

# Ferro-Alloy Resources Limited

(Non-cellular Company limited by shares with office registered in Guernsey)

## TERMS AND CONDITIONS OF THE BONDS<sup>1</sup>

prepared in respect of the issue of bonds in the aggregate  
amount of USD 5,000,000.00  
and due 17 March 2023

### 1. Bonds:

<b>Issuer:</b>	Ferro-Alloy Resources Limited (hereinafter called the "Issuer")
<b>Form of issuance:</b>	The bonds will be issued in a registered form (hereinafter called the "Bonds") <sup>2</sup> in and in accordance with the laws of the Astana International Financial Center (hereinafter called the "AIFC")
<b>General Purpose for raising funds:</b>	Proceeds received by the Issuer from the issue of Bonds shall be used in full to fund further business expansion and growth of the Issuer
<b>Currency:</b>	The Bonds shall be denominated in <b>U.S. Dollars (USD)</b> . All payments (interest accrued and principal) shall be made by the Issuer by way of the money/wire transfer <b>in USD</b>
<b>Nominal value:</b>	The nominal value of each Bond shall be <b>2,000 (Two Thousand) USD</b> .
<b>Status and ranking:</b>	The Bonds shall constitute direct, general and absolute obligations of the Issuer which will rank <i>pari passu</i> among themselves and rank <i>pari passu</i> , in terms of payment rights, with all other current or future unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.
<b>Risk Factors:</b>	The major risk attributable to the business of the Issuer include credit risk, liquidity risk, market risk and operational risk. Risk related to Bonds include risks related to market liquidity, interest rate risk, volatility and currency risk.
<b>Potential Investors:</b>	Accredited Investor and up to 50 Retail Investors (within 12-month period) in accordance with 1.1.2(2)(a), (b) of the AIFC Market Rules (MAR Rules).
<b>Securities:</b>	<b>Type and name</b> Unsecured Bonds with Coupon payment
	<b>Amount</b> 2,500 (two thousand five hundred) units by US\$2,000 each fully paid
	<b>Total amount in issue</b> US\$5,000,000 (Five Million) US Dollars

<sup>1</sup> AIX, its directors, officers or employees, do not accept responsibility for the content of the information included in these Terms & Conditions, including the accuracy or completeness of such information. Nor has AIX, its directors, officers or employees, assessed the suitability of the securities to which the Terms & Conditions relates for any particular investor or type of investor.

<sup>2</sup> The Issuer did not seek independent legal advice on due corporate authorization with respect to the listing the Securities on AIX in accordance with these Terms and Conditions.



	<p><b>Circulation commencement date and maturity</b></p> <p><b>The commencement date of Bond circulation – 17 March 2020</b> (the “Issue Date”).</p> <p><b>Bond circulation</b> - period 3 years until <b>17 March 2023</b>.</p> <p><b>Maturity date – 17 March 2023</b></p>
	<p><b>Estimated general expenses associated with the listing</b></p> <p>All fees due shall be paid in accordance with the AIX official fees schedule published on the AIX website.</p>

## 2. Coupon:

<b>Coupon rate:</b>	<p><b>5.8%</b> per annum fixed of the nominal value of the Bonds during the entire circulation period of the Bonds</p>
<b>Coupon interest:</b>	<p><b>Interest accrual commencement date</b></p> <p>The interest or coupon on Bonds shall commence being accrued starting from the Issue Date. The interest shall be accrue during the entire period of the circulation of the Bonds and shall end <b>on 17 March 2023</b>.</p> <p><b>Frequency of interest payments and/or dates of payment interest on Bonds.</b></p> <p>The Bonds bear interest from and including the Issue Date at the rate <b>5.8%</b> per annum, payable semi-annually in arrear in equal instalments on <b>17 September</b> and <b>17 March</b> in each year as provided in Appendix 1. If any payment date falls to a day which is not business day in the Republic of Kazakhstan, then the payment shall be made on the day immediately following the due date.</p> <p><b>Interest payment procedure and terms, interest payment method.</b></p> <p>The interest shall be paid to persons who are registered with the AIX Registrar as at the beginning of the last day of a period which coupon payment is due for (further the “<b>Record Date</b>”). <b>The payment shall be made within 10 (ten) business days of the date following the Record Date.</b> The interests accrued shall be transferred in form of a wire transfer subject to the banking details of the Bondholder.</p> <p>In case of nominee holding the interest shall be paid to persons who are entitled for such interests either through the Bondholder (s) broker’s account with AIX CSD or by wire transfer to the banking account of the Bondholder (s) provided by the broker acting as a nominal holder of securities as at the Record Date.</p> <p>The amount of interest due and payable for any period shall be equal to <b>5.8%</b> of the nominal value of the Bonds to which such interest is related, and the day-count fraction for the relevant period, rounding the resulted figure to the nearest cent (half a cent shall be rounded upwards).</p> <p>Interest accrued on Bonds shall be calculated as follows:</p> <p>Interest accrued on Bonds = <math>\frac{k \cdot n \cdot c}{360} \cdot 180</math>, where</p>



	<p>k – number of Bonds, total amount  n – nominal value of each Bond, USD;  c – interest rate, %.</p> <p>The final payment of interest shall made concurrently with payment of the principal of the Bonds.</p> <p><b>Period of time applied for interest calculation – 30/360.</b></p> <p>The interest on Bonds shall be paid according to the time base of three hundred sixty (360) days in a year and 30 days in a month, during the entire period of circulation.</p>
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### 3. Repurchase and acquisition:

<b>Repurchase schedule:</b>	<p>The schedule of Bonds repurchase and the Issuer's announcements of Bonds repurchase (if the Issuer's Board of Directors made a resolution on repurchase) is given in Appendix 2.</p>
<b>Repurchase prior to maturity:</b>	<p>The Issuer may repurchase Bonds during the entire period of their circulation on its own initiative. The Issuer has the right to repurchase Bonds at the price determined by the relevant decision of the Issuer's Board of Directors.</p> <p>The Bonds bought back in such a way shall not be deemed as redeemed and the Issuer shall be entitled to offer previously repurchased Bonds for sale during at any time during the entire period of their circulation.</p> <p>For the avoidance of doubt, the redemption of the Bonds by the Issuer should be conditional on the right, but not the obligation of the Bondholder to sell the Bonds to the Issuer, if the Issuer announced the buyback of the Bonds</p> <p>Bondholders who did not sell their Bonds to the Issuer during the buyback are entitled to redeem the Bonds at the end of their circulation period.</p> <p>Terms and mechanism of payments are set forth in clause 2 above.</p>

### 4. Issue:

<b>Issue restrictions:</b>	<p>No amendment shall be made by the Issuer to these Terms and Conditions unless agreed upon in writing with the Bondholder(s).</p> <p>Subject to section 1, paragraph "Potential Investors" of this Terms and Conditions, there are no restrictions imposed by the Issuer on the Bonds in circulation, potential Bondholders as well as the persons among which the Bonds may be offered, sold or bought back, including those who are affiliated with Issuer or related to the Issuer.</p> <p>These Bonds are offered to investors (as defined in paragraph "Potential investors" hereof) subject to limitations set forth in clause 1.1.2 of MAR Rules.</p>
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<b>Issue and registration<sup>3</sup>:</b>	The Bonds will be issued and in accordance with the laws of the AIFC.
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## 5. Payments:

<b>Payments to bondholders:</b>	<p><b>Maturity date – 17 March 2023</b></p> <p><b>Terms and conditions for repayment:</b></p> <p>Bonds shall be redeemed at their nominal value in US Dollars together with the payment of the last coupon accrued via wire transfer within 10 (ten) business days from the date following the last day of the Bonds circulation. Terms and mechanism of payments are set forth in clause 2 above.</p>
<b>Payments in favor of the Issuer:</b>	Proceeds from the Bonds issued by the Issuer shall be made available subject to the agreements/arrangements entered into with potential investors and/or its representative.
<b>Taxation:</b>	<p>In accordance with the Law “On the Astana International Financial Center”, individuals and legal entities, residents and non-residents of the Republic of Kazakhstan are exempted from paying individual and corporate income taxes on the following incomes:</p> <ol style="list-style-type: none"> <li>1) from the increase in value as a result of selling Bonds in case of Bonds are included in the stock exchange's official list on the sale date;</li> <li>2) in the form of interest on Bonds in case of Bonds are included in the stock exchange's official list at the date of interest accrual.</li> </ol> <p>Wherein, all payments on debt securities in the form of a discount, increase in value or a coupon not regulated by Law “On the Astana International Financial Center” are subject to regulation by the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget".</p>
<b>Miscellaneous:</b>	No stamp, registration or other tax arising out of the transfer of the Bonds exist in the Republic of Kazakhstan.

## 6. General terms:

<b>Clearing:</b>	<p>Recording of the Bonds shall be made by way of registration thereof with the AIX Registrar. In case of nominee holding, recording of the Bonds shall be made by way of registration thereof through a brokerage accounts with the AIX CSD.</p> <p>For purposes of this Terms and Conditions, a holder of the Bonds shall mean any Person, in the name of whom a Bond is registered.</p>
<b>Time limit for claims:</b>	Any claim against the Issuer in respect of the Bonds shall become invalid, unless it is filed within 1 year (in case of nominal value and coupon interest) from the date of the relevant payment in respect of such Bonds.
<b>Ownership and</b>	Recording of the Bonds shall be made by way of registration thereof with

<sup>3</sup> The Issuer shall be responsible for securing due corporate authorisation in respect of the listing of the Securities on AIX in accordance with these Terms & Conditions. AIX has authority to suspend or cancel the Listing or commence delisting procedures in accordance with applicable AIFC legislation, the AIX Business Rules or the Listing Agreement entered into between the Issuer and AIX.



<b>transfer:</b>	<p>the AIX Registrar or AIX CSD (including nominal holdings via market participants). In order to satisfy requirement of MAR 1.1.2(2)(a), (b), in case of nominee holding, the brokers shall not use Foreign/Domestic Omnibus Accounts<sup>4</sup> when transferring Bonds to the Bondholders.</p> <p>For purposes of these Terms and Conditions of the Bonds, a Bondholder shall mean any Person, in the name of whom a Bond is registered.</p>
<b>Calculations:</b>	For purposes of any calculation specified herein, a value shall be accurate to two decimal places.
<b>Bondholders meeting:</b>	<p>These Terms and Conditions of the Bonds contain the provisions on convocation of a meeting of the Bondholder(s) to consider the matters concerning the Bonds, including the amendment of any provision hereof. No amendment to these Terms and Conditions of the Bonds shall be allowed, unless it is approved by Extraordinary Resolution made by the Bondholders. Any such meeting of the Bondholder(s) may be convened by the Issuer and/or at the request of the Bondholder (s) holding at least 10% of the unredeemed Bonds. The quorum at any meeting of the Bondholder(s) convened for voting on an Extraordinary Resolution shall constitute two or more persons holding or representing one half of the total amount of the unredeemed Bonds, or, in case of a meeting in absentia, two or more Persons acting as bondholders or representative thereof, regardless of the amount of the Bonds held or represented; provided however that any Reserved Matter may be approved only by an Extraordinary Resolution passed at a meeting of Bondholder(s), at which two or more Persons, having or representing at least three quarters, or, in case of any meeting in absentia, one quarter of the total principal amount of the unredeemed Bonds, constitute the quorum.</p> <p>Any Extraordinary Resolution passed at any such meeting shall be binding upon all holders of the Bonds, regardless of whether they present at such meeting or not.</p> <p>If all outstanding Bonds are owned by a single holder, no meeting of the Bondholders shall be held. A decision on matters reserved to the competence of the meeting of Bondholders shall be taken by the authorized body of a holder of the Bonds and shall be made in writing.</p>
<b>Notices:</b>	Any notice to the Bondholder(s) shall be valid only if it is published on corporate websites of the Issuer and the AIX, and is kept thereon within the entire period of circulation of the Bonds.
<b>Applicable law and jurisdiction:</b>	<p>Rights of the Bondholders are the following:</p> <ul style="list-style-type: none"> <li>▪ enter into transactions with the Bonds;</li> <li>▪ right to receive the nominal value of the Bonds in order and in within the terms set forth hereby;</li> <li>▪ right to receive fixed income in order and in terms specified hereby;</li> <li>▪ right to obtain the required information on the Issuer and its activity, its financial standing and results of operations subject to the applicable AIFC laws;</li> <li>▪ other rights arising from the right of owning the Bonds in cases and in order subject to the applicable law.</li> </ul>

<sup>4</sup> The definition is provided in AIX CSD Procedure published on the AIX website.



	<p>The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholder(s) that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) (hereinafter the "Dispute") shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the Rules thereof, or the International Arbitration Center of the AIFC in accordance with the Rules thereof (hereinafter the "<b>Rules</b>"), currently in effect, such Rules shall be deemed incorporated herein.</p>
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## GLOSSARY

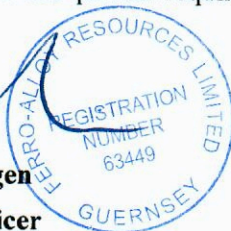
In these Terms and Conditions of the Bonds the following definitions shall have the following meanings:

**"Reserved Matters"** shall mean any proposal to change any date set for the payment at nominal value or of a coupon interest on Bonds with the aim to reduce the nominal value or coupon interest on Bonds payable at any date in respect of the Bonds, or change the method of calculation of any payment in respect of the Bonds or a date of any such payment, or change the currency of any payment under the Bonds or change the quorum requirements related with meetings, or change the majority required to pass an Extraordinary Resolution.

**"Person"** shall mean any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other legal entity, whether or not having separate legal personality.

**"Extraordinary Resolution"** shall mean a decision adopted by the majority of votes of the Bondholders subject to the quorum requirements and special terms for the Reserved Matters.

  
**Nicholas John Bridgen**  
**Chief Executive Officer**



**Appendix 1. Coupon interest  
payment schedule**

**Schedule of payment of Coupon Interest on Bonds**

<b>Coupon period sequence number</b>	<b>Coupon period commencement date</b>	<b>Coupon period expiry date and Record Date</b>	<b>Interest payment commencement date</b>	<b>Interest payment expiry date</b>
1	17 March 2020	16 September 2020	17 September 2020	30 September 2020
2	17 September 2020	16 March 2021	17 March 2021	02 April 2021
3	17 March 2021	16 September 2021	17 September 2021	30 September 2021
4	17 September 2021	16 March 2022	17 March 2022	04 April 2022
5	17 March 2022	16 September 2022	19 September 2022	30 September 2022
6	17 September 2022	16 March 2023	17 March 2023	04 April 2023



**Appendix 2. Bonds repurchase schedule**

**Bonds repurchase schedule by the Issuer**

<b>Coupon period sequence number</b>	<b>Bond repurchase announcement date (if the Issuer's Board of Directors made a resolution on repurchase)</b>	<b>Bond repurchase period commencement date</b>	<b>Bond repurchase period expiry date</b>
1	03 September 2020	17 September 2020	30 September 2020
2	02 March 2021	17 March 2021	02 April 2021
3	03 September 2021	17 September 2021	30 September 2021
4	02 March 2022	17 March 2022	04 April 2022
5	05 September 2022	19 September 2022	30 September 2022
6	02 March 2023	17 March 2023	04 April 2023