

LOAN AGREEMENT No. 1-06/08

This LOAN AGREEMENT enters into effect as of June 05, 2008 (the "Loan Agreement") by and between

Berwich Holding Sarl, a company duly organized and validly existing under the laws of Luxembourg, having its registered address at 23, rue Beaumont, L-1219 Luxembourg, 5th floor (the "Lender");

and

Heritam Management Ltd., a company duly organized and validly existing under the laws of the British Virgin Islands, registration number 544174, having its registered address at Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (the "Borrower"),

RECITALS:

- A. The Borrower has requested that the Lender provide a revolving loan facility of up to Two Hundred and Fifty Million (250,000,000.00) United States Dollars for the purposes described herein.
- B. The Lender has agreed to provide the requested revolving loan facility to the Borrower on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the Borrower and the Lender agree as follows:

ARTICLE I

1. Definitions

For the purposes hereof:

"Banking Day" and/or "Business Day" means any day, other than Saturday, Sunday or any day on which commercial banks and foreign exchange markets is open for business in the United States of America, Luxembourg, British Virgin Islands or Latvia;

"Closing Date" means the date as of which this Loan Agreement is executed by the Borrower and the Lender;

"Commitment" means the commitment by the Lender to make Revolving Loans to the Borrower hereunder;

"Current Assets" means all items which would be classified as current assets on a balance sheet of the Borrower;

"Current Liabilities" means all items which would be classified as current liabilities on a balance sheet of the Borrower;

"Event of Default" shall have the meaning given to said term in Section 8.1 hereof;

"Interest Payment Date" means a date falling within the last business day of a Loan utilisation (paid together with the Loan);

"Interest Period" means, in respect of the Loan, the period which starts on (and includes) the date the Loan was made and ends on (but excludes) the Repayment Date in respect of such Loan;

"Loan Documents" means this Loan Agreement and the Revolving Note;

"Payment Date" means a date, on which proceeds to be deposited to and/or written-off from a lender's bank account under this agreement terms.

"Person" means an individual, a corporation, a partnership, a joint venture, an association, a joint stock company, a trust, an unincorporated organization or a government or any agency or political subdivision thereof;

"Purpose of financing" means financing for the acquiring L'eau Rouge project (hereinafter referred to as the "Project") by the Borrower, i.e. acquiring 100% (One Hundred per cent) of the shares of Migina Limited, a company duly organized and validly existing under the laws of the British Virgin Islands, registration number 1396992, having its registered address at Main Street, 197 Trust Offices, Totalserve Trust Company Limited, Road Town, Tortola, British Virgin Islands (hereinafter referred to as the "Company"). By acquiring the shares of the Company the Borrower acquires the Project, land plots of 121,5 hectares in Mytischensky district of Moscow Region and all appropriate project specifications in relation thereto;

"Repayment Date" means the loan repayment performed by June 05, 2015;

"Revolving Loan" means a Loan made pursuant to Section 2.1 hereof;

"Revolving Note" means the promissory note of the Borrower executed and delivered as provided in Section 2.2 hereof;

"Revolving Loan Committed Amount" means the maximum principal amount of Revolving Loans permitted to be outstanding under Section 2.1;

"Revolving Loan Maturity Date" means June 05, 2009.

ARTICLE II

2. Revolving Loans

2.1. Revolving Loans. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, the Lender agrees to make Revolving Loans to the Borrower, at any time or from time to time on or after the date hereof and until the Revolving Loan Maturity Date, in an aggregate principal amount at any time outstanding not to exceed Two Hundred and Fifty Million (250,000,000.00) United States Dollars (the "Revolving Loan Committed Amount") for purpose of financing stated herein. The Borrower may borrow, repay and re-borrow hereunder on or after the date hereof and prior to the Revolving Loan Maturity Date, subject to the terms, provisions and limitations set forth herein. The outstanding principal balance of the Revolving Loans shall be repaid in full by the Revolving Loan Maturity Date.

2.2. Revolving Note. The Revolving Loans by the Lender shall be evidenced by the Revolving Note duly executed by the Borrower, in the form of Exhibit attached hereto, payable to the order of the Lender in a principal amount not exceeding the Revolving Loan Committed Amount.

The delivery of a Revolving Note by the Borrower shall constitute an irrevocable authorisation and instruction by the Borrower to the Lender to pay the Loan in a relevant amount and to the account specified in the Revolving Note.

- 2.3. Interest. The outstanding principal balance of the Revolving Loans shall bear interest at a rate equal to 14.125% per annum. Interest shall be calculated and payable on the basis of a year of 360 days.
- 2.4. The Borrower shall be obliged to repay the Loan in full on the Repayment Date, together with accrued interest thereon and any other amounts due and owing by the Borrower to the Lender under this Agreement.
- 2.5. Unless otherwise provided for, all amounts payable under this Agreement are payable in United States Dollars.

ARTICLE III

3. Additional Provisions Regarding Revolving Loans

3.1. Default Rate. If the Borrower shall default in the payment when due of the principal of or interest on any Loan or any other amount becoming due hereunder, the Borrower shall on demand from time to time pay interest on any overdue payment of principal and, to the extent permitted by law, on overdue payments of interest up to the date of actual payment (after as well as before judgment):

- (i) in the case of principal of or interest on a Loan at a rate equal to 20% per annum above the rate which would otherwise be payable hereunder; and
- (ii) in the case of any other amount payable hereunder or under any of the other Loan Documents (other than principal of or interest on any Loan referred to in clause (i) above), at a rate 20% per annum above the Prime Rate.

3.2. Voluntary Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Loan in whole or in part, without premium or penalty, with no prior written notice to the Lender; in the manner set forth hereunder:

- (i) first, the Borrower prepays accrued interest calculated on the date of prepayment. In such case, the last day interest accrued shall be the day, proceeding to such prepayment;
- (ii) thereafter, the Borrower prepays the Loan in whole or in part.

ARTICLE IV

4. Conditions of Lending

4.1. Conditions. The Lender shall not be obligated to make any Revolving Loan hereunder unless the representations and warranties contained in Article V hereof are true and correct as of the date of the making of such Revolving Loan and unless immediately after the making of such Revolving Loan no Event of Default nor any event which upon notice or lapse of time or both would constitute such an Event of Default shall have occurred and be continuing.

ARