

LOAN CONTRACT

Date

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Ulaanbaatar, Mongolia

This **LOAN CONTRACT** is concluded by Mongolian Civil law, Non-bank financial institution's procedure law, bank and certain legal entities money savings, payment, loan procedure law, fixed assets collateral law and without external interference, on mutual agreement,

Representing a lender Ulaanbaatar city, Suhkbaatar district, 2nd khoroo, Seoul street 10/1, Twin tower-1, 402 addressed, state registration number 9015003118, register number xxxx **"Invescore" NBF1**,

Representing a borrower [ADDRESS] addressed, registration number [xxxxxx] "xxxxxxx" LLC ("Lender" and "Borrower" both will be regarded as "parties")

One. General conditions

- 1.1. The purpose of the agreement is to regulate relations arisen due to the lender lends loan with specific amount, tenor, interest, specific purpose and repayment condition to the borrower, in accordance with Civil law of Mongolia, Non-banking financial institution law, the Lender and the authorized legal entity's monetary, settlement, lending activities and other laws and regulations.
- 1.2. Under the contract, the borrower receives loan through accepting loan conditions and agrees to repay the loan, interest, increased interest, and the lender agrees to lend loan to borrower in accordance with loan conditions.

Two. Definitions and Interpretations

- 2.1. In this Contract, the following capitalized words shall have the following meanings:
 - 2.1.1. **Lender**- "Invescore NBF1" a lender who has received an official permission from Financial Regulatory Commission to operate on this loan contract;
 - 2.1.2. **Borrower**- A legal entity who is receiving the loan under the principles of this loan contract;
 - 2.1.3. **Loan**- A cash which is being loaned to the borrower with certain intended use, interest rate, duration and repayment schedule with the lender's qualification of collateral, warrant and fiduz;
 - 2.1.4. **Interest**- A payment from the borrower to the lender for using the loan with specified interest rate on the loan contract;
 - 2.1.5. **Increased interest rate**- In accordance with civil law, certain legal entities money savings, payment and loan procedure law if borrower could not repay in time 20 percent of the main interest rate of the remainder loan will be penalized until the due date of the loan contract;
 - 2.1.6. **Warranty** – assure that all or part of the performance will be fulfilled, and if the person does not fulfill its obligations, the payment shall be made by itself as a third party;
 - 2.1.7. **Guarantee agreement** – the agreement that assures all or part of the performance will be fulfilled, and if the person does not fulfill its obligations, the payment shall be made by the individual, or company stated in the agreement as a third party;
 - 2.1.8. **Guarantor** – Mongolian and foreign citizens/legal entity who are obliged to pay the loan to the lender on behalf of the borrower in accordance with Article 458 of the Civil Code in case the borrower fails to repay the loan on time;
 - 2.1.9. **Collateral** – the property of the borrower or the guarantor specified in the pledge and guarantee contract as a guarantee of the borrower's loan repayment;
 - 2.1.10. **Violations** – An act in which borrower shall fail to pay according to Repayment schedule more than two times, or violates severely the Contract terms.
 - 2.1.11. **Currency**- Liquefiable foreign currency;
 - 2.1.12. **Duration**- Loan term that stated in 3.1.5 of this Contract.
 - 2.1.13. **Penalty** – The payment to the Lender for which the Borrower has failed to fulfill its obligations under this Contract.

Three. Terms of loaning

- 3.1. Terms of loanings are following:
 - 3.1.1. Loan amount: xxxxxxxxxxx MNT (xxxxxxxxxxxx);
 - 3.1.2. Loan transaction type: By bank remittance;
 - 3.1.3. Loan interest: xxx monthly;
 - 3.1.4. Increased interest rate: xxx monthly;
 - 3.1.5. Contract period: xxx months;
 - 3.1.6. Loan purpose: xxx;
 - 3.1.7. Loan service charge: xxx of loan amount;
 - 3.1.8. Bank account to receive loan: xxx account number
- 3.2. Borrower must pay loan service charge and the service charge will not be refunded to the lender.
- 3.3. Borrower must pay in accordance with following orders: Increased interest rate, interest rate and main loan.
- 3.4. Collateral, warrant, pledge and fiduz contracts to secure the duty obliged by loan contract are inseparable part of the loan contract.
- 3.5. If borrower repays the loan in time according to the schedule on attachment №1, next month's loan interest will be discounted by 1.0 percent. If however borrower fails to repay in time or late by a day, next month's interest rate will be paid with main interest rate.
- 3.6. If borrower does not follow the repayment schedule and fail to deliver the payment, 20% increased interest rate of the main interest rate will be paid.
- 3.7. In order to amend terms of the loan contract, borrower must pay the 1.0 percent of the remainder of loan for service deduction.

