



Peace Avenue 19, Ulaanbaatar 14210, Mongolia
Tel: (976-11) 315679 Fax: (976-11) 311944
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FINANCIAL LEASE TERMS AND CONDITIONS

Requirements for Lease Items

- Lease item must be manufacturing equipments and heavy machinery and mechanism as well as heavy equipments;
- Lease item must be new, with no physical and technical defect, ready to operate and come with required accompanying parts and devices;
- Lease item must have no conflict of entitlement and have complied with all requisite documents to be ready to operate;
- Lessee must agree to insure the leased equipment(s) during financial lease period;

Requirements for Lessee

- A legal entity with registered operations in Mongolia or a permanent resident of Mongolia;
- Must choose a lease item(s) that meet the requirements of lease items;
- Lessee must have a stable business record of at least 2 years;
- Lessee must be able to fund down payment with its own financial asset and be able to repay the financial leasing with its net income from the business activity
- Lessee must not have any overdue loans, interest debt, or bad debt history in any bank or financial service providers;
- Lessee must have a professional and/or team who are able to operate on the leased equipment(s);

Financial Leasing Terms

| Terms and Conditions | US\$ | MNT |
|---------------------------|--|---------------------|
| Amount | May negotiate depending on Lessee's business scope and financial ability | |
| Lease tenor | 6-36 months | |
| Down payment | 20-50% | |
| Interest rate /per month/ | 1.0%-1.2% | 1.4%-1.8% |
| Upfront fee | 0.5%* | |
| | max US\$10,000.0 | max MNT10,000,000.0 |

* Paid one time only and based on financial leasing total amount.

Steps of leasing process

- Step 1: Choose the lease item(s)
- Step 2: Prepare the required documents and request financial lease
- Step 3: Conclude agreement(s)
- Step 4: Insure the lease item(s)
- Step 5: Receive the lease item(s)



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LIST OF REQUIRED DOCUMENTS FOR FINANCIAL LEASE

Basic documents of the legal entity:

1. Financial lease request /**Annexure 1.1**/;
2. Authorized approval of Financial lease;
3. CV of authorized personal /**Annexure-1.2**/, Identification card copy;
4. State registered certificate of the legal entity (notarized copy);
5. State registered company charter of the legal entity (notarized copy);
6. License, permits and approvals from related authorities for company operation (copy);
7. Company introduction;
8. Financial documents
 - Audited financial statements of the past three years that reflects the true financial condition of the legal entity;
 - Breakdown of the last year's (quarter's) financial statement with related descriptions;
 - Bank and financial service provider's current account transactions of last 3 years, any loans that are existing along with its transactional documents and agreements;

Financial lease usage and implementation documents

9. Financial lease financed equipment information
 - Equipment introduction;
 - Equipment origination certificate, customs clearance documents /Copy of the certificate if issued/;
 - Agreement with Supplier /draft of agreement, price offering/;
 - Down payment/ sufficient data to prove payment abilities;
10. Source of repayment of the Financial lease
 - Cash flow projection of the repayment of the Financial lease;
 - Validating agreements related to the repayment of the Financial lease /product and services agreement, sales agreement/;

For mining companies only

- Resource reports affirmed by Mineral Resource Authority of Mongolia or any other Resource estimation report made by the international standard;
- Latest mining report and plan;

11. Other documents requested by the Lessor

Collateral property documents (If Lessor has requested additional property to pledge):

- Pledging property certificate and related documents;
- Pledging property of a third party:
 - Official letter from the guarantor permitting the pledge of the property;
 - State registered certificate of the legal entity (notarized copy);
 - State registered charter of the legal entity and founders agreement (notarized copy);
 - Pledging property certificate, and related documents;