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## GOVERNMENT OF MONGOLIA

### OFFER TO EXCHANGE GOVERNMENT OF MONGOLIA NOTES FOR UP TO US\$580 MILLION OF DEVELOPMENT BANK OF MONGOLIA LLC’S OUTSTANDING 5.75% GUARANTEED NOTES DUE 2017

<u>ISIN</u>	<u>Common Code</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Amount Outstanding</u>	<u>New Note Description</u>	<u>Exchange Consideration per US\$1,000 of Old Notes</u>
XS0755567301	075556730	5.75%	March 21, 2017	US\$580,000,000	Notes due	US\$1,000 of New Notes plus certain cash consideration (as described in the Exchange Offer Memorandum)

Upon the terms and subject to the conditions set forth in the exchange offer memorandum dated February 20, 2017 (the “**Exchange Offer Memorandum**”), the Government of Mongolia (the “**Government**”) is offering to exchange (the “**Exchange Offer**”) up to US\$580 million of Development Bank of Mongolia LLC’s (“**DBM**”) outstanding 5.75% Guaranteed Notes due 2017 (the “**Old Notes**”) for the Government’s new debt securities (the “**New Notes**”). Capitalized terms not otherwise defined herein shall have the same meaning as in the Exchange Offer Memorandum.

THE EXCHANGE OFFER WILL COMMENCE ON FEBRUARY 20, 2017 AND EXPIRE AT 5:00 P.M., CENTRAL EUROPEAN TIME, ON MARCH 1, 2017, (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED OR EARLIER TERMINATED AT THE SOLE DISCRETION OF THE GOVERNMENT, THE “**EXCHANGE EXPIRATION DATE**”).

Interest on the New Notes will accrue from the Settlement Date and will be payable semi-annually. Old Notes being tendered for exchange may only be submitted in a minimum size of US\$200,000. The aggregate principal amount of New Notes to be issued to any holder in the exchange offer will be in a minimum size of US\$200,000. As discussed in the Exchange Offer Memorandum, the total principal amount of Old Notes that will be accepted in this exchange offer is equal to US\$580 million.

Valid tenders of Old Notes are irrevocable and may not be withdrawn. Instructions in connection with the Exchange Offer are irrevocable. Once you tender Old Notes in the Exchange Offer, you may not withdraw from the Exchange Offer. The Exchange Offer may be amended, modified, terminated, withdrawn or extended. Notice will be provided of any amendments, modifications, withdrawals or extensions as and if required by applicable law.

You must make your own decision whether to tender your Old Notes for exchange in the Exchange Offer. Neither the Government, DBM, the Dealer Managers (as defined herein), the Information and Exchange Agent (as defined herein), nor any other person is making any recommendation as to whether or not you should tender your Old Notes for exchange in the Exchange Offer.

In making your investment decision, you should rely only on the information contained in the Exchange Offer Memorandum.

Copies of the Exchange Offer Memorandum describing the Exchange Offer may be obtained from Lucid Issuer Services Limited (the “**Information and Exchange Agent**”), at the addresses, website and telephone numbers set forth below.

*The Dealer Managers for the Exchange Offer are:*

**Credit Suisse (Hong Kong) Limited**  
Level 88, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong  
Telephone: +852 2101 6000  
Email: list.ibprojectkhuraldai@credit-suisse.com

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom  
Fax: +44 20 3493 1413

*The Information and Exchange Agent for the Exchange Offer is:*

**Lucid Issuer Services Limited**  
Tankerton Works  
12 Argyle Walk  
London WC1H 8HA  
United Kingdom  
For information by telephone: +44 20 7704 0880  
Attention: Thomas Choquet / Arlind Bytyqi  
Email: mongolia@lucid-is.com

**This notice does not constitute an offer to sell, or a solicitation of an offer to buy, any New Notes and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.**

**The New Notes have not been and will not be registered under the US. Securities Act of 1933, as amended or the securities laws of any state of the United States or other jurisdiction.**

**The exchange offer described in the Exchange Offer Memorandum is not being made, directly or indirectly, in or into the United States, or by the use of mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, e-mail and other forms of electronic transmission) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States and no exchange offer may be made by any such use, means, instrumentality from or within the United States.**

**The distribution of the Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Holders of Old Notes and any other person into whose possession the Exchange Offer Memorandum comes are required by the Government and DBM to inform themselves about, and to observe, any such restrictions.**