Four. Loan interest, duration, purpose

- 4.1. Loan duration will be accounted from the day loan has been given to the borrower. Both parties approve of the schedule shown on attachment №1.
- 4.2. If specific time has passed regarding confirmation or registration of the loan contract to any authorized organization, loan duration will be delayed by that time. Thus repayment date shown on attachment №1 will be extended by that time.
- 4.3. Loan contract expiration date will not be basis of ending borrower's loan, main interest and increased interest rate.
- 4.4. Borrower shall use the loan according to purpose of usage stated in 3.1.6 of the Contract. If borrower use the loan for different purpose, the lender may cancel the Contract and require Borrower to pay the loan. If the borrower do not deliver written notice to the lender within 7 days of regarding loan payment, the lender shall terminate the loan contract, and settle the payment by selling pledged collateral with non-judicial proceedings. In relation with termination of the loan, the lender shall have the right to take all relevant measures specified in the contract and the borrower is responsible for shall bear all the liability related to the termination of the contract and pay outstanding loan, accrued interest up to termination date within 5 business days; otherwise, the increased interest shall be calculated in accordance with the contract.
- 4.5. Parties may extend the Contract period based on both sides agreement. In this case, the Borrower shall submit written request to the Lender at least 30 days

before the contract close date.

- 4.6. Considering the borrower's loan and interest rate repayment, the loan contract shall be extended by Clause 3.7 with the approval of Loan committee.
- 4.7. If the loan, and interest payment made through transfer, the payment is considered paid on the day the payment is transferred in to the lender's account.
- 4.8. Loan interest shall be calculated by 365 days in a year.
- 4.9. If the borrower has not fulfilled its obligation to make loan payment in accordance with the Appendix 1 of the contract, penalty fee 20% shall be calculated from unpaid loan amount along with interest rate until the loan is paid.

Five. Repayment of loan

- 5.1. If loan repayment does not get paid with accordance of the attachment №1, following principles must be followed:
 - 5.1.1. If borrower pays in advance from the actual day of the repayment or pays over the amount of actual repayment, interest rate will be accounted until that day and remaining will be deducted from the main loan payment.
 - 5.1.2. If borrower closes loan within the first month from the day loan has been given, first month of interest rate must be paid fully.
 - 5.1.3. If loan repayment schedule is overdue or insufficiently paid, increased interest rate and main interest rate will be accounted first until the day of the repayment. Main loan will be accounted from the remaining repayment.
- 5.2. If borrower could not fulfill the loan repayment role in time, borrower will pay the loan interest and increased interest rate until the completion date of the loan contract.
- 5.3. Borrower must pay the loan main debt and interest payment according to the attachment №1 in time to the lender by cash or non-cash. If by non-cash borrower shall pay to the lender's bank accounts shown on attachment №1. Borrower will be responsible for the bank deduction from the loan repayment.

Six. Rights and obligations of the Borrower

- 6.1. Rights of the Borrower:
 - 6.1.1. To receive and utilize loan upod the conditions set forth in the agreement when it comes into effect;
 - 6.1.2. To demand lender to fulfill the contractual obligations;
 - 6.1.3. To change pledge upon lender's approval;
 - 6.1.4. To demand to release the pledges asset upon fulfilling the contractual obligations.
- 6.2. Obligations of the Borrower:
 - 6.2.1. The borrower shall be responsible for the costs associated with notarization and submission of the contract.
 - 6.2.2. To utilize the loan according to its purpose stated in Claus 3.1.6;
 - 6.2.3. In case of change in loan purpose, the borrower shall received written approval from lender, and make notes on the contract, or on the documents.
 - 6.2.4. The loan payment shall be paid on previous working date if payment due date is on the weekend;
 - 6.2.5. To make loan payment in accordance with schedule stated in Appendix 1 to the Contract;
 - 6.2.6. If the borrower do not fulfill its obligations, and in case of serious violation to the contract, the borrower shall transfer ownership title of pledged collateral without any dispute in the name of the lender in accordance with this contract, pledge contract, guarantee contract and related legislation;
 - 6.2.7. The borrower shall be responsible for the costs associated with judicial and other expenses incurred in meeting the obligations of the ontract, if the contract does not properly fulfill its obligations under the contract;
 - 6.2.8. The borrower shall inform the lender regarding on loan utilization, for instance, report on project implementation performance, and its result, introduction, monthly and quarterly based financial reports by the 20th of first month of next quarter;
 - 6.2.9. In case of change in business operation, asset change, and address of the borrower, the borrower shall provide written notification to lender within 5 working days.
 - 6.2.10. The borrower shall provide lender with accurate and complete documentations that are required.

