bonds subject to the terms and conditions of the Bonds.

Unless the context otherwise requires, references in this Offer to Purchase Memorandum to a “**Bondholder**” or “**holder of Bonds**” include:

- (i) each person who is shown in the records of the clearing and settlement systems of DTC, Euroclear Bank SA/NV or Clearstream Banking, S.A. (together with DTC and Euroclear, the “**Clearing Systems**” and each a “**Clearing System**”) as a holder of the Bonds (also referred to as a “**Direct Participant**”); and
- (ii) each beneficial owner of Bonds holding such Bonds, directly or indirectly, in accounts in the name of a Direct Participant acting on the beneficial owner’s behalf.

INDICATIVE OFFER TIMETABLE

The following is an indicative timetable showing one possible outcome for the timing of the Offer, based on the dates set out in this Offer to Purchase Memorandum. This timetable is subject to change and dates and times may be extended, re-opened or amended by the Government in accordance with the terms of the Offer, as described in this Offer to Purchase Memorandum. Accordingly, the actual timetable may differ significantly from the timetable below.

Custodians, Direct Participants and DTC might have deadlines prior to the Expiration Date for receiving instructions from Bondholders to allow Bondholders to participate in the Offer and Bondholders should contact any such intermediary through which Bonds are held as soon as possible to ensure the proper and timely delivery of such instructions.

Event	Date	Description
<i>Launch of Offer</i>	September 21, 2020 (the “ Launch Date ”)	The Government will announce the Offer and the Offer to Purchase Memorandum becomes available (subject to the offer and distribution restrictions set out in “ <i>Offer and Distribution Restrictions</i> ”) from the Tender and Information Agent through the Offer Website https://bonds.morrowsodali.com/mongolia . The announcement will also be sent to the Clearing Systems.
<i>Expiration Date of Offer</i>	5:00 p.m. (New York City time) September 25, 2020, unless extended by the Government (such date and time, as the same may be extended, the “ Expiration Date ”)	Deadline for Tender Instructions to be received by the Tender and Information Agent.
<i>Announcement of Tender Instructions Received</i>	On or about 9:00 p.m. (New York City time) September 27, 2020	The Government will announce the principal amount of Bonds for which Tender Instructions have been received.
<i>Announcement of Maximum Acceptance Amount</i>	On or about 9:00 p.m. (New York City time) September 27, 2020 (the “ Announcement of Maximum Acceptance Amount Date ”)	The Government will announce the Maximum Acceptance Amount, which may be subject to increase or decrease by the Government in its sole and absolute discretion.
<i>Final Results Announcement Date</i>	On or about September 29, 2020 (the “ Final Results Announcement Date ”)	The Government will announce whether the Financing Condition is expected to be satisfied and the aggregate principal amount of Bonds tendered and accepted to be repurchased.
<i>Settlement Date</i>	On or about October 7, 2020	The Government will pay the Repurchase Price plus Accrued Interest in respect of Bonds accepted in the Offer. The Government will announce the settlement of the Offer.

The Government will make (or cause to be made) all of the foregoing announcements in accordance with applicable law (i) by delivery of notices to the Clearing Systems for communication to Direct Participants, and (ii) through the

website of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (www.sgx.com). Copies of all announcements, notices and press releases, if any, can also be obtained from the offices of the Tender and Information Agent through the Offer Website <https://bonds.morrowsodali.com/mongolia>.

OVERVIEW OF THE OFFER

The following overview is provided solely for the convenience of Bondholders. This overview is not complete and is qualified in its entirety by reference to the full text and more detailed information contained elsewhere in this Offer to Purchase Memorandum and any amendments or supplements hereto. Bondholders are urged to read this Offer to Purchase Memorandum and any amendments hereto in its entirety. Each capitalized term used in this overview and not defined herein has the meaning set forth elsewhere in this Offer to Purchase Memorandum.

The Government.....	The Government is making the Offer and has issued the Bonds that are subject to the Offer.
The Offer	The Government is offering to repurchase for cash any and all of its US\$500,000,000 10.875% Bonds due 2021 and up to the 2022 Maximum Acceptance Amount of its US\$1,000,000,000 5.125% Bonds due 2022.
Maximum Acceptance Amount.....	2021 Maximum Acceptance Amount: Any and all of the 2021 Bonds. 2022 Maximum Acceptance Amount: Such aggregate principal amount of the 2022 Bonds as the Government may determine to accept in its sole and absolute discretion. The 2021 Maximum Acceptance Amount and the 2022 Maximum Acceptance Amount are collectively referred to as the “Maximum Acceptance Amount.”
Announcement of Maximum Acceptance Amount Date	The Maximum Acceptance Amount is expected to be announced by the Government on September 27, 2020 and may be subject to increase or decrease by the Government in its sole and absolute discretion.
Purpose of the Offer	The purpose of the Offer is to extend the maturity profile of a portion of the Government’s external indebtedness. The Government believes that the Offer provides an opportunity for Bondholders to gain liquidity with respect to the Bonds (by tendering their Bonds for purchase by the Government) that might not otherwise be available to such Bondholders.
Source of Funds.....	The Government intends to use the funds it receives from the issuance of New Bonds, which is a Financing Condition (as defined below).
Allocation Identifier Code	Bondholders who wish to tender their Bonds and subscribe for the New Bonds should quote an Allocation Identifier Code, which can be obtained by contacting the Dealer Managers, in their ATOP or Tender Instructions. An Allocation Identifier Code is not required for a Bondholder to tender its Bonds, but if a tendering Bondholder wishes to subscribe for the New Bonds, such Bondholder may obtain an Allocation Identifier Code from any of the Dealer Managers and quote in its ATOP or Tender Instruction. The Government will review tender instructions and may in its sole and absolute discretion give priority to those investors tendering with

	Allocation Identifier Codes in connection with the allocation of New Bonds. However, no assurance can be given that any Holder that tenders Bonds will be given an allocation of New Bonds at the levels it may subscribe for, or at all. The ability to purchase New Bonds and for the use of Allocation Identifier Codes to be effective is subject to all applicable securities laws and regulations in force in any relevant jurisdiction. In particular, Bondholders in the United States must be QIBs in order to be eligible to apply for and obtain an Allocation Identifier Code or purchase New Bonds.
Financing Condition	The Offer is conditioned upon the “ Financing Condition ,” which shall be deemed to have been satisfied as of the Settlement Date only if the Government of Mongolia issues and receives payment for the New Bonds in an amount and on terms acceptable to the Government of Mongolia. The New Bonds Offering will be made solely by means of an offering memorandum relating to that offering, and this Offer to Purchase Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the New Bonds.
2021 Bonds Repurchase Price.....	An amount equal to US\$1,044.00 for each US\$1,000 in principal amount of 2021 Bonds tendered at or before the Expiration Date and accepted in the Offer (the “2021 Bonds Repurchase Price”).
2022 Bonds Repurchase Price.....	An amount equal to US\$1,024.50 for each US\$1,000 in principal amount of 2022 Bonds tendered at or before the Expiration Date and accepted in the Offer (the “2022 Bonds Repurchase Price” and together with the 2021 Bonds Repurchase Price, the “Repurchase Price”).
Consideration.....	Participating Bondholders (each a “ Participating Bondholder ”) who submit an offer to sell (an “ Offer to Sell ”) at or before the Expiration Date and whose Bonds are accepted in the Offer, will receive the relevant Repurchase Price.
Minimum Denomination	Valid tenders of Bonds pursuant to the Offer will be accepted only in principal amounts that are at least US\$200,000 and integral multiples of US\$1,000 in excess thereof. A Holder whose Bonds are accepted for repurchase and who, following repurchase of the Bonds by the Government on the Settlement Date, continues to hold in its account further Bonds in a principal amount of less than the minimum denomination of US\$200,000, would need to purchase a principal amount of Bonds such that its holding equates to at least the minimum denomination before the Bonds it continues to hold may be traded.
Accrued and Unpaid Interest on Bonds Accepted in the Offer	Bondholders of Bonds accepted in the Offer will also receive a cash payment equal to the accrued and unpaid interest (“ Accrued Interest ”) in respect of such Bonds from, and including, the most recent interest payment date to, but excluding, the Settlement Date.
Expiration Date.....	The Offer will expire at 5:00 p.m. (New York City time) on September 25, 2020, unless extended by the Government (such date and time, as the same may be extended, the “ Expiration Date ”).

	The Government, in its sole and absolute discretion, may extend the Expiration Date for any purpose, including in order to permit the satisfaction or waiver of any or all conditions to the Offer.
Settlement Date	The Settlement Date is expected to be on or about October 7, 2020, unless the initial Expiration Date is extended, in which case the Settlement Date will occur as soon as practicable after the Expiration Date.
Conditions to the Offer	Consummation of the Offer is conditional upon the satisfaction or waiver of the conditions, including the Financing Condition, described under “ <i>Procedures for Participating in the Offer–Conditions to the Offer.</i> ”
Procedures for Tendering.....	To tender Bonds, Bondholders must follow the procedures set forth in “ <i>Procedures for Participating in the Offer.</i> ” A separate Tender Instruction needs to be submitted per each beneficial owner.
Dealer Managers.....	J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited. The addresses and telephone numbers of the Dealer Managers are listed on the last page of this Offer to Purchase Memorandum.
Tender and Information Agent	Morrow Sodali Limited is the Tender and Information Agent for the Offer. The addresses and telephone numbers of the Tender and Information Agent are listed on the last page of this Offer to Purchase Memorandum.
Offer Website	The website, https://bonds.morrowsodali.com/mongolia , operated by the Tender and Information Agent for the purpose of the Offer, access to which is subject to the offer and distribution restriction described in “ <i>Offer and Distribution Restrictions.</i> ”

RISK FACTORS AND OTHER CONSIDERATIONS

In deciding whether to participate in the Offer, each Bondholder should consider carefully, in addition to the other information contained in this Offer to Purchase Memorandum, the following:

The Offer May or May Not be Completed or May be Terminated or Amended

Until the fulfillment of the Financing Condition and other conditions, no assurance can be given that the Offer will be completed. The completion of the Offer is subject to, among other things, certain conditions to the Offer, including the Financing Condition (as defined in “*Procedures for Participating in the Offer—Conditions to the Offer*”). In addition, the Government may, in its sole and absolute discretion, extend the initial Expiration Date, postpone the Final Results Announcement Date (as defined in “*Indicative Offer Timetable*”), subject to applicable law and as provided in this Offer to Purchase Memorandum, amend or, in its sole and absolute discretion, waive any of the conditions to the Offer and/or terminate the Offer before the Final Results Announcement Date.

Current Trading Prices for the Bonds May Not be Indicative of the Appropriate Purchase Price or Value of the Bonds

To the extent that the Bonds are traded, prices of the Bonds fluctuate greatly depending on the trading volume and the balance between buy and sell orders. In addition, quotations for debt securities that are not widely traded and for which there is not an active market, such as the Bonds, may differ from actual trading prices and should be viewed as approximations. Bondholders are urged to contact their brokers to obtain the best available information as to the current market prices of the Bonds and for advice concerning appropriate purchase prices. Further, the relevant Repurchase Price may not be indicative of the value of the Bonds and may be less than the amount that would be received if the Bonds were held to maturity.

Bonds will be blocked after submitting instructions to DTC

When considering whether to tender Bonds in the Offer, Bondholders should take into account that restrictions on the transfer of the Bonds by Bondholders will apply from the time of such tender. A Bondholder will, on tendering Bonds in an Offer, agree that the relevant Bonds will be blocked in the relevant DTC account from the date the relevant tender of Bonds is made until the earlier of (i) the date on which the Offer is terminated by the Government and (ii) the time of settlement on the Settlement Date.

Minimum Denomination

The Bonds are denominated, and, accordingly, can only be tendered in the Offer principal amounts that are at least US\$200,000 and integral multiples of US\$1,000 in excess thereof. Bonds tendered below this denomination will be rejected.

A Holder whose Bonds are accepted for repurchase and who, following repurchase of the Bonds by the Government on the Settlement Date, continues to hold in its account further Bonds in a principal amount of less than the minimum denomination of US\$200,000, would need to purchase a principal amount of Bonds such that its holding equates to at least the minimum denomination before the Bonds it continues to hold may be traded.

Withdrawal Rights

Bonds tendered before the Expiration Date may not be withdrawn.

Bondholders are advised that they are bound by the Offers to Sell submitted by them even if any other sale of the Bonds after submission of the relevant Offer to Sell would be more advantageous. An extension of the Expiration Date or a postponement of the Final Results Announcement Date is not an event that entitles a Bondholder to withdraw from an Offer to Sell.

Separate Tender Instruction

A separate Tender Instruction needs to be submitted per each beneficial owner.

No Obligation to Accept Offers to Sell

The Government is not under any obligation to accept any Offers to Sell pursuant to the Offer. Offers to Sell may be rejected in the sole and absolute discretion of the Government for any reason and the Government is not under any obligation to Bondholders to furnish any reason or justification for refusing to accept an Offer to Sell. For example, Offers to Sell may be rejected if the Offer is terminated, if the tender of Bonds does not comply with the relevant requirements of a particular jurisdiction or for any other reason in the Government's sole and absolute discretion.

Offer to Sell 2022 Bonds May be Accepted on a Pro Rata Basis

The Government will only accept for purchase 2022 Bonds in an aggregate principal amount up to the 2022 Maximum Acceptance Amount. The 2022 Maximum Acceptance Amount will be such aggregate principal amount of the 2022 Bonds as the Government may determine to accept in its sole and absolute discretion, and is expected to be announced by the Government on the Announcement of Maximum Acceptance Amount Date. The Government may, but is not in any way obliged to, increase or decrease the Maximum Acceptance Amount in its sole and absolute discretion. If the Government increases or decreases the Maximum Acceptance Amount, it will promptly announce such amendment. If the Maximum Acceptance Amount is amended, the Government may in its sole and absolute discretion, subject to any legal requirement, extend the Offer.

Compliance with Offer and Distribution Restrictions

Bondholders are referred to the offer and distribution restrictions in "*Offer and Distribution Restrictions*" and the acknowledgements, representations, warranties and undertakings in "*Procedures for Participating in the Offer—Bondholders' Representations, Warranties and Undertakings*," which Bondholders will be deemed to make on offering to sell Bonds to the Government pursuant to the Offer. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

Responsibility to Consult Advisors, and for Assessing the Merits of the Offer

Each Bondholder is solely responsible for making its own investment appraisal of all matters as such Bondholder deems appropriate (including those relating to the Offer and the Government) and each Bondholder must make its own decision as to whether to make an Offer to Sell in respect of its Bonds.

Bondholders should consult their own tax, accounting, financial and legal advisors regarding the suitability to themselves of the tax, accounting, financial or legal consequences of participating or not participating in the Offer. None of the Government, the Dealer Managers or the Tender and Information Agent or any director, officer, employee, agent or affiliate of any such person, is acting for any Bondholder in relation to the Offer.

None of the Government, the Dealer Managers or the Tender and Information Agent or any director, officer, employee, agent or affiliate of any such person will be responsible to any Bondholder for providing any protections which would be afforded to their clients or for providing advice in relation to the Offer, and, accordingly, none of the Government, the Dealer Managers, the Tender and Information Agent or any of their respective directors, officers, employees, agents or affiliates makes any recommendation whatsoever regarding the Offer, or any recommendation as to whether Bondholders should tender their Bonds for purchase pursuant to the Offer.

Uncertainty as to the Trading Market of Bonds Not Purchased

A completion of the Offer is expected to result in reduced liquidity of the Bonds that remain outstanding. This may lead to lower and/or more volatile trading prices as compared to the situation before completion of the Offer or as compared to bonds with more liquidity. Therefore, holders of outstanding Bonds who do not wish to submit an

Offer to Sell or Bondholders whose Offer to Sell is not accepted by the Government are exposed to the risk that the market price of the Bonds held by them may be and remain negatively affected by the completion of the Offer. Furthermore, it is possible that there will no longer exist an active market for the Bonds after completion of the Offer. The extent to which this will occur depends on a number of factors, including, but not limited to, the number of outstanding Bonds and the number of holders of the outstanding Bonds. This risk may be further increased if the Government effects further purchases (whether pursuant to further tender offers or open market purchases) after the completion of the Offer. None of the Government, the Dealer Managers or the Tender and Information Agent is obliged to make a market in the Bonds that have not been offered for sale or have not been purchased.

Allocations of New Bonds may be less than the cash amount received for the Bonds.

Although the Government will review tender instructions and may in its sole and absolute discretion give priority to those investors tendering with Allocation Identifier Codes in connection with the allocation of New Bonds, no assurance can be given that any Bondholders that tender Bonds will be given an allocation of New Bonds at the levels it may subscribe for, or at all, as the Government is not obliged to allocate the New Bonds to Bondholders in the same principal amount as the principal amount of the Bonds validly tendered or at all (see “*The Offer – Allocation Identifier Codes*”). Any cash amount received by a Bondholder for the purchase of the Bonds by the Government pursuant to the Offer may be more or less than the aggregate principal amount of the New Bonds such Bondholders may be allocated, if any. A Bondholder may not be able to reinvest any surplus cash amount at an effective interest rate as high as the interest rate on the Bonds or the New Bonds and may only be able to do so at a lower rate.

Other Purchases or Redemption of Bonds

The Government may purchase Bonds that remain outstanding subject to any applicable laws after completion (or withdrawal) of the Offer either itself or through third parties. To the extent permitted by law, such further purchases may be implemented by way of further offers to submit offers to sell, open market purchases, privately negotiated transactions with individual Bondholders, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the price paid pursuant to the Offer and could be for cash or other consideration. This will apply irrespective of whether or not the Offer is completed. Any future purchases by the Government will depend on various factors existing at that time. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) the Government or its affiliates will pursue or when such alternatives may be pursued.

THE OFFER

The Offer

The Government is offering to repurchase for cash any and all of the Government's US\$500,000,000 10.875% Bonds due 2021 and up to the 2022 Maximum Acceptance Amount of its US\$1,000,000,000 5.125% Bonds due 2022.

The Offer begins on the Launch Date (as defined in "*Indicative Offer Timetable*") and will expire on the Expiration Date.

Maximum Acceptance Amount and Pro Rata Acceptance of 2022 Bonds

Although the Government is under no obligation to accept for purchase any Bonds for sale, it currently proposes to accept for purchase any and all (the "2021 Maximum Acceptance Amount") of the 2021 Bonds validly offered for sale and up to the 2022 Maximum Acceptance Amount in aggregate principal amount of the 2022 Bonds validly offered for sale. The 2022 Maximum Acceptance Amount is such aggregate principal amount of the 2022 Bonds as the Government may determine in its sole and absolute discretion. The Maximum Acceptance Amount is expected to be announced by the Government on September 27, 2020 and may be subject to increase or decrease by the Government in its sole and absolute discretion.

If the Government decides to accept for purchase 2022 Bonds validly offered for sale and the aggregate principal amount of 2022 Bonds validly offered for sale is greater than the 2022 Maximum Acceptance Amount, it will accept those 2022 Bonds validly offered for sale subject to adjustment on a *pro rata* basis such that the aggregate principal amount of 2022 Bonds accepted for purchase is no greater than the 2022 Maximum Acceptance Amount. For the purpose of such acceptance, 2022 Bonds validly tendered will be adjusted by multiplying the aggregate principal amount of such 2022 Bonds, by a factor equal to: (i) the 2022 Maximum Acceptance Amount divided by (ii) the aggregate principal amount of 2022 Bonds that are validly offered for sale in accordance with the instructions contained in this Offer to Purchase Memorandum; in each case rounded to six decimal places and subject to adjustment to allow for the aggregate principal amount of 2022 Bonds accepted for purchase, following the rounding of tenders of 2022 Bonds, to be in an amount up to the 2022 Maximum Acceptance Amount. Each tender of 2022 Bonds that is adjusted in this manner will be rounded down to the nearest US\$1,000. If, after such adjustment and rounding, any holder would be left with an aggregate principal amount of less than the specified denomination of US\$200,000 either (a) validly offered for sale and accepted; or (b) returned to a holder as a result of pro ration, the Government may, in its sole and absolute discretion, either accept or reject all of the 2022 Bonds the subject of such holder's relevant Tender Instruction. The Bonds may only be tendered in specified denomination of at least US\$200,000 principal amount and integral multiples of US\$1,000 principal amount in excess thereof.

If the Government accepts valid offers to sell 2022 Bonds on a *pro rata* basis, holders will only receive the consideration in respect of those 2022 Bonds validly offered for sale and accepted for purchase by the Government. If proration of the tendered 2022 Bonds is required, the Government will determine the final proration factor as soon as reasonably practicable following the Announcement of Maximum Acceptance Amount Date.

A separate Tender Instruction needs to be submitted per each beneficial owner.

Purpose of Offer

The purpose of the Offer is to extend the maturity profile of a portion of the Government's external indebtedness. The Government believes that the Offer provides an opportunity for Bondholders to gain liquidity with respect to the Bonds (by tendering their Bonds for purchase by the Government) that might not otherwise be available to such Bondholders.

Source of Funds

The Government intends to use the funds it receives from the issuance of New Bonds, which is a Financing Condition (as defined below).

Financing Condition

The Offer is conditioned upon the “Financing Condition,” which shall be deemed to have been satisfied as of the Settlement Date only if the Government issues and receives payment for the New Bonds in an amount and on terms acceptable to the Government. The New Bonds Offering will be made solely by means of an offering memorandum relating to that offering, and this Offer to Purchase Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the New Bonds.

Allocation Identifier Codes

Bondholders who wish to tender their Bonds and subscribe for the New Bonds should contact any Dealer Manager to obtain an Allocation Identifier Code to be quoted in their ATOP or Tender Instructions. An Allocation Identifier Code is not required for a Bondholder to tender its Bonds, but if a tendering Bondholder wishes to subscribe for the New Bonds, such Bondholder may obtain an Allocation Identifier Code from any of the Dealer Managers and quote it in its ATOP or Tender Instruction.

The Government will review tender instructions received on or prior to the Expiration Date and may in its sole and absolute discretion give priority to those investors tendering with Allocation Identifier Codes in connection with the allocation of New Bonds. However, no assurance can be given that any Bondholder that tenders Bonds will be given an allocation of New Bonds at the levels it may subscribe for, or at all.

Bondholders who wish to tender their Bonds and subscribe for the New Bonds must submit one instruction per beneficial owner. The Bondholder applying for the Allocation Identifier Code must disclose the identity of the beneficial holder of the relevant Bonds.

This Offer to Purchase Memorandum is not an offer to sell or a solicitation of an offer to buy the New Bonds.

The receipt of an Allocation Identifier Code in conjunction with any tender of the Bonds in the Offer is not an application for the purchase of the New Bonds. In order to apply for the purchase of the New Bonds, such Bondholder must make a separate application to any of the joint bookrunners for the New Bonds, for the purchase of such New Bonds. Any allocations of the New Bonds, while being considered by the Government as set out above, will be made in accordance with customary new issue allocation processes and procedures. No assurance can be given that any Bondholder that tenders Bonds will be given an allocation of New Bonds at the levels it may subscribe for, or at all.

The Government may, in its sole and absolute discretion, decline to accept an application quoting the Allocation Identifier Code in the event that the Bondholder specifies a wrong Allocation Identifier Code or if there is any other defect related to the Allocation Identifier Code. The Government reserves the right to waive any such defect and to allocate the relevant priority allocation in the New Bonds, that would be applicable but for the defect, to the relevant Bondholder.

For the avoidance of doubt, the ability to purchase New Bonds and for the use of Allocation Identifier Codes to be effective is subject to all applicable securities laws and regulations in force in any relevant jurisdiction (including the jurisdiction of the relevant Holder and the selling restrictions set out in the offering memorandum relating to the New Bonds). In particular, Bondholders in the United States must be QIBs in order to be eligible to apply for and obtain an Allocation Identifier Code or purchase New Bonds. **It is the sole responsibility of each Bondholder to satisfy itself that it is eligible to purchase the New Bonds before requesting an Allocation Identifier Code.**

Any investment decision to purchase any New Bonds should be made solely on the basis of the information contained in the offering memorandum to be prepared in connection with the issue and offering of the New Bonds

(the “**Offering Memorandum**”), which will include the final terms of the New Bonds, and no reliance is to be placed on any information other than that contained in the Offering Memorandum. Subject to compliance with all applicable securities laws and regulations, the Offering Memorandum will be available from the Dealer Managers on request.

The New Bonds have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the New Bonds are being offered and sold only to QIBs in accordance with Rule 144A and outside the United States in accordance with Regulation S under the Securities Act.

Repurchase Price

The “**2021 Bonds Repurchase Price**” shall be an amount equal to US\$1,044.00 for each US\$1,000 in principal amount of 2021 Bonds tendered at or before the Expiration Date and accepted in the Offer. The “**2022 Bonds Repurchase Price**” shall be an amount equal to US\$1,024.50 for each US\$1,000 in principal amount of 2022 Bonds tendered at or before the Expiration Date and accepted in the Offer.

Consideration

Participating Bondholders who submit an Offer to Sell at or before the Expiration Date and whose Bonds are accepted in the Offer, will receive the relevant Repurchase Price.

Minimum Denomination

Valid tenders of Bonds pursuant to the Offer will be accepted only in principal amounts that are at least US\$200,000 and integral multiples of US\$1,000 in excess thereof. A Holder whose Bonds are accepted for repurchase and who, following repurchase of the Bonds by the Government on the Settlement Date, continues to hold in its account further Bonds in a principal amount of less than the minimum denomination of US\$200,000, would need to purchase a principal amount of Bonds such that its holding equates to at least the minimum denomination before the Bonds it continues to hold may be traded.

Accrued and Unpaid Interest

Bondholders of Bonds accepted in the Offer will also receive a cash payment equal to Accrued Interest in respect of such Bonds from, and including, the most recent interest payment date to, but excluding, the Settlement Date.

Expiration Date and Announcement Date

The Offer will expire at 5:00 p.m. (New York City time) on September 25, 2020, unless extended by the Government. The Government, in its sole and absolute discretion, may extend the Expiration Date or change the Announcement of Maximum Acceptance Amount Date or Final Results Announcement Date for any purpose, including in order to permit the satisfaction or waiver of any or all conditions to the Offer.

Acceptance of Tenders and Payment for the Bonds

The Government will at any time have the discretion to accept for repurchase any Bonds tendered in the Offer, the tender of which would otherwise be invalid or, in the sole opinion of the Government, may otherwise be invalid.

The Government expressly reserves the right, in its sole and absolute discretion, to refuse or delay acceptance of tenders of Bonds in the Offer in order to comply with applicable laws. In all cases, the repurchase for cash of Bonds pursuant to the Offer will only be made after the Bonds have been validly tendered in accordance with the procedures described in “*Procedures for Participating in the Offer*” resulting in the Participating Bondholders Offer being transmitted to DTC before the Expiration Date, DTC irrevocably transferring such Participating Bondholder’s Bonds to the Tender and Information Agent’s account at DTC in accordance with DTC’s ATOP procedures for such a transfer and such Bonds remaining there until the earlier of (i) the date on which the Offer is terminated by the

Government and (ii) the time of settlement on the Settlement Date. See also “*Risk Factors and Other Considerations*.”

The failure of any person to receive a copy of this Offer to Purchase Memorandum or any notice issued by the Government in connection with the Offer shall not invalidate any aspect of the Offer. No acknowledgement of receipt of any documents will be given by the Government, the Dealer Managers or the Tender and Information Agent.

If the Bonds validly tendered in the Offer are accepted for repurchase by the Government and the Financing Condition and other conditions are satisfied, the Repurchase Price together with Accrued Interest for Bonds repurchased pursuant to the Offer, will be paid on the Settlement Date in immediately available funds delivered to DTC for payment to the cash accounts of the relevant Direct Participants in which the Bonds being offered were held. See “*Procedures for Participating in the Offer*.” The deposit of such funds with DTC will discharge the obligation of the Government in respect of the Bonds to which such funds relate. Each Bondholder must look to DTC and/or any intermediate custodian, as the case may be, for its share of the payment so made by the Government.

The Government may reject tenders of Bonds which it considers in its sole and absolute discretion not to have been validly tendered in the Offer and the Government is under no obligation to any Bondholder to furnish any reason or justification for refusing to accept such tenders. **For example, tenders of Bonds may be rejected and not accepted and may be treated as not having been validly tendered in the Offer if any such tender does not comply with the requirements of a particular jurisdiction.**

Under no circumstances will any interest on the Repurchase Price or Accrued Interest, as applicable, be payable because of any delay in the transmission of funds to Bondholders by DTC, Euroclear, Clearstream or any other intermediary with respect to such Bonds.

Bonds purchased pursuant to the Offer will be cancelled and retired promptly after the completion of the Offer.

Tendering Bondholders will not be obligated to pay brokerage fees or commissions to the Dealer Managers, the Tender and Information Agent or the Government. Tendering Bondholders may be required to pay fees to their own brokerage firm.

Announcements

Information about the Offer, including the Maximum Acceptance Amount determined by the Government, will be published in accordance with applicable law (i) by delivery of notices to the Clearing Systems for communication to Direct Participants, (ii) through the website of the SGX-ST (www.sgx.com) and/or (iii) through the Offer Website <https://bonds.morrowsodali.com/mongolia>. In addition, in the event that the initial Expiration Date is extended, notice of such extension will be published in the same manner.

Significant delays may be experienced in respect of notices delivered to DTC, and Bondholders are therefore urged to contact the Dealer Managers or the Tender and Information Agent for the relevant announcements during the course of the Offer, the contact details for both of which are on the last page of this Offer to Purchase Memorandum.

Withholding Tax

All payments pursuant to the Offer of the Repurchase Price and Accrued Interest will be made free and clear of and without deduction or withholding for or on account of any taxes, duties, assessments or governmental charges, save as required by law. If any such withholding or deduction is so required, the Government shall (subject to exceptions equivalent to those applicable to payments of additional amounts on the Bonds) pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been made or required to be made.

PROCEDURES FOR PARTICIPATING IN THE OFFER

Bondholders who need assistance with respect to the procedures for participating in the Offer should contact the Tender and Information Agent, the contact details for which are on the last page of this Offer to Purchase Memorandum.

Summary of Action to be Taken

The Government will only accept tenders of Bonds in the Offer by way of the submission by Bondholders of valid electronic tender instructions (“**Tender Instructions**” and each a “**Tender Instruction**”) in the form required by DTC in accordance with the procedures set out in this section.

To tender Bonds in the Offer, a Bondholder should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Tender Instruction, with the inclusion of the Allocation Identifier Code where applicable, that is received in each case by the Tender and Information Agent by the Expiration Date.

Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold Bonds whether such intermediary would require to receive instructions to participate in the Offer before the deadlines specified in this Offer to Purchase Memorandum. **The deadlines set by each Clearing System for the submission of Tender Instructions may also be earlier than the relevant deadlines specified in this Offer to Purchase Memorandum.**

Procedures for Tendering Bonds

General

In order to participate in the Offer, Bondholders or the custodial entity or Direct Participant (as the case may be) through which Bondholders hold their Bonds must submit, at or before the Expiration Date, the tender of their Bonds in the applicable manner described below.

By submitting a tender with respect to Bonds, Bondholders are deemed to make certain acknowledgments, representations, warranties and undertakings to the Government, the Dealer Managers and the Tender and Information Agent as set forth under “—*Bondholders’ Representations, Warranties and Undertakings*” below.

If any custodial entity submits an offer aggregating multiple instructions from Bondholders, such custodial entity will be responsible for ensuring that any cash received are allocated to such holders’ accounts pursuant to the Offer.

It is the responsibility of Bondholders to validly tender their Bonds. The Government has the right to waive any defects. However, the Government is not required to waive defects and is not required to notify a Bondholder of defects in their tender.

Any questions with respect to tendering Bonds should be directed to the Tender and Information Agent whose address and telephone number are listed on the last page of this Offer to Purchase Memorandum.

Procedures for Tender of Bonds held through DTC

All tenders through DTC must be submitted through DTC’s ATOP system in accordance with the deadlines and procedures established by DTC and an agent’s message with respect to any tender must be received by the Information and Tender Agent at or prior to the Expiration Date.

Any Bondholder who holds Bonds through DTC must arrange for a Direct Participant in DTC to electronically transmit the Bondholder’s tender through DTC’s ATOP, for which the transaction will be eligible.

