



On approval of the Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on the specifics of business activities in the border territory in the production of copper-pyrite ores at the Vesenne-Aralchinsky deposit

Unofficial translation

Decree of the Government of the Republic of Kazakhstan dated December 29, 2015 No. 1114

Unofficial translation

The Government of the Republic of Kazakhstan **HEREBY DECREES:**

1. To approve the attached Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on the specifics of business activities in the border territory in the production of copper-pyrite ores at the Vesenne-Aralchinsky deposit, made in Atyrau on September 30, 2014.

2. This decree shall be put into effect from the date of signing.

*Prime Minister
of the Republic of Kazakhstan*

K. Massimov

Approved
by decree of the Government
of the Republic of Kazakhstan
dated December 29, 2015 no. 1114

AGREEMENT

between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on the specifics of business activities in the border territory in the production of copper-pyrite ores at the Vesenne-Aralchinsky deposit

**Took effect on January 19, 2016 -
Bulletin of International Treaties of the Republic of Kazakhstan 2016, no.1 art.7**

The Government of the Republic of Kazakhstan and the Government of the Russian Federation, hereinafter referred to as the Parties, in accordance with article 7 of the Treaty between the Republic of Kazakhstan and the Russian Federation on the Kazakh-Russian state border dated January 18, 2005 and being governed by the Concept of interregional and cross-border cooperation of the member states of the Commonwealth of Independent States dated September 15, 2004,

Willing to establish the specifics of business activities at the Vesenne-Aralchinsky deposit

Have agreed as follows:

Article 1 Terms and definitions

The terms, used in this Agreement shall have the following meaning:

“The zone of prohibition of business activities” – a strip of land with the width of 30 meters located in the territory of the Republic of Kazakhstan and the Russian Federation and passing directly along the state border between the Republic of Kazakhstan and the Russian Federation on land and river banks, required for the proper maintenance of the state border between the Republic of Kazakhstan and the Russian Federation and the construction of engineering and other structures;

“Local government bodies” – the akimat of Khromtau district of Aktyubinsk region of the Republic of Kazakhstan and municipal settlement “Dombarovsky district” of Orenburg oblast of the Russian Federation;

“transition zone” – a strip of land with the width of 70 meters, located in the territory of the Republic of Kazakhstan and the Russian Federation, directly adjacent to the zone of prohibition of business activities and required for carrying out business activities in the border territory;

“border territory” – the territory in administrative-territorial borderlines of Khromtau district of Aktyubinsk region of the Republic of Kazakhstan and Dombarovsky district of Orenburg oblast of the Russian Federation, adjacent to the state border between Republic of Kazakhstan and the Russian Federation and including cross-border mineral deposit except for the zone of prohibition of business activities;

“project documentation” – project documentation, substantiating and establishing technical, environmental, economical conditions and technological indicators on production and geological study, mineral exploration in a cross-border mineral deposit;

“authorization documentation” – licenses, permits and other documents required in accordance with the legislation of each of the states of the Parties to carry out business activities in the border territory;

“cross-border mineral deposit” – a portion of subsurface, which includes the Vesenne-Aralchinsky deposit of copper-pyrite ores, located in 14 km south of Dombarovsky village of Dombarovsky district of Orenburg oblast of the Russian Federation and in 222 km north-east from Aktobe city of Aktyubinsk region in the territory of the Republic of Kazakhstan, and intersects the state border between the Republic of Kazakhstan and the Russian Federation;

“the authorized organization”:

on behalf of the Republic of Kazakhstan – an organization, which, in accordance with the legislation of the Republic of Kazakhstan is provided the right to use the cross-border mineral

deposit in the portion of subsurface located in the territory of the Republic of Kazakhstan, and with which a contract for exploration and production has been concluded;

on behalf of the Russian Federation – an organization, which, in accordance with the legislation of the Russian Federation is provided the right to use the cross-border mineral deposit in the portion of subsurface located in the territory of the Russian Federation, and a license for subsurface use has been granted;

“authorized state bodies” – executive authorities of the states of the Parties whose competence includes the implementation of the provisions of this Agreement;

“business activities within the cross-border territory” – a complex of works carried out without crossing the state border between the Republic of Kazakhstan and the Russian Federation and associated with the production of copper-pyrite ores at the Vesenne-Aralchinsky deposit, including works on geological study of the portion of subsurface, mineral exploration, construction of facilities and infrastructure, operation of a mining enterprise, blasting operations, ore mining in accordance with the requirements of a technical project for development of a mineral deposit, transportation and primary processing of mined ore, liquidation and conservation of a mining enterprise, facilities and infrastructure, as well as all other works to ensure the business activity of the underground and open-pit mines.

Article 2 Goal of this Agreement

The goal of this Agreement shall be the establishment of the specifics of business activities in the border territory in the production of copper-pyrite ores at the cross-border mineral deposit.

Article 3 Principles of business activities

The principles of business activities in the border territory shall be:

Prevention of interference with the maintenance of the state border between the Republic of Kazakhstan and the Russian Federation and the performance of tasks by border authorities;

territorial integrity and inviolability of the state border between the Republic of Kazakhstan and the Russian Federation;

rational use and protection of subsurface;

carrying out business activities in accordance with authorization and project documentation;

material responsibility of authorized organizations for causing harm in the performance of business activities in the border territory.

Article 4 Authorized organizations

The authorized organizations shall be:

on behalf of the Republic of Kazakhstan – “Aktobe copper company” Limited Liability Partnership,

on behalf of the Russian Federation – "Ormet" Closed Joint-Stock Company.

The authorized state bodies shall inform each other about the substitution of the authorized organizations no later than 6 months prior the proposed date of substitution.

Article 5 The specifics of business activities in the border territory

Project documentation, projects of construction of infrastructure facilities, operation of mining enterprise, liquidation and conservation of mining enterprise, use of waterworks facilities, as well as other project documents, shall be prepared by authorized organizations independently of each other in accordance with the legislation of each of the states of the Parties and shall not be subject to interstate examination provided for by the Agreement on interstate examination of the construction projects which are of mutual interest to the State Parties of the Commonwealth of Independent States, dated January 13, 1999.

The authorized organizations for the purposes of optimization of investments in the provision of the first category of power supply and trouble-free gas supply of underground mines and production infrastructure of a cross-border mineral deposit shall be entitled to conclude direct agreements with electricity and gas supply organizations for the supply of appropriate resources to the border territory of the states of the Parties.

Business activities in the border territory within the transition zone may be carried out by the authorized bodies of the states of the Parties after the entry into force of the final document on the demarcation of the state border between the Republic of Kazakhstan and the Russian Federation within the border territory.

Article 6 Carrying out environmental monitoring

When carrying out business activities in the border territory, the authorized organizations shall carry out the environmental monitoring, on results of which they inform annually the authorized state bodies of their states.

In the event of a rapid deterioration of the state of the environment in the border area identified as a result of monitoring, the authorized organizations shall immediately take measures to eliminate the identified situations and their consequences and notify the authorized state bodies of their states about the identified situations, measures taken and their results.

Article 7 Procedure for carrying out blasting operations

The authorized organizations shall draft a schedule for carrying out blasting operations required for business activities in the border territory, specifying the place, date and time of carrying out blasting operations for the period of 60 days.

Within the period of no less than 40 days prior the planned date of carrying out blasting operations required for business activities in the border territory the authorized organizations shall be obliged to notify each other, the border authorities and local government bodies of each of the states of the Parties about the place, date and time of carrying out blasting operations, specified in the schedule of carrying out blasting operations.

In the event of lack of technical or organizational possibility of carrying out blasting operations on the day, specified in the schedule, this day shall be transferred to other day and time, specified in the schedule.

The border authorities and local government bodies of each of the states of the Parties shall be notified on the cancellation of the blasting operations and their rescheduling.

The organization, performing the blasting operations, required for business activities in the border territory shall be obliged to provide appropriate security measures, including cordoning off the work zone, notifying citizens living in the blasting zone up to the borders of the safe distance zone, in the border territory of their state and in the territory of the state of the other Party without crossing the state border between the Republic of Kazakhstan and the Russian Federation.

All costs for provision of security measure shall be borne by the authorized organization - initiator of blasting operations.

Each of the authorized organizations carrying out blasting operations required for business activities in the border territory shall be obliged to receive authorization documentation stipulated by the legislation of each of the states of the Parties, or to enter into agreement for carrying out the named works with a subcontracting organization possessing the authorization documentation.

Article 8 Specifics of business activities in the zone of prohibition of the business activities

Mineral production in the cross-border deposit may be carried out up to the zone of prohibition of the business activity.

Carrying out works on geological study, exploration and production of minerals within the zone of prohibition of the business activity shall be prohibited.

Article 9 Presentation of geological information

Presentation of geological information, required for operations in the cross-border mineral deposit by the authorized state bodies to the authorized organizations shall be carried out in accordance with the legislation of each of the states of the Parties.

Geological and other information about the subsoil obtained during work on a cross-border mineral deposit shall be submitted by authorized organizations in full to the geological information funds of the states of the Parties for storage in accordance with the requirements of the legislation of each of the states of the Parties, in which its confidentiality must be ensured.

Article 10 Compliance with the state border regime in the border territory

For the purpose of provision of compliance with the state border regime between the Republic of Kazakhstan and the Russian Federation in the border territory, the authorized organizations shall interact with the border authorities of the states of the Parties in the border territories and in the zone of prohibition of business activities, meeting all requirements of international treaties and legislation of each of the states of the Parties, associated with provision of the state border regime.

Article 11 Conducting audit (inspections)

Conducting audit (inspections) of the authorized organizations of each of the Parties shall be in accordance with the legislation of the states of the Parties with possible participation of a representative of the authorized state body of the other Party, being in the status of a watcher and not provided with the rights and obligations of an inspector.

Article 12 Resolution of disputes

Any disputes between the Parties regarding the interpretation and application of the provisions of this Agreement shall be resolved through mutual consultation and negotiation.

Article 13 Final provisions

This Agreement does not affect the rights and obligations of the states of the Parties arising from other international treaties to which they are participants.

This Agreement may be amended which shall be drawn up by separate protocols.

Issues associated with business activities in the border territory in the part not regulated by this Agreement, shall be regulated by the legislation of each of the states of the Parties.

The Parties shall exchange through diplomatic channels lists of authorized state bodies responsible for the implementation of this Agreement.

Article 14 Coming into force and termination of this Agreement

This Agreement shall be concluded for an indefinite period and shall come into force from the date of receipt through diplomatic channels of the last written notice on the

implementation by the Parties of the necessary domestic procedures. The validity of this Agreement shall be terminated upon the expiry of 6 months from the date of receipt by one Party of a written notice of the other Party on intention of the latter to terminate this Agreement.

Made in the city of . " " 20 in two copies each in Kazakh and Russian, and all texts have equal legal effect.

For the Government of the Republic of Kazakhstan

For the Government of
the Russian Federation

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