

EXECUTION COPY (Operation Number 47229)

LOAN AGREEMENT

(in respect of the Kurty-Burilbaytal Road Project)

between

"KAZAVTOZHOL" JOINT STOCK COMPANY

and

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated 18 February 2016

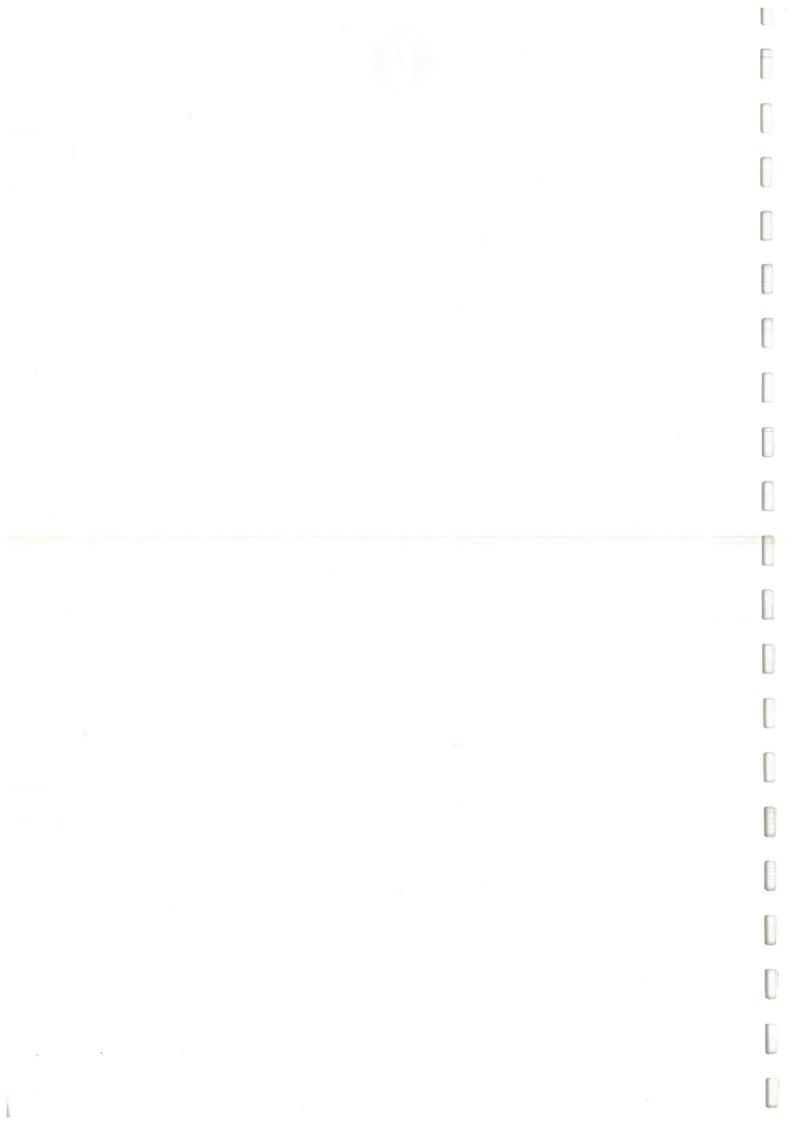


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LOAN AGREEMENT

AGREEMENT dated 18 February 2016 between "KAZAVTOZHOL" JOINT STOCK COMPANY (the "Borrower") and EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

PREAMBLE

WHEREAS, the Bank has been established to provide financing for specific projects to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics;

WHEREAS, the Borrower intends to reconstruct the "Kurty-Burilbaytal" road section of the "Center-South" corridor linking the City of Astana to the City of Almaty as more particularly described in Schedule 1 hereto (the "Project");

WHEREAS, the Borrower has requested assistance from the Bank in financing part of the Project being the road section from 2214 kilometre to 2295 kilometre;