Any Bondholder who holds Bonds through DTC must arrange for a Direct Participant in DTC to:

- (a) electronically transmit its Offer to DTC before or by the Expiration Date, by causing DTC to irrevocably transfer such Bondholder's Bonds to the Tender and Information Agent's account at DTC in accordance with DTC's ATOP procedures for such a transfer; and
- (b) ensure that the Tender and Information Agent has received by or before the Expiration Date an "agent's message" from DTC acknowledging that such holder has received and agrees to be bound by the terms of the Offer (as set forth in this Offer to Purchase Memorandum) and that the Government may enforce such agreement against such holder.

An "**agent's message**" is a message, transmitted by DTC, received by the Tender and Information Agent and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgement from the tendering participant that such participant has received this Offer to Purchase Memorandum and agrees to be bound by the terms of the Offer and that the Government may enforce such agreement against such participant.

An agent's message must be transmitted by DTC and received by the Tender and Information Agent at or prior to the Expiration Date in order to validly tender Bonds pursuant to the Offer.

Bondholders who intend to tender their Bonds on the Expiration Date should allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such date.

Procedures for Tender of Bonds held through Euroclear or Clearstream

Any Bondholder who holds Bonds through Euroclear or Clearstream must arrange for a Direct Participant in Euroclear or Clearstream to deliver the Bondholder's tender instructions, to Euroclear or Clearstream at or prior to the Expiration Date.

Any Bondholder who holds Bonds through Euroclear or Clearstream must arrange for:

- irrevocable instructions to block any attempt to transfer your Bonds (indicating the principal amount for which it is submitting its tender) on or prior to the Settlement Date;
- irrevocable instructions to debit your account on or about the Settlement Date in respect of all your Bonds for which it is submitting its tender upon receipt of an instruction by the Tender and Information Agent; and
- an irrevocable authorization to disclose the name of the direct participant and information about the foregoing instructions with respect to such Bonds to the Government, the Tender and Information Agent and the fiscal agent for such Bonds.

in each case, subject to the automatic withdrawal of the irrevocable instruction in the event that the Offer is terminated by the Government.

Instructions can be delivered only by direct participants in DTC, Euroclear or Clearstream.

Your instructions must be delivered and received by DTC, Euroclear or Clearstream in accordance with their normal procedures and on or prior to their deadlines applicable to the Offer. You are responsible for informing yourself of these deadlines and for arranging the due and timely delivery of instructions to DTC, Euroclear or Clearstream.

Bondholders should note that Euroclear and Clearstream may require that action be taken a day or more prior to the Expiration Date in order to cause such Bonds to be tendered through DTC.

There are no letters of transmittal or guaranteed delivery procedures for the Offer.

Determination of Validity

All questions as to the validity, form, eligibility (including time of receipt) and acceptance for purchase of any tendered Bonds pursuant to any of the procedures described above, and the form and validity of all documents, will be determined by the Government in its sole and absolute discretion, which determination will be final and binding. The Government reserves the absolute right to reject any or all tenders of any Bonds determined by it not to be in proper form, or if the acceptance of or purchase of, such Bonds may, in the opinion of its counsel, be unlawful. The Government also reserves the right to waive any conditions to the Offer that it is legally permitted to waive. If the Government waives its rights to reject a defective tender of Bonds and accepts such tender, subject to the other terms and conditions set forth in this Offer to Purchase Memorandum, the Bondholder will be entitled to receive the relevant cash consideration.

Tenders will not be deemed to have been validly made until all defects or irregularities in such tender have been cured or waived. All questions as to the form and validity (including time of receipt) of any delivery will be determined by the Government in its sole and absolute discretion, which determination shall be final and binding. None of the Government, the Tender and Information Agent or any other person or entity is under any duty to give notification of any defects or irregularities in any tender of any Bonds, or will incur any liability for failure to give any such notification. Please send all materials to the Tender and Information Agent and not to the Government or the Dealer Managers.

Withdrawal of Tenders

Bondholders who tender their Bonds will not be permitted to withdraw such Bonds.

Separate Tender Instruction

A separate Tender Instruction needs to be submitted per each beneficial owner.

Conditions to the Offer

Notwithstanding any other provisions of the Offer, the Government will not be required to accept for purchase or to purchase Bonds validly tendered pursuant to the Offer, and may terminate, amend or extend the Offer or delay or refrain from accepting for purchase, or purchasing, the Bonds or transferring any offer consideration, if any of the following shall occur:

- the Financing Condition (as defined in “*The Offer*”) shall not have been satisfied;
- there shall have been instituted or threatened or be pending any action, proceeding or investigation (whether formal or informal) (or there shall have been any material adverse development to any action or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Offer that, in the sole judgment of the Government, either (a) is, or is reasonably likely to be, materially adverse to the Government’s properties, condition (financial or otherwise), income, assets, liabilities or prospects, (b) would or might prohibit, prevent, restrict or delay consummation of the Offer, or (c) would materially impair the contemplated benefits of the Offer to the Government or be material to holders in deciding whether to accept the Offer;
- an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the sole judgment of the Government, either (a) would or might prohibit, prevent, restrict or delay consummation of the Offer or (b) is, or is reasonably likely to be, materially adverse to the properties, condition (financial or otherwise), assets, liabilities or prospects of the Government;

- there shall have occurred or be likely to occur any event or condition affecting the Government or its financial affairs that, in the sole judgment of the Government, either (a) would or might prohibit, prevent, restrict or delay consummation of the Offer or (b) is, or is reasonably likely to be, materially adverse to the properties, condition (financial or otherwise), assets, liabilities or prospects of the Government; or
- there shall have occurred (a) any general suspension of, or limitation on prices for, trading in securities in the major securities or financial markets, (b) any significant adverse change in the price of the Bonds, (c) a material impairment in the general trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect to banks in the major financial markets, including in Mongolia (e) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the reasonable judgment of the Government, might affect the extension of credit by banks or other lending institutions, (f) a commencement of a war, armed hostilities, terrorist acts, pandemics or epidemics, or other national or international calamity directly or indirectly involving Mongolia or (g) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

In addition, the Government's obligation to transfer any consideration is conditional upon its acceptance of Bonds for repurchase pursuant to the Offer.

These conditions are for the benefit of the Government and may be asserted by it or may be waived by it, including any action or inaction by the Government giving rise to any condition, in whole or in part, at any time and from time to time, in the sole and absolute discretion of the Government. The Government may additionally terminate the Offer if any condition is not satisfied on or after the Expiration Date. Under the Offer, if any of these events occur, subject to the termination rights described above, the Government may (i) return Bonds tendered thereunder to Bondholders, (ii) extend the Offer and retain all Bonds tendered thereunder until the expiration of such extended offer or (iii) amend the Offer in any respect by giving oral or written notice of such amendment to the Tender and Information Agent and making public disclosure of such amendment to the extent required by law.

The Government has not made a decision as to what circumstances would lead it to waive any such condition, and any such waiver would depend on circumstances prevailing at the time of such waiver. Although the Government has no present plans or arrangements to do so, it reserves the right to amend, at any time, the terms of the Offer. The Government will give Bondholders notice of such amendments as may be required by applicable law.