Seven. Rights and obligations of the Lender

- 7.1. Rights of the Lender:
 - 7.1.1. To refuse loan contract in case the borrower do not receive its loan within 30 days since date of loan approval;
 - 7.1.2. To demand obligation fulfillment if borrower did not fulfill obligation stated in the contract, or to terminate the contract;
 - 7.1.3. In the event of force majeure, as well as material change in circumstances since the establishment of the contract, the lender shall notify the borrower regarding termination of loan disbursement, and to terminate the loan.
 - 7.1.4. If the lender considers the circumstances set forth in Claus 10.2 of the contract occurred, the lender shall demand the borrower to pay off the loan prior to its scheduled date, and to terminate the loan;
 - 7.1.5. If the lender terminated the loan after consideration the circumstances set forth in Claus 10.2 of the contract occurred, the lender shall demand the borrower to pay off the loan, and its additional interes charge if the loan is overdue;
 - 7.1.6. If the borrower fails to properly perform its obligations under the contract, the borrower shall transfer its ownership of the pledged collateral under the lender's name, and settle loan and interest payments through sale of judicial, and non-judicial proceedings starting from the date of loan expiration date stated in the contract, or loan termination upon Clause 10.2 of the contract;
 - 7.1.7. To settle loan interest, increased interest, and other expenses, and damages by selling pledged collateral in accordance with immovable collateral law for immovable pledged collateral, and Clause 453, 453.2 of Civil law for movable pledged collateral.
 - 7.1.8. To receive financial reports from borrower on quarterly basis to monitor loan utilization, and to monitor loan utilization on site;
 - 7.1.9. To sell loan debt under negotiation with the borrower, in case the borrower cannot pay oan principal, and interest within the period specified in the contract;
 - 7.1.10. If the borrower fails to fulfill its obligation under the loan agreement, the lender shall infringe borrower business reputation, and if necessary, to file a bankruptcy claim against the borrower to court;
 - 7.1.11. If the borrower fails to pay the loan payment after the court settlement has been resolved, demand the borrower to reimburse the damages during the period.
- 7.2. Obligations of the Lender:
 - 7.2.1. To disburse loan under the terms of the agreement after loan contract and collateral contracts are registered at the appropriate authorities. To give credit account statement to borrower;
 - 7.2.2. To secure the documents, certificates and other related materials to the loan of the borrower, and to release collateral, and related documents if contract obligation is fulfilled completely;
 - 7.2.3. Fulfill its obligation under the contract.

Eight. Responsibilities

- 8.1. In case the borrower has not fully paid its loan and interest by the expiration date under the contract, or the contract was terminated before expiration date under the Cause 10.2, the outstanding principal, interest, and increased interest shall be paid by the borrower by pledged collateral stated in collateral contract, guarantee contract, and ownership transfer agreement which are integral part of this agreement without any dispute; otherwise, the lender shall use its right in accordance with Cause 7.1.6.
- 8.2. If the borrower dies, or loses his ability to work, or become insolvency, the co-owner, or successor shall be responsible for the repayment of loan.
- 8.3. If the borrower's family members become sick, dies, or sudden accidents occur, the borrower will not be released from obligations to pay its loan.
- 8.4. If damages are occurred for pledged collateral, it shall not be grounds for borrower not to fulfill its obligations under the contract, and consequence shall be stipulated by law.
- 8.5. The Borrower shall, upon agreement with the Lender, fulfill its performance of the obligations under other property and property rights to fulfill its obligations under this the contract.