WHEREAS, pursuant to a state guarantee agreement dated the date hereof between the Republic of Kazakhstan as Guarantor and the Bank (the "State Guarantee Agreement" as defined in the Standard Terms and Conditions), the Guarantor has guaranteed the obligations of the Borrower under this Agreement;

WHEREAS, the Bank has agreed on the basis of, *inter alia*, the foregoing to make a loan to the Borrower in the amount of ninety seven million Dollars (USD 97,000,000), subject to the terms and conditions set forth or referred to in this Agreement (the "Principal Amount"); and

WHEREAS, the Borrower, in addition to the above, has requested the Bank to provide additional financing for the Project in the amount of six million Dollars (USD 6,000,000) via re-allocation and cancellation of such amount that is equal to the loan savings under the loan agreement dated 12 December 2012 between the Bank and the Republic of Kazakhstan in relation to the Shymkent-Tashkent Road Reconstruction Project (the "Existing Loan Agreement"), subject to the terms and conditions which will be agreed in the amendment agreement to the Existing Loan Agreement (the "Reallocated Amount").

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 1 December 2012 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications (such provisions as so modified are hereinafter called the "Standard Terms and Conditions"):

(a) The definition of "Euro", "EUR" or "€" in Section 2.02 of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

""Euro", "EUR" or "€"

means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the legislation of the European Union relating to economic and monetary union."

(b) The definition of "Prohibited Practice" in Section 2.02 of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

""Prohibited Practice"

means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Theft."

(c) The definition of "TARGET Day" in Section 2.02 of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

""TARGET Day"

means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer system is open for the settlement of payments in Euro."

(d) The following definition shall, for purposes of this Agreement, be added in Section 2.02 of the Standard Terms and Conditions:

""Theft"

means the misappropriation of property belonging to another person."

(e) The provision of Section 3.05(b) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified so that the Front-end Commission shall be payable in respect of the Principal Amount only in the amount of nine hundred seventy thousand Dollars (USD 970,000).

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions have the respective meanings given to them therein and the following terms have the following meanings:

"Borrower's Authorised Representative"

means the Chairman or Deputy Chairman of the Board of the Borrower.

"Designated Performance Requirements"

means Performance Requirements 1 through 8 and 10 (or, as the context may require, any one of such Performance Requirements) of the Performance Requirements dated May 2014 and related to the Bank's Environmental and Social Policy dated May 2014.

"Debt Service Coverage Ratio"

means a ratio of: (i) cash flows arising from Operating Activities, including transfers from the state budget or National Fund of the Republic of Kazakhstan for 12 (twelve) months preceding the date of calculation, minus those cash flows for such period which are applied during such period to acquiring long-term assets that are not part of capital expenditures approved under the Project financing plan and are not financed via accumulated cash balances or issuance of equity capital, to (ii) the sum of the principal repayments and interest charges accrued or repaid on total financial debt during 12 (twelve) months preceding the date of calculation net of any indebtedness refinanced or renewed during this period.

For the purposes of this definition:

"Operating Activities" means the principal revenueproducing activities of the Borrower and other activities that are not Investing Activities or Financing Activities, where "Investing Activities" means the acquisition and disposal of long-term assets and "Financing Activities" means activities that result in changes in the size and composition of the equity capital and borrowings of the Borrower (including any activities resulting in incurring interest expenses).

"Environmental and Social Action Plan"

means the plan of environmental and social mitigation and improvement measures dated March 2015 approved by the Bank in accordance with Section 3.04(b), as such plan may be amended from time to time with the prior written consent of the Bank in accordance with Section 3.04(c).

"Environmental and Social Law"	means any applicable law or regulation which relates to:				
	(a) pollution or protection of the environment, including related laws or regulations relating to participation in decision-making;				
	(b) labour and employment conditions;				
	(c) occupational health and safety;				
	(d) public health, safety and security;				
	(e) indigenous peoples;				
	(f) cultural heritage; or				
	(g) resettlement or economic displacement of persons.				
"Environmental and Social Matter"	means any matter that is the subject of any Environmental and Social Law, any Designated Performance Requirement or the Environmental and Social Action Plan.				
"Fiscal Year"	means the Borrower's fiscal year commencing on 1 January of each year.				
"PIU"	means the project implementation unit referred to in Section 3.02.				
"Service Agreement"	means the long-term agreement on trust management between the Borrower and the Guarantor or its structural subdivisions in form and substance acceptable to the Bank, according to which the Guarantor makes payments to the Borrower. These payments shall secure EBRD debt service and reflect EBRD loan repayment profile.				
"Statutes"	means the Charter of the Borrower approved by the Order of the Chairman of the Committee of State Property and Privatization of the Ministry of Finance of the Republic of				

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article, Section or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Schedule to, this Agreement.

Kazakhstan No. 146 dated 27 February 2013.

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred and three million Dollars (USD 103,000,000) consisting of the Principal Amount and the Reallocated Amount.

Section 2.02. Other Financial Terms of the Loan

- (a) The Minimum Drawdown Amount shall be two hundred thousand Dollars (USD 200,000).
- (b) The Minimum Prepayment Amount shall be ten million Dollars (USD 10,000,000).
- (c) The Minimum Cancellation Amount shall be five million Dollars (USD 5,000,000).
- (d) The Interest Payment Dates shall be 21 March and 21 September of each year.
- (e) (1) The Borrower shall repay the Loan in 29 equal (or as nearly equal as possible) semi-annual instalments on 21 March and 21 September of each year, with the first Loan Repayment Date being 21 March 2020 and the last Loan Repayment Date being 21 February 2034.
 - (2) Notwithstanding the foregoing, in the event that (i) the Borrower does not draw down the entire Loan amount prior to the first Loan Repayment Date specified in this Section 2.02.(e), and (ii) the Bank extends the Last Availability Date specified in Section 2.02.(f) below to a date which falls after such first Loan Repayment Date, then the amount of each drawdown made on or after the first Loan Repayment Date shall be allocated for repayment in equal amounts to the several Loan Repayment Dates which fall after the date of such drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Borrower of such allocations.
- (f) The Last Availability Date shall be the day which is 48 month from the date hereof, or such later date that the Bank may in its discretion establish and notify to the Borrower and the Guarantor.
- (g) The rate of the Commitment Charge shall be 0.5% per annum.
- (h) The Loan is subject to a Variable Interest Rate.

Section 2.03. Drawdowns

(a) The Available Amount may be drawn down from time to time in accordance with the provisions of Schedule 2 to finance (1) expenditures made (or, if the Bank so agrees,

to be made) in respect of the reasonable cost of goods, works and services required for the Project, and (2) the Front-end Commission.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Affirmative Project Covenants

In addition to the general undertakings set forth in Article IV of the Standard Terms and Conditions, the Borrower shall, unless the Bank otherwise agrees:

- (a) Take all action necessary to provide adequate funds for the completion of the Project;
- (b) Take or cause to be taken all actions necessary or appropriate for the accomplishment of purposes of the Project and compliance with the provisions of this Agreement;
- (c) Comply with its obligations arising under all contracts entered into in relation to the Project.
- (d) Implement the recommendations developed by the consultants appointed in accordance with Section 3.05 including those in relation to road safety while adding them to the terms of reference and tender documents for the relevant Project contractors;
- (e) by 30 September 2017 or such other date agreed by the Bank approve an action plan for introduction of transit charges for heavy vehicles and buses;
- (f) by 31 December 2017 or such other date agreed by the Bank:
 - i. Approve an action plan covering new ways of road sector financing;
- ii. Approve a strategic development plan.
- (g) by 31 December 2018 or such other date agreed by the Bank introduce a tolling system on the 2,000 kilometres of the Kazakh roads and procure that all toll revenue is collected and retained by the Borrower.

Section 3.02. Project Implementation Unit

In order to coordinate, manage, monitor and evaluate all aspects of Project implementation, including the procurement of goods, works and services for the Project, the Borrower shall, unless otherwise agreed with the Bank, establish and at all times during execution of the Project operate a project implementation unit with adequate resources and suitably qualified personnel, under terms of reference acceptable to the Bank.

Section 3.03. Procurement

For purposes of Section 4.03 of the Standard Terms and Conditions, the following provisions shall, except as the Bank otherwise agrees, govern procurement of goods, works and services required for the Project and to be financed out of the proceeds of the Loan:

- (a) Goods, works and services (other than consultants' services which are included within Section 3.03(c)) shall be procured through open tendering.
- (b) For purposes of Section 3.03(a), the procedures for open tendering, selective tendering, direct contracting and shopping and standards for local competitive tendering procedures are set out in Chapter 3 of the EBRD Procurement Rules.
- (c) Consultants to be employed by the Borrower to assist in carrying out the Project shall be selected in accordance with the procedures set out in Chapter 5 of the EBRD Procurement Rules.
- (d) All contracts shall be subject to the review procedures set out in the EBRD Procurement Rules and shall be subject to prior review by the Bank.

Section 3.04. Environmental and Social Compliance Covenants

Without limiting the generality of Sections 4.02(a), 4.04(a)(iii), and 5.02(c)(iii) of the Standard Terms and Conditions, the Borrower shall, unless the Bank otherwise agrees:

- (a) Except as otherwise specified in the Environmental and Social Action Plan, the Borrower shall, and shall cause any contractor to, carry out the Project in accordance with the Designated Performance Requirements, Environmental and Social Laws and all relevant environmental permits, licences, certificates and approvals;
- (b) Without limiting the foregoing, the Borrower shall diligently implement and adhere to the Environmental and Social Action Plan and monitor the implementation of such plans in accordance with the monitoring provisions contained in such plans.
- (c) The Borrower and the Bank may from time to time agree to amend the Environmental and Social Action Plan in response to changes in the circumstances of the Project or the Borrower, unforeseen events and the results of monitoring. Without limiting the generality of the foregoing,
 - (1) if there is any adverse environmental or social impact or issue that was not foreseen by or contemplated in the Environmental and Social Action Plan either entirely or as to its severity,
 - (2) if any impact mitigation measure set out in the Environmental and Social Action Plan is not sufficient to eliminate or reduce any environmental or social impact to the level contemplated by the relevant Designated Performance Requirements within the time frame set out in the Environmental and Social Action Plan, or

(3) if any material non-compliance with the Environmental and Social Action Plan or with any Environmental and Social Law has been identified by an inspection from any regulatory or enforcement authority,

the Borrower shall, as soon as reasonably practicable and subject to the consent of the Bank, develop and incorporate into the Environmental and Social Action Plan such additional or revised mitigation measures as may be necessary to achieve compliance with the Designated Performance Requirements, in each case in a manner satisfactory to the Bank.

Section 3.05. Consultants

- (a) In order to assist in the implementation of the Project, the Borrower shall, unless otherwise agreed with the Bank, employ or cause to be employed, as required, and use consultants whose qualifications, experience and terms of reference are satisfactory to the Bank.
- (b) The Borrower shall provide, without charge, to any consultants engaged to assist in matters relating to the Project or the operations of the Borrower all facilities and support necessary for the carrying out of their functions, as well as all documents, materials and other information that may be relevant to their work.

Section 3.06. Reporting Frequency and Submission Requirements

- (a) Commencing from the Effective Date, until the full amount of the Loan has been repaid or cancelled, the Borrower shall submit to the Bank annual reports on Environmental and Social Matters arising in relation to the Borrower or the Project, as referred to in Section 5.02(c)(iii) of the Standard Terms and Conditions, within 90 days after the end of the year being reported on. Such reports shall include information on the following specific matters:
 - (1) information on compliance by the Borrower with the Designated Performance Requirements as described in Section 3.04(a) and the implementation of the Environmental and Social Action Plan;
 - (2) information on how the Borrower has monitored the compliance with the Designated Performance Requirements and the Environmental and Social Action Plan by any contractor engaged for the Project and a summary of any material non-compliance by such contractor with the Designated Performance Requirements and the Environmental and Social Action Plan and of any measures taken to remedy such non-compliance;
 - (3) information on implementation of the stakeholder engagement plan required by Designated Performance Requirement 10, including a summary of any grievances received and how such grievances were resolved;
 - (4) information on compliance by the Borrower with Environmental and Social Laws in relation to the Project, including a description of any claim, proceeding,

order or investigation commenced or threatened against the Borrower, the status of any Authorisation required for the Project, the results of any inspection carried out by any regulatory authority, any violation of applicable laws, regulations or standards and any remedial action or fine relating to such violation, a summary of any material notice, report and other communication on Environmental and Social Matters relating to the Project submitted by the Borrower to any regulatory authority and any other circumstances giving rise to liability of the Borrower for any Environmental and Social Matter;

- (5) information on occupational health and safety management and the occupational health and safety record of the Project, including the rates of accidents, lost time incidents and near-misses, any preventive or mitigative measures taken or planned by the Borrower, any staff training on occupational health and safety and any other initiatives in relation to occupational health and safety management which have been implemented or planned by the Borrower;
- (6) a summary of any change in Environmental and Social Laws which may have a material effect on the Project; and
- (7) copies of any information on Environmental and Social Matters periodically submitted by the Borrower to its shareholders or the general public.
- (b) Commencing from the Effective Date, the Borrower shall submit the quarterly periodic Project reports referred to in Section 4.04(a)(iv) of the Standard Terms and Conditions, within 30 days after the end of the period being reported on, until the Project has been completed. Such reports shall include the following specific features:
 - (1) The following general information:
 - (A) the physical progress accomplished in the implementation of the Project to the date of report and during the reporting period;
 - (B) actual or expected difficulties or delays in the implementation of the Project and their effect on the implementation schedule, and the actual steps taken or planned to overcome the difficulties and avoid delays;
 - (C) expected changes in the completion date of the Project;
 - (D) key personnel changes in the staff of the PIU, the consultants or the contractors;
 - (E) matters that may affect the cost of the Project; and
 - (F) any development or activity likely to affect the economic viability of any Part of the Project.
 - (2) A bar-type progress chart, based on the Project implementation schedule, showing the progress in each Part of the Project and including a planned and actual expenditure graph.
 - (3) Financial statements showing details of the expenditures incurred under each Part of the Project and the Drawdowns, together with a statement showing:

- (A) original cost estimates;
- (B) revised cost estimates, if any, with reasons for changes;
- (C) original estimated expenditures and actual expenditures to date;
- (D) reasons for variations of actual expenditures to date from original estimated expenditures to date; and
- (E) estimated expenditures for the remaining quarters of the year.
- (4) A brief statement of the status of compliance with each of the covenants contained in this Agreement.
- (c) Immediately upon the occurrence of any incident or accident relating to the Borrower or the Project which has or is likely to have a significant adverse effect on the environment, or on public or occupational health or safety, the Borrower shall inform the Bank and promptly thereafter give the Bank notice thereof specifying the nature of such incident or accident and any steps the Borrower is taking to remedy the same. Without limiting the generality of the foregoing,
 - (1) an incident or accident relates to the Project if it occurs on any site used for the Project or, if it is caused by facilities, equipment, vehicles or vessels used for or relating to the Project (whether or not being used on any site of the Project and whether or not being used by authorised or unauthorised persons);
 - (2) an incident or accident is considered to have a significant adverse effect on the environment or on public or occupational health or safety if:
 - (A) any applicable law requires notification of such incident or accident to any Governmental Authority,
 - (B) such incident or accident involves fatality of any person (whether or not such person is employed by the Borrower),
 - (C) more than one person (whether or not such persons are employed by the Borrower) has received serious injury requiring hospitalisation, or
 - (D) such incident or accident has become, or is likely to become, public knowledge whether through media coverage or otherwise.
- (d) The Borrower shall promptly notify the Bank of any significant protest by workers or members of the public directed at or relating to the Borrower or the Project which might have a material adverse effect on the Borrower or the Project or which has become, or is likely to become, public knowledge through media coverage or otherwise. Within ten days following such notification, the Borrower shall submit a report satisfactory to the Bank specifying the outcome of the Borrower's investigation into such protest, and any steps taken, or proposed to be taken, by the Borrower to resolve the issues raised in the protest.

ARTICLE IV - FINANCIAL AND OPERATIONAL COVENANTS

Section 4.01. Financial Records and Reports

(a) The Borrower shall maintain procedures, records and accounts adequate to reflect, in accordance with internationally accepted accounting standards consistently applied, the operations and financial condition of the Borrower and its Subsidiaries, if any, and adequate to monitor and record the progress of the Project (including its costs and the benefits to be derived from it).

(b) The Borrower shall:

and

- (1) have its records, accounts and financial statements (including its balance sheet, income statement and statement of changes in financial position, and notes thereon), and the records, accounts and financial statements of its Subsidiaries, for each Fiscal Year audited by independent auditors acceptable to the Bank in accordance with internationally accepted auditing principles and standards;
- (2) furnish to the Bank as soon as available, but in any case not later than six months after the end of each Fiscal Year:
 - (A) certified copies of its financial statements for such Fiscal Year as so audited;
 - (B) the report of such audit by such auditors of such scope and in such detail as the Bank may reasonably request; and
 - (C) a statement of all financial transactions between the Borrower and each of its Subsidiaries and Affiliates (if there are any);

(3) furnish to the Bank such other information concerning such records, accounts and financial statements, and the audit thereof, as the Bank may from time to time reasonably request.

Section 4.02. Negative Financial Covenants

- (a) The Borrower shall not, except as the Bank otherwise agrees, take any of the following actions and shall provide to the Bank all such information thereon as the Bank may reasonably request:
 - (1) enter into any agreement or arrangement to guarantee or in any way or under any condition to become obligated for all or any part of any financial or other obligation of another person, including any Subsidiary or Affiliate;
 - (2) enter into any transaction with any person except in the ordinary course of business, on ordinary commercial terms and on the basis of arm's length arrangements, or establish any sole and exclusive purchasing or sales agency, or enter into any transaction whereby the Borrower might pay more than the ordinary

commercial price for any purchase or might receive less than the full ex-works commercial price (subject to normal trade discounts) for its products or services;

- (3) enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby the Borrower's income or profits are, or might be, shared with any other person;
- (4) (whether voluntarily or involuntarily) make any prepayment, repurchase or early redemption of any debt or make a repayment of any debt pursuant to any provision of any agreement or note which provides directly or indirectly for acceleration of repayment in time or amount, unless in any such case, if the Bank so requires, the Borrower contemporaneously makes a proportionate prepayment of the principal amount then outstanding of the Loan in accordance with the provisions of Section 3.07 of the Standard Terms and Conditions (except that the amount of any such prepayment shall not be subject to the Minimum Prepayment Amount requirements);
- (5) sell, transfer, lease or otherwise dispose of all or a substantial part of its assets (whether in a single transaction or in a series of transactions, related or otherwise); or
- (6) undertake or permit any merger, consolidation or reorganisation.
- (b) The Borrower shall not, unless it informs the Bank at least 30 days in advance, take any of the following actions and shall provide to the Bank all such information thereon as the Bank may reasonably request:
 - (1) enter into any management contract or similar arrangement whereby its business or operations are managed by any other person, including any Subsidiary or Affiliate; or
 - (2) form any Subsidiary, or make or permit to exist loans or advances to, or deposits (except deposits in the ordinary course of business with reputable banks) with, other persons or investments in any person, including any Subsidiary or Affiliate; provided, however, that the Borrower shall be at liberty to invest in short-term investment grade marketable securities solely to give temporary employment to the Borrower's idle resources.

Section 4.03. Other Financial Covenants

Without limiting the generality of Section 4.02, the Borrower shall

- (i) at all times maintain a positive net worth calculated on the basis of IFRS accounts.
- (ii) at all times maintain minimum Debt Service Coverage Ratio of 1.1 calculated on the basis of IFRS accounts.

Section 4.04. Conduct of Business and Operations

The Borrower shall, except as the Bank otherwise agrees:

- (a) Conduct its business and operations in accordance with internationally recognised sound administrative, financial, engineering and other relevant standards and practices, and with due regard to all its principal operating policies;
- (b) Promptly take all action within its powers to maintain its legal existence, to carry on its operations and to acquire, maintain and renew all rights, properties, powers, privileges and franchises that are necessary for the conduct of its business, including the carrying out of the Project;
- (c) Not sell, lease or otherwise dispose of any of its assets that are required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Agreement;
- (d) Promptly notify the Bank of any proposal to amend, suspend or repeal any provision of the Statutes and afford the Bank an adequate opportunity to comment on such proposal prior to taking any action thereon;
- (e) Take out and maintain with responsible insurers, or make other provisions satisfactory to the Bank in respect of, insurance against such risks of loss, damage and liability and in such amounts as are consistent with appropriate practice; and
- (f) At all times operate and maintain its property in good working order and, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound business and financial practice.

ARTICLE V - SUSPENSION; ACCELERATION; CANCELLATION

Section 5.01. Suspension

The following are specified for purposes of Section 7.01(a)(xvii) of the Standard Terms and Conditions:

- (a) The legislative and regulatory framework applicable to the roads sector in the territory of the Guarantor shall have been amended, suspended, abrogated, repealed or waived in a manner other than as approved by the Bank in writing;
- (b) The Statutes shall have been amended (which amendments might have a material adverse effect on the Project), suspended, abrogated, repealed or waived;
- (c) The Borrower shall have taken any of the actions referred to in Section 4.02(b) so as to affect materially and adversely the operations or the financial condition of the Borrower or its ability to carry out the Project or to perform any of its obligations under this Agreement;

- (d) Control of the Borrower shall have been transferred to a party other than the Guarantor or any of its structural subdivisions;
- (e) the Guarantor shall have amended or terminated the State Guarantee Agreement or any of its provisions.

Section 5.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions:

- (a) any of the events specified in Error! Reference source not found. shall have occurred and shall have continued for thirty days after notice has been given by the Bank to the Borrower; or
- (b) the Borrower or any other party (other than EBRD) fails to perform in a timely manner any of its obligations under any Financing Agreement;

ARTICLE VI - EFFECTIVENESS

Section 6.01. Conditions Precedent to Effectiveness

The following are specified for purposes of Section 9.02(c) of the Standard Terms and Conditions as additional conditions to the effectiveness of this Agreement and the State Guarantee Agreement:

- (a) the Bank shall have received the following documents, in form and substance satisfactory to the Bank:
 - (i) a certified copy of the Statutes and any other constitutional documents of the Borrower; and, certificates of registration of the Borrower;
 - (ii) the certificate of incumbency and authority of the Borrower;
 - (iii) certified copies of all corporate authorisations and approvals, necessary governmental, creditors' and licenses, approvals and registrations;
 - (iv) the executed Service Agreement; and
 - (v) legal opinions referred to in Section 6.02 hereof.
- (b) the State Guarantee Agreement, in form and substance satisfactory to EBRD, has been executed and delivered;
- (c) EBRD shall have received the Environmental and Social Action Plan in a form and substance satisfactory to EBRD;
- (d) EBRD shall have received a letter from the Borrower to its auditors (in a form supplied by the Bank) authorising them to communicate directly with EBRD;
- (e) EBRD shall have received IFRS audit report of the Borrower's financial statements for 2014;