Bondholders' Representations, Warranties and Undertakings

By submitting an offer with respect to Bonds and thereby offering them for purchase pursuant to the Offer, a Bondholder is deemed to acknowledge, represent, warrant and undertake to the Government, the Dealer Managers and the Tender and Information Agent that, as of the time of submission of its offer and on the Settlement Date, such Bondholder:

1. it has received and reviewed this Offer to Purchase Memorandum;
2. it understands that the Offer is being made pursuant to the procedures set forth in this Offer to Purchase Memorandum and its tendering Bonds in the Offer will constitute its acceptance of the terms and conditions of the Offer;
3. it is a person for whom it is lawful to participate in the Offer under the applicable securities laws contained under the heading "*Jurisdictional Restrictions*" in this Offer to Purchase Memorandum;
4. upon the terms and subject to the conditions of the Offer, it irrevocably offers to sell to the Government the principal amount and series of Bonds that it is offering and, subject to and effective upon purchase of the offered Bonds on the Settlement Date, it sells, assigns and transfers to, or to the order of, the Government all right, title and interest in and to all of the Bonds offered by such holder;

5. it owns or has confirmed that the party on whose behalf such holder is acting owns, on the date of submission, the Bonds being offered and it has full power and authority to offer, sell, assign and transfer the Bonds offered, and that, if such Bonds are accepted for purchase by the Government, on the Settlement Date the Government will acquire good and marketable title thereto, free and clear of all liens, charges, claims, interests, rights of third parties, encumbrances and restrictions of any kind and such Bonds will not be subject to any adverse claim or right; and that it will, upon request, execute and deliver any additional
6. documents and/or do such other things deemed by the Tender and Information Agent, the fiscal agent for such Bonds, or the Government to be necessary or desirable to complete the sale, assignment and transfer of the Bonds offered or to evidence such power and authority; it irrevocably appoints the Tender and Information Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the Tender and Information Agent also acts as agent of the Government with respect to the offered Bonds, with full powers of substitution (such power of attorney being deemed to be an irrevocable power of attorney coupled with an interest) to (a) present such Bonds and all evidences of transfer and authenticity to, or transfer ownership of, such Bonds on the accounts maintained by DTC, Euroclear or Clearstream as the case may be, to, or to the order of the Government, (b) present such Bonds for transfer of ownership or cancellation on the books of the fiscal agents or issuing and paying agent for the Bonds, and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Bonds, all in accordance with the terms and conditions of the Offer as described in this Offer to Purchase Memorandum.
7. all authority conferred or agreed to be conferred pursuant to the electronic submission of electronic instructions in respect of the Offer and every obligation of such holder shall be binding upon the successors, assigns, heirs, execution, administrators, trustees in bankruptcy and legal representatives of such holder and shall not be affected by, and shall survive, the death or incapacity of such holder or the party on whose behalf such holder is acting;
8. it understands that the Government's acceptance for payment of Bonds offering pursuant to any of the procedures described in this Offer to Purchase Memorandum will constitute a binding agreement between itself and the Government in accordance with the terms and subject to the conditions of the Offer.
9. it shall indemnify the Government, the Dealer Managers and the Tender and Information Agent against any and all losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any the terms of, or any of the representations, warranties and/or undertakings given pursuant to, the Offer (including any offer thereunder) by any such holder;
10. if such holder is offering Bonds held through DTC;
 - (a) such offer Bonds are held by it at DTC at the time of its submission;
 - (b) it will electronically transmit its instructions to DTC by the deadline specified in this Offer to Purchase Memorandum, by causing DTC's ATOP procedures for such a transfer;
 - (c) it will ensure that the Tender and Information Agent has received by the deadline specified in this Offer to Purchase Memorandum as "agent's message" from DTC acknowledging that such holder has received and agrees to be bound by the terms of the Offer (as set forth in this Offer to Purchase Memorandum) and that the Government may enforce such agreement against such holder; and
 - (d) it understands that if the Government purchases any of its Bonds, any cash paid to purchase those Bonds will be credited to the account in which those Bonds were held immediately before purchase;
11. if such holder is offering Bonds held through Euroclear or Clearstream;

- (a) it has timely delivered Instructions, including blocking instructions, with respect to those Bonds to Euroclear or Clearstream, as appropriate;
 - (b) it has irrevocably authorized Euroclear or Clearstream, as appropriate in accordance with its procedures and deadlines, to:
 - (i) block any attempt to transfer such Bonds;
 - (ii) debit its account with Euroclear or Clearstream on or about the Settlement Date in respect of all such Bonds, or in respect to such lesser portion of such Bonds as are accepted for purchase by the Government, upon receipt of an instruction by the Tender and Information Agent; and
 - (iii) disclose the name of the direct participant and information about the foregoing instructions with respect to such Bonds to Government, the Tender and Information Agent and the fiscal agent for such Bonds;

in each case, subject to the automatic withdrawal of the irrevocable instruction in the event that the Offer is terminated by the Government; and
 - (c) it has instructed Euroclear or Clearstream as appropriate, that, if the Government purchases any of its Bonds, Euroclear or Clearstream, as appropriate, should credit the cash paid to purchase those Bonds to the account in which the Bonds were held immediately before purchase;
12. it understands that in the event of a termination of the Offer, ATOP instructions and blocking instructions with respect to such offered Bonds will be released and the securities will be returned to such holder;
 13. it understands that validly offered Bonds (or defectively offer Bonds with respect to which Government has waived, or has caused to be waived, such defect) will be deemed to have been accepted by the Government if, as and when the Government gives oral or written notice thereof to the Tender and Information Agent;
 14. it agrees that Accrued Interest to be paid by the Government on the Settlement Date pursuant to the Offer shall be paid on the Settlement Date notwithstanding any other provision of the Bonds;
 15. it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order) or to whom this Offer to Purchase Memorandum or any other documents or materials relating to the Offer may lawfully be communicated under the Financial Promotion Order; and
 16. with respect to persons in France, it acknowledges, represents and warrants that (a) it is a qualified investor (*investisseur qualifié*) (not an individual) acting for its own account or (b) a provider of investment services relating to portfolio management for the account of third parties (*personne fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) as defined in Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Settlement

If the Offer is consummated, the Settlement Date is expected to be on or about October 7, 2020 or as soon as practicable thereafter, subject to any extension of the initial Expiration Date.

On the Settlement Date, subject to the conditions of the Offer:

- if the Government has accepted your tender, you, as the identified account holder, or DTC, Euroclear or Clearstream on your behalf, as the case may be, must deliver to the Government good and marketable title

to your Bonds, free and clear of all liens, charges, claims, encumbrances, interests, rights of third parties and restrictions of any kind; and

- in return you will receive, as applicable and solely by credit to DTC, Euroclear or Clearstream account in which your Bonds being offered were held, the cash to which you are entitled, and any Bonds not accepted for purchase will be unblocked and returned to you.

The determination by the Government of any calculation or quotation made with respect to the Offer shall be conclusive and binding on you, absent manifest error.

Under no circumstances will interest on the Repurchase Price be paid by the Government by reason of any delay in making payment on the Settlement Date, other than a delay caused by the Government's failure to deposit the Repurchase Price with the applicable clearing system on the Settlement Date. In case of any such failure, the Government shall not be liable for any consequential damages.

TAX CONSEQUENCES

In view of the number of different jurisdictions where tax laws may apply to a Bondholder or beneficial owner of the Bonds, other than as discussed below, this Offer to Purchase Memorandum does not discuss the tax consequences for Bondholders or beneficial owners of the Bonds arising from the purchase of Bonds by the Government pursuant to the Offer. Bondholders and beneficial owners of the Bonds are urged to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the sale of their Bonds and the receipt by them pursuant to the Offer of the relevant Repurchase Price and the Accrued Interest. Bondholders and beneficial owners of the Bonds are liable for their own taxes and have no recourse to the Government, the Dealer Managers or the Tender and Information Agent with respect to taxes arising in connection with the Offer.

Certain United States Federal Income Tax Consequences

The following is a summary of certain U.S. federal income tax consequences of the Offer that may be relevant to a beneficial owner of Bonds that is a citizen or resident of the United States or a domestic corporation or otherwise subject to U.S. federal income tax on a net income basis in respect of the Bonds (a “U.S. Holder”), or in certain cases to a beneficial owner of Bonds that is not a U.S. Holder (a “Non U.S. Holder”). The summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. The discussion does not deal with special classes of Holders, such as dealers in securities or currencies, banks, financial institutions, insurance companies, tax-exempt organizations, entities classified as partnerships and the partners therein, nonresident alien individuals present in the United States for 183 days or more during the taxable year, persons holding Bonds as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction, persons that purchase or sell the Bonds as part of a wash sale for tax purposes or persons that have a functional currency other than the U.S. dollar. This discussion assumes that the Bonds are held as “capital assets” within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). The discussion does not address the alternative minimum tax, the Medicare tax on net investment income or other aspects of U.S. federal income or state and local taxation that may be relevant to a Holder in light of the Holder’s particular circumstances.

Sale of the Bonds

Sales of Bonds pursuant to the Offer by U.S. Holders will be taxable transactions for U.S. federal income tax purposes. In addition, the Government intends to treat a tendering U.S. Holder of Bonds that purchases New Bonds pursuant to the New Bonds Offering as having exchanged all or portion of its Bonds for such New Bonds in a taxable transaction for U.S. federal income tax purposes (a “deemed exchange” of Bonds for New Bonds). Generally, subject to the discussion of the market discount rules set forth below, a U.S. Holder selling Bonds pursuant to the Offer will recognize capital gain or loss in an amount equal to the difference between (x) the sum of (a) the amount of cash received for the Bonds pursuant to the Offer (other than amounts received attributable to Accrued Interest, which will be taxed as described below), plus (b) the issue price (as defined below) of any New Bonds acquired pursuant to a deemed exchange, minus (c) the amount of cash, if any, paid by the U.S. Holder to acquire New Bonds pursuant to the New Bond Offering and (y) the U.S. Holder’s adjusted tax basis in the Bonds sold at the time of sale. The issue price of a New Bond (and a U.S. Holder’s initial tax basis in a New Bond acquired pursuant to a deemed exchange) is expected to be equal to the New Bond’s fair market value on the Settlement Date. A U.S. Holder’s adjusted tax basis in a Bond generally will equal the amount paid therefor, increased by the amount of any market discount previously taken into account by the U.S. Holder and reduced by the amount of any amortizable bond premium previously amortized by the U.S. Holder with respect to the Bonds. Any gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period for the Bonds on the date of sale was more than one year. A U.S. Holder that owns Bonds with differing tax bases and/or holding periods, must apply the preceding rules separately to each identifiable block of Bonds. The Government’s treatment of a tendering U.S. Holder of Bonds that purchases New Bonds pursuant to the New Bonds Offering as a taxable exchange is not binding on the U.S. Internal Revenue Service (“IRS”), and no assurance can be provided that the IRS will not assert an alternative position. A U.S. Holder should consult its tax advisor regarding the U.S. federal income tax consequences of tendering Bonds and purchasing New Bonds pursuant to the New Bonds Offering.

Any amounts treated for U.S. federal income tax purposes as received in respect of Accrued Interest in respect of a U.S. Holder's Bonds will be includible in the U.S. Holder's gross income as interest income to the extent not previously included in income for U.S. federal income tax purposes.

In general, if a U.S. Holder acquired the Bonds with market discount, any gain realized by a U.S. Holder on the sale of the Bonds will be treated as ordinary income to the extent of the portion of the market discount that has accrued while the Bonds were held by the U.S. Holder, unless the U.S. Holder has elected to include market discount in income currently as it accrues.

Information Reporting and Backup Withholding

A U.S. Holder who tenders its Bonds may be subject to information reporting unless the U.S. Holder is a corporation (other than an S corporation) or comes within certain other exempt categories and demonstrates this fact. In addition, a U.S. Holder who tenders its Bonds may be subject to backup withholding unless the U.S. Holder provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. The amount of any backup withholding from the Offer will be allowed as a credit against the U.S. Holder's federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the IRS.

Non-U.S. Holders

A Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on the proceeds from the Offer, including amounts treated as Accrued Interest. A Non-U.S. Holder also generally will be exempt from information reporting and backup withholding, but may be required to document its non-U.S. status (generally by submitting an IRS Form W-8BEN or W-8BEN-E or other applicable IRS Form W-8) in order to establish its eligibility for such exemption.

JURISDICTIONAL RESTRICTIONS

Hong Kong

With respect to persons in Hong Kong, this Offer is only made to and is only capable of acceptance by “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and rules made thereunder.

People’s Republic of China

Neither this Offer to Purchase Memorandum nor any other documents or materials relating to the Offer (together, the “**Tender Offer Documents**”) constitute an offer to sell or the solicitation of an offer to buy any Bonds in the People's Republic of China (the “**PRC**”, excluding Hong Kong, Macau and Taiwan) to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Government and the Dealer Managers do not represent that the Tender Offer Documents may be lawfully distributed in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Government which would permit a public offering of any Bonds or distribution of the Tender Offer Documents in the PRC. Accordingly, the Bonds are not being offered or sold within the PRC by means of the Tender Offer Documents or any other document. Neither the Tender Offer Documents nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Belgium

Neither this Offer to Purchase Memorandum nor any other documents or materials relating to the Offer have been submitted to or will be submitted for approval or recognition to the FSMA (*Autorité des services et marches financiers / Autoriteit financiële diensten en markten*) and, accordingly, the Offer may not be made in Belgium by way of a public offering, as defined in Articles 3, §1, 1° and 6 of the Belgian Takeover Law as amended or replaced from time to time. Accordingly, the Offer may not be advertised and the Offer will not be extended, and neither this Offer to Purchase Memorandum nor any other documents or materials relating to the Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to “qualified investors” in the sense of Article 10 of the Belgian Law of June 16, 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account; or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. This Offer to Purchase Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offer. Accordingly, the information contained in this Offer to Purchase Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

Luxembourg

Under Luxembourg law, the Offer is not considered as an offer to the public subject to the Luxembourg rules on public offers, since no securities are offered to the investors and the Offer therefore falls outside of the scope of the Luxembourg law of July 10, 2005 on prospectuses for securities, as amended.

Republic of Italy

None of this Offer to Purchase Memorandum or any other documents or materials relating to this Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (the “**CONSOB**”) pursuant to Italian laws and regulations. The Offer is being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of February 24, 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of

May 14, 1999, as amended (the “**Issuers’ Regulation**”), as the case may be. This Offer is also being carried out in compliance with article 35-bis, paragraph 7 of the Issuers’ Regulation.

A Bondholder located in the Republic of Italy can tender the Bonds through authorized persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Bonds or the Offer.

Switzerland

The Offer is made in Switzerland to Bondholders only. Neither the Offer to Purchase Memorandum nor any other document related to the Offer constitutes a prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations.

The Republic of France

This Offer to Purchase Memorandum is not being distributed in the context of a public offer in France and has accordingly not been submitted to the *Autorité des marchés financiers* for prior approval and clearance. This Offer to Purchase Memorandum is not to be further distributed or reproduced (in whole or in part) by the addressees.

Each of the Government and the Dealer Managers represents and agrees that the Offer has not been and will not be made, directly or indirectly, to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offer to Purchase Memorandum or any offering material relating to the Offer, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors other than individuals acting for their own account or (ii) providers of investment services relating to portfolio management for the account of third parties as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

No advertisement, invitation or document relating to the Bonds (including this Offer to Purchase Memorandum) has been issued or been in the possession of the Dealer Managers for the purposes of issue, and will not be issued or be in the possession of the Dealer Managers for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

United Kingdom

The communication of this Offer to Purchase Memorandum and any other documents or materials relating to the Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within (i) the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”), (ii) Article 34 of the Financial Promotion Order, or (iii) any other applicable provision or provisions, of the Financial Promotion Order, or to persons to whom it may lawfully be communicated in accordance with the Financial Promotion Order.

ADDITIONAL TERMS OF THE OFFER

1. All communications, payments, notices or certificates to be delivered to or by a Bondholder will be delivered by or sent to or by the Bondholder at the Bondholder's own risk. None of the Government, the Dealer Managers, DTC or the Tender and Information Agent shall accept any responsibility for failure of delivery of any notice, communication or electronic acceptance instruction.
2. Tenders of Bonds pursuant to any of the procedures described above, and acceptance thereof by the Government for purchase, will constitute a binding agreement between the Government and the tendering Bondholder of such Bonds, upon the terms and subject to the conditions of the Offer.
3. The Government's interpretation of the terms and conditions of the Offer will be final and binding.
4. Unless waived by the Government, any irregularities in connection with tenders must be cured within such time as the Government may determine in its sole and absolute discretion. None of the Government, the Dealer Managers, DTC, the Tender and Information Agent or any other person shall be under any duty to give notification of any defects or irregularities in such tenders, nor will any of such entities incur any liability for failure to give such notifications. Tenders of such Bonds may be deemed not to have been made until such irregularities have been cured or waived.
5. Any rights or claims which a Bondholder may have against the Government in respect of any tendered Bonds or the Offer shall be extinguished or otherwise released upon the payment to such Bondholder of the relevant Repurchase Price, as the case may be, and any Accrued Interest, if applicable, for such Bonds.
6. Without limiting the manner in which the Government may choose to make any public announcement, the Government shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a notice to the Tender and Information Agent (which will convey such notice to DTC).
7. The 2021 Bonds are debt obligations of the Government and are governed by the Amended and Restated Agency Agreement dated June 19, 2015 among the Government, Deutsche Bank AG, Hong Kong Branch, as principal paying agent, transfer agent and exchange agent and Deutsche Bank Trust Company Americas, as principal registrar, transfer agent and "US paying agent", as supplemented by the pricing supplement dated March 29, 2016, in respect of the 2021 Bonds. There are no appraisal or other similar statutory rights available to Bondholders in connection with the Offer.

The 2022 Bonds are debt obligations of the Government and are governed by the Agency Agreement dated November 21, 2012 among the Government, Deutsche Bank AG, Hong Kong Branch, as principal paying agent, transfer agent and exchange agent and Deutsche Bank Trust Company Americas, as principal registrar, transfer agent and "US paying agent", as supplemented by the pricing supplement dated November 28, 2012, in respect of the 2022 Bonds. There are no appraisal or other similar statutory rights available to Bondholders in connection with the Offer.
8. The contract constituted by the Government's acceptance for payment in accordance with the terms of this Offer to Purchase Memorandum of all Bonds validly tendered (or defectively tendered, if such defect has been waived by the Government) shall be governed by, and construed in accordance with, the laws of the State of New York.

AMENDMENT AND TERMINATION

Notwithstanding any other provision of the Offer, the Government may, subject to applicable laws, at its option and in its sole and absolute discretion, at any time before any acceptance by the Government of Bonds tendered in the Offer:

- (a) extend or otherwise amend the Offer in any respect (including, but not limited to, any amendment in relation to the Repurchase Price, the Maximum Acceptance Amount, Expiration Date and/or Settlement Date whereupon all references to those concepts in the offer documentation shall be deemed to be references to those concepts as so amended);
- (b) delay acceptance or, subject to applicable law, repurchase of Bonds tendered in the Offer until satisfaction or waiver of the conditions to the Offer, even if the Offer has expired; or
- (c) terminate the Offer, including with respect to Tender Instructions submitted before the time of such termination.

The Government also reserves the right at any time to waive any or all of the conditions of the Offer as set out in this Offer to Purchase Memorandum.

The Government will ensure Bondholders are notified of any such extension, amendment or termination as soon as is reasonably practicable after the relevant decision is made by the issue of a press release and by way of a notice delivered to the Clearing Systems for communication to Direct Participants and an announcement on SGX-ST. In the case of an extension of the initial Expiration Date, such announcement will be made before 9:00 a.m. (New York City time) on the Business Day immediately following such earlier expiration.

The minimum period during which the Offer will remain open following material changes in its terms, or in the information concerning the Offer, will depend upon the facts and circumstances of such change, including, in the Government's sole judgment, the relative materiality of the changes. If any of the terms of the Offer are amended in a manner determined by the Government, in its sole judgment, to constitute a material change adversely affecting any Bondholder, the Government will extend the Offer for a time period that the Government in its sole and absolute discretion deems appropriate, depending upon the significance of the amendment and the manner of disclosure to Bondholders, if the Offer would otherwise expire during such time period.

In the event that the Offer is terminated or otherwise not completed, all tendered Bonds will be promptly returned to Bondholders.

DEALER MANAGERS AND TENDER AND INFORMATION AGENT

In connection with the Offer, the Government has retained J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited to act as the Dealer Managers and Morrow Sodali Limited to act as Tender and Information Agent, each of which will receive customary fees for its services. The Government has agreed to reimburse each of the Dealer Managers and the Tender and Information Agent for its respective out-of-pocket expenses and to indemnify it against certain liabilities, including liabilities under federal securities laws, and to contribute to payments that it may be required to make in respect thereof. No fees or commissions have been or will be paid by the Government to any broker, dealer or other person, other than the Dealer Managers and the Tender and Information Agent, in connection with the Offer.

Any holder that has questions concerning the terms of the Offer may contact the Dealer Managers at their addresses and telephone numbers set forth on the last page of this Offer to Purchase Memorandum. Questions and requests for assistance or additional copies of this Offer to Purchase Memorandum may be directed to the Tender and Information Agent at its address and telephone number set forth on the last page of this Offer to Purchase Memorandum.

Bondholders may also contact their broker, dealer, custodian bank, depository, trust company or other nominee for assistance concerning the Offer.

All correspondence in connection with the Offer should be sent or delivered to the Tender and Information Agent at its address or to the facsimile number set forth on the last page of this Offer to Purchase Memorandum. Any holder or beneficial owner of Bonds that has questions concerning tender procedures should also contact the Tender and Information Agent.

The Dealer Managers may contact holders of Bonds regarding the Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Offer to Purchase Memorandum and related materials to beneficial owners of Bonds. With respect to jurisdictions located outside of the United States, the Offer may be conducted through affiliates of the Dealer Managers that are registered and/or licensed to conduct the Offer in such jurisdictions.

The Dealer Managers and their affiliates have from time to time provided certain commercial banking, financial advisory and investment banking services to the Government and its affiliates for which they have received customary fees. In the ordinary course of their businesses, the Dealer Managers or their affiliates may at any time hold long or short positions, and may trade for their own accounts or the accounts of customers, in the debt or equity securities of the Government or its affiliates, including any of the Bonds and, to the extent that the Dealer Managers or its affiliates own Bonds during the Offer, they may tender such Bonds pursuant to the terms of the Offer. The Dealer Managers and its affiliates may from time to time in the future engage in future transactions with the Government and its affiliates and provide services to the Government and its affiliates in the ordinary course of their respective businesses. In addition, the Dealer Managers and/or their affiliates serve as agents and lenders under certain existing credit facilities.

None of the Dealer Managers or the Tender and Information Agent assumes any responsibility for the accuracy or completeness of the information concerning the Government contained in this Offer to Purchase Memorandum or for any failure by the Government to disclose events that may have occurred and may affect the significance or accuracy of such information.

*The Government
The Government of Mongolia
c/o the Ministry of Finance
S. Danzan Street 5/1
Government Building II
Ulaanbaatar 15160
Mongolia*

Questions and requests for assistance may be directed to the Dealer Managers at the addresses or telephone numbers set forth below.

The Dealer Managers for the Offer are:

J.P. Morgan Securities plc
Attention: J.P. Morgan Debt Capital
Markets team
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom
Telephone:
+44 20 7134 1470 (London)
+852 2800 7650 (Hong Kong)
Fax: +44 20 3493 1413
E-mail:
Liability_Management_HK@jpmorg
an.com

**Morgan Stanley & Co.
International plc**
Attention: Liability Management
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom
Telephone:
+1 800 624 1808 (U.S. toll free) or
collect +1 212 761 1057 (New York)
+44 207 677 5040 (London)
+852 2239 1484 (Hong Kong)
Fax: +44 20 7056 4984
E-mail:
liabilitymanagement@morganstanley.
com

**Nomura International
(Hong Kong) Limited**
Attention: Legal & Compliance
30/F, Two International Finance
Centre
8 Finance Street Central
Hong Kong
Telephone:
+852 2536 7056 (Hong Kong)
+44 (0)20 7103 6597 (London)
Fax: +852 2536 1888
E-mail:
Liability.Management@nomura.com

**The Hongkong and Shanghai
Banking Corporation Limited**
Attention: Liability Management
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong
Telephone:
US Toll Free: 1-888-HSBC-4LM
+852 3941 0223 (Hong Kong)
+44 207 992 6237 (London)
+1 212 525 5552 (New York)
E-mail:
liability.management@hsbcib.com

Additional copies of this Offer to Purchase Memorandum may be obtained from the Tender and Information Agent. Bondholders who need assistance with respect to the procedures for participating in the Offer should contact the Tender and Information Agent. Bondholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Tender and Information Agent for the Offer is:

Morrow Sodali Limited

In London:
103 Wigmore Street
London W1U 1QS
Telephone: +44 208 089 3287

In Stamford:
470 West Ave., Suite 3000
Stamford, CT 06902
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Telephone: +1 203 609 4910

In Hong Kong:
Unit 1106, Level 11,
Two ChinaChem Central
26 Des Voeux Road Central
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Telephone: +852 2158 8405

Email: mongolia@investor.morrowsodali.com
Offer Website: <https://bonds.morrowsodali.com/mongolia>