Nine. Representations and Warranties

- 9.1. There are no debts, payments, and its associated disputes and liabilities that have not been informed to the lender on the agreement conclusion date or prior to such date;
- 9.2. **Accurate information:** Report, information and introduction delivered to the lender in relation with loan contract are true and correct;
- 9.3. **Conflict:** There is no conflict against borrower's rules, legislation, documentation, contracts with third party, and any responsibilities, and rights arisen from the contracts made with third party when fulfilling its obligation of the contract, and the borrower should not have to get permission from third party regarding loan condition.
- 9.4. **Transfer of rights:** On the basis of lender's consent, the borrower's right and obligation shall be transferred fully to successor in case the borrower's death, or loss of legal capacity, long-term stay abroad, become missing, or legal address became unknown, and other causes according to the law.
- 9.5. **Financial opportunity.** The Borrower shall have sufficient financial resources to repay any payment due under the loan contract.
- 9.6. **Business operation.** The borrower and co-borrower are a legal entity established in accordance with the law of Mongolia and a natural person with legal capacity, with sufficient experience, and ability to carry out its business operation.
- 9.7. Based on the provisions of the Loan Information Law and the relevant provisions of the Financial Regulations, the borrower accepts lender to inform the borrower's details on the Mongolbank credit database.

Ten. Disclosure and Termination

- 10.1. This Contract will terminate when all obligations of the Borrower to the Lender hereunder, under the Note and under the Related Documents have been paid or otherwise satisfied in full.
- 10.2. Contract shall be terminated with initiative of lender, in case of following obligations are not fulfilled by the borrower:
 - 10.2.1. The borrower utilized the loan for not its initial purpose;
 - 10.2.2. The borrower violated Clause of the contract;
 - 10.2.3. The borrower gave false information, and documentation related to family information, financial information, and its business plan;
 - 10.2.4. The lender concluded the guarantor is insufficient to guarantee the borrower;
 - 10.2.5. The borrower interrupted loan monitoring from Bank;
 - 10.2.6. Business activity of Borrower stopped, and license from authorized organization was deferred, terminated and became invalid;
 - 10.2.7. Borrower became insolvent, bankrupted or liquidated, and collateral quality and appraisal was decreased.
- 10.3. If the lender terminate the contract under the Cause 10.2, the borrower shall be responsible for loss from contract termination.

Eleven. Governing law

- 11.1. **Negotiation** - Any dispute arising during the implementation of the Contract shall be settled by the parties first by an agreement.
- 11.2. This Contract shall be governed by and interpreted in accordance with the laws of Mongolia.

Twelve. Miscellaneous

- 12.1. Loan contract is only a valid when the parties representatives have signed the loan contract, certified it with notariat and the collateral contract to secure the obligation of the loan contract is registered to the authorized organization.
- 12.2. Loan contracts will be created 3 copies and each of the contracts will be valid under the law.
- 12.3. Collateral, fiduz, warrant and other contracts obligation must be complied with. Failure to do so will be equivalent to not following the loan contract obligation.
- 12.4. Third party can be represented as borrower with tsuccessor own possession in order to pledge.
- 12.5. Additional changes to the loan contract is only valid if it's written on paper and approved by both parties representatives signatures. Additional changes also will be the unseparable part of the original loan contract.
- 12.6. Any request, advice and statement regarding loan contract can be sent to the following official addresses.
 - 12.6.1. If to deliver to lender:
xxx
 - 12.6.2. If to deliver to borrower:
xxx
- Parties must notify to each other after changing residence in 3 days.
- 12.7. **Transfer of rights.** The borrower shall not transfer its rights to third party, or successor without written approval from the lender. The borrower shall give written notification to the lender 30 days before in case the business changes its organization form by merge, join, or separate, and the contractual obligation shall be considered to be transferred when its transferred to a newly established legal successor.
- 12.8. On behalf of the borrower, lender shall have power to provide official declaration to legal authorities regarding registration of loan and immovable property collateral contracts, signing on declaration, receiving related contracts, and collateral contract after registration along with certificate, receiving collateral reference, and information from competent authorities, and other related activities.
- 12.9. In case the lender receives collateral reference from competent authority for re-monitoring loan at the time of loan contract expiration date, the borrower shall be responsible for the costs. The lender shall secure the copy of payment slip, and have obligation to provide to the borrower when requested.
- 12.10. The contract is made within the Mongolian laws and are governed by the Mongolian law.

Loan contract concluded by:

Parties are signing up to confirm that both parties have agreed to the terms of the loan contract .

REPRESENTING A LENDER:

“Invescore” NBF’s Executive chief officer

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Loan officer
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REPRESENTING A BORROWER:

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Tel number: