

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

MONGOLIA

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Ulaanbaatar (capital)	Political, financial and administrative capital; principal hub for services, banking and corporate headquarters	Financial services, corporate headquarters, logistics
Oyu Tolgoi, South Gobi	World-class underground copper-gold mine (66% Rio Tinto / 34% Government of Mongolia via Erdenes), ramping toward ~500,000 tonnes/year copper output 2028-2036	Copper and gold mining, underground mine operations
Tavan Tolgoi, South Gobi	One of the world's largest untapped coking-coal deposits, central to Mongolia's coal-export economy	Coking coal mining and export
Erdenet	Major copper-molybdenum mining city and Mongolia's second-largest urban center	Copper and molybdenum mining, industrial processing
Gashuun Sukhait / Gants Mod border crossings (China border)	Principal coal and copper export corridors to China, exposed to commodity-price volatility and bilateral trade conditions	Cross-border mineral export logistics
Darkhan	Northern industrial city and rail hub linking Mongolia to Russia	Industrial manufacturing, rail logistics
South Gobi exploration belt	Active copper and gold exploration region drawing renewed junior-mining interest as sector reform momentum builds	Mineral exploration, junior mining

INVESTOR ENTRY ROUTES

- Copper and gold mining investment anchored by Oyu Tolgoi's ramp-up toward steady-state production and renewed junior-exploration activity in the South Gobi
- Coking-coal investment at Tavan Tolgoi and associated export infrastructure, though subject to Chinese demand volatility
- Cross-border logistics and rail investment linking South Gobi mines to Chinese border crossings and Darkhan's rail connections to Russia
- Financial-services and corporate-headquarters investment in Ulaanbaatar
- Investment contingent on pending legislative reform of foreign-investment, state-owned-enterprise, minerals and permitting law
- Renewable-energy and fuel-diversification investment, given Mongolia's complete dependence on imported fuel

MARKET-ENTRY OBSERVATION

Mongolia enters this Gateway Guide as a resource-driven economy with genuinely strong headline growth sitting awkwardly alongside serious fiscal and political strain. The IMF's August 2026 Article IV consultation recorded 2025 growth of 6.8% and year-to-date growth through April 2026 of 7.8%, driven by mining, with 2026 growth projected at 5.8%. Copper exports and prices (projected to stay elevated around \$13,500/tonne) are the principal growth driver, while coal prices have fallen sharply and the outlook for coal

exports to China remains uncertain. Oyu Tolgoi itself is maturing in investors' favor: Rio Tinto and the government agreed in 2026 to adjust the project's shareholder-loan interest rate downward, reflecting the mine's transition into a lower-risk, steady-state operation, and to bring forward shareholder distributions, alongside a May 2026 agreement in principle on management fees -- signals of a genuinely improving government-investor relationship after years of dispute.

That improving mining relationship contrasts with real strain elsewhere. The ruling Mongolian People's Party has now installed three prime ministers in under twelve months, most recently Nyam-Osoryn Uchral, a compromise candidate confirmed in March 2026 after his predecessor resigned amid corruption allegations and parliament was paralyzed by factional infighting and an opposition boycott. Uchral himself has warned of three overlapping crises: volatile fuel and commodity prices, and domestic political division. The IMF projects public debt rising from 45.1% of GDP in 2025 to 63.7% by 2031, a widening fiscal deficit (5.2% to a projected 6.6% of GDP in 2026), and inflation that reached 12.0% year-on-year in June 2026 -- a combination the Fund explicitly flagged as tilting Mongolia's outlook toward downside risk, alongside pending but still-unpassed legislation on foreign investment, state-owned enterprises, minerals and whistleblowing that investors have been awaiting.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Political instability	The ruling MPP has installed three prime ministers in under 12 months amid factional infighting between presidential and former-PM loyalists and an opposition parliamentary boycott	Engage directly with named ministries and state mining entities rather than assuming stable cabinet-level continuity
Fiscal deterioration and rising public debt	IMF projects public debt rising from 45.1% of GDP (2025) to 63.7% by 2031, with the fiscal deficit widening to 6.6% of GDP in 2026 and gross financing needs at 14.1% of GDP	Track IMF Article IV updates and budget developments before assuming stable sovereign fiscal capacity
High inflation	Inflation reached 12.0% year-on-year in June 2026, driven by food and fuel prices, expected to stay near 10% at year-end	Model local-currency costs against current inflation rather than historical averages
Coal-export and China-demand dependence	Coal prices fell sharply in 2025 and remain low, with the outlook for coal exports to China uncertain, exposing coal-linked revenue to external demand swings	Diversify exposure across copper and coal rather than relying solely on coal-export volumes
Complete fuel-import dependence	Mongolia imports 100% of its fuel, leaving it exposed to global price shocks and supply-chain disruption; the government has had to request price stability directly from Russia	Factor fuel-cost volatility into operating-cost planning for logistics-intensive projects
Pending legislative reform	IMF-recommended legislation on foreign investment, state-owned enterprises, minerals and whistleblowing remains unpassed amid parliamentary deadlock	Track legislative progress on these specific bills before committing to reform-dependent sectors
Soviet-era permitting system and corruption concerns	PM Uchral has himself identified the legacy permit system as a source of corruption and has pledged reform to restore investor confidence	Engage experienced local counsel on permitting given acknowledged systemic weaknesses

INVESTOR RISK NOTE

Waverley views Mongolia as a genuine resource-driven opportunity -- a maturing, lower-risk Oyu Tolgoi copper operation with an improving government relationship, and headline growth among the strongest in this series -- operating under real political and fiscal strain: three prime ministers in under a year, rising public debt, double-digit inflation, and unresolved coal-export uncertainty. Entry should concentrate on well-structured mining joint ventures and established state-partner relationships while closely tracking the fiscal and political trajectory.

MARKET ACCESS

Mongolia maintains an open capital account for foreign investors with profit repatriation, a long-standing (if currently under review) foreign investment law framework, direct rail and road export corridors to China and Russia, and dedicated investment-promotion support through the Invest Mongolia Agency, though IMF-recommended reforms to foreign-investment, minerals and state-enterprise legislation remain pending.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Office of the Prime Minister (Nyam-Osoryn Uchral, MPP, compromise candidate since March 2026)	Sets overall economic policy direction while managing acute factional infighting within the ruling party	Primary reference point for the administration's policy direction, though continuity is not assured
Ministry of Mining and Heavy Industry	Administers mining-sector policy and the government's relationship with Oyu Tolgoi and other major mining projects	Primary channel for mining-sector engagement and licensing
Ministry of Finance	Manages fiscal policy and debt issuance amid a widening deficit and rising public debt trajectory	Primary channel for verifying fiscal-policy and debt-sustainability developments
Bank of Mongolia (central bank)	Manages monetary policy amid double-digit inflation; IMF has recommended strengthening its autonomy	Monitor for monetary-policy decisions and inflation data
Erdenes Oyu Tolgoi (state mining company)	Holds the government's 34% stake in Oyu Tolgoi and is the primary state counterparty for the Rio Tinto partnership	Primary channel for Oyu Tolgoi-linked investment and state mining partnerships
Invest Mongolia Agency	Mongolia's principal investment-promotion agency, coordinating inbound FDI support and sector introductions	First point of contact for most inbound investment
State Great Khural (Parliament)	Has experienced repeated deadlock from factional infighting and opposition boycotts, delaying passage of IMF-recommended reform legislation	Monitor for legislative progress on foreign-investment, minerals and SOE reform bills

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through the Invest Mongolia Agency's investor-facilitation services, direct engagement with the Ministry of Mining and Heavy Industry and Erdenes Oyu Tolgoi for mining-sector joint ventures, and Ministry of Finance monitoring for macro-sensitive sectors.

INVESTOR PROFILE BEST SUITED

Best suited to copper, gold and coking-coal mining investors able to structure joint ventures with Erdenes and navigate the state partnership model demonstrated by Oyu Tolgoi, and logistics investors serving China- and Russia-bound export corridors. Less suited to investors requiring stable cabinet-level continuity, low inflation, or insulation from coal-export demand swings.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between copper/gold mining, coking coal, cross-border logistics, or fuel-diversification investment.

STEP 2: Engage the relevant sector institution

Open discussions with the Ministry of Mining and Heavy Industry, Erdenes Oyu Tolgoi, or Invest Mongolia Agency depending on sector focus.

STEP 3: Assess fiscal and inflation exposure

Model project economics against the IMF's debt and inflation trajectory rather than historical baselines.

STEP 4: Track political and legislative developments

Monitor cabinet stability and the status of pending foreign-investment, minerals and SOE reform legislation.

STEP 5: Structure entry through established state-partnership models

Use the Oyu Tolgoi joint-venture structure as a template for mining-sector entry, engaging Erdenes Oyu Tolgoi or Invest Mongolia Agency directly.

WAVERLEY'S ROLE

- Track Mongolia's political stability and the status of IMF-recommended reform legislation
- Monitor fiscal, debt and inflation trends against IMF Article IV projections
- Coordinate introductions to the Ministry of Mining and Heavy Industry, Erdenes Oyu Tolgoi and Invest Mongolia Agency
- Screen copper, coal and cross-border logistics opportunities against current fiscal and political conditions

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture Mongolia's genuine resource strengths -- a maturing, lower-risk Oyu Tolgoi copper operation and among the strongest headline growth in this series -- while explicitly tracking its political instability, fiscal deterioration and coal-export uncertainty -- engage now through established mining-sector and state-partnership channels.

Sector screening -> Fiscal and political due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in copper and gold mining investment around Oyu Tolgoi's ramp-up and renewed South Gobi exploration activity, coking-coal investment at Tavan Tolgoi, and cross-border logistics investment linking South Gobi mines to Chinese and Russian export corridors.

POSITIONING

Mongolia brings genuine resource-driven strength to this series -- among the strongest headline growth rates covered, a maturing and increasingly investor-friendly Oyu Tolgoi copper partnership, and renewed exploration momentum across the South Gobi.

That strength sits alongside real strain: three prime ministers in under a year, a widening fiscal deficit and rising public debt, double-digit inflation, and unresolved uncertainty over coal-export demand from China. Waverley frames Mongolia as a resource-focused opportunity best approached through established mining joint-venture structures while closely tracking the fiscal and political trajectory.

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