- (f) the Reallocated Amount under the Existing Loan Agreement has been re-allocated to this Loan;
- (g) The Borrower shall have appointed suitably qualified consultants with relevant expertise and with terms of reference acceptable to the Bank to carry out the works supervision for the Project; and
- (h) EBRD shall have received a confirmation from the Borrower of a funding plan for the Project and evidence of availability of such funding in form and substance satisfactory to the Bank.

Section 6.02. Legal Opinions

- (a) For purposes of Section 9.03(a) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Borrower by the Head of the Legal Department of the Borrower.
- (b) For purposes of Section 9.03(b) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Guarantor by the Minister of Justice of the Republic of Kazakhstan.

Section 6.03. Termination for Failure to Become Effective

The date 120 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

ARTICLE VII - MISCELLANEOUS

Section 7.01. Notices

The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions:

For the Borrower:

"KAZAVTOZHOL" JOINT STOCK COMPANY

Ak-Bulak 2, 8 Amman Str., "Milano" Business Center, Astana, Republic of Kazakhstan

Attention:

Mr. Kizatov Y.A

Fax:

+7 7172 278921

For the Bank:

European Bank for Reconstruction and Development One Exchange Square London EC2A 2JN United Kingdom

Attention:

Operation Administration Department

Fax:

+44-20-7338-6100

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered at Istanbul, Turkey as of the day and year first above written.

JSC "NK "KAZAVTOZHOL"

Yermek Kizatov,

Chairman of Management Board

EUROPEAN BANK

FOR RECONSTRUCTION AND DEVELOPMENT

Sumantra Chakrabarti

President

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

- 1. The purpose of the Project is to assist the Borrower in the reconstruction a section of the road which has a length of 81 km between km 2214 and km 2295 of the M36 highway linking Almaty and Astana, Kazakhstan.
- 2. The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time:
 - Part A: civil works to reconstruct section of the road of 81 km between km 2214 and km 2295 of the M36 highway (inter alia, including earthworks, road pavement, bridges, road furniture, signs and markings, drainage works, site clearance and demolishing works, etc.)
 - Part B: Engineering supervision for civil works
 - Part C: Consultancy services for (i) considering of the new ways of road sector financing, (ii) strategic development plan and (iii) project implementation consultant.
- 3. The Project is expected to be completed by 31 December 2018.

SCHEDULE 2 - CATEGORIES AND DRAWDOWNS

- 1. The table attached to this Schedule sets forth the Categories, the amount of the Loan allocated to each Category and the percentage of expenditures to be financed in each Category.
- 2. Notwithstanding the provisions of paragraph 1 above, no Drawdown shall be made in respect of:
 - (a) expenditures incurred prior to the date of the Loan Agreement;
 - (b) expenditures under Category 1 until the engineering supervision consultant refereed in Part B of the Schedule 1 is duly appointed.

Attachment to Schedule 2

Category	Amount of the Loan Allocated in the Loan Currency	Percentage of Expenditures to be Financed		
(1) Works for Part A of the Project, including, works under the design specifications and estimates that passed state expertise on 15.12. 2015	88,705,000	100% of contract value excluding any Taxes		
(2) Contingencies	8,888,000	100% of contract value excluding any Taxes		
(3) Consulting services for Part B of the Project	3,187,000	100% of contract value excluding any Taxes		
(4) Consulting services for Part C of the Project	1,250,000	100% of contract value excluding any Taxes		
(5) Front-end Commission	970,000	100%		
Total	103,000,000			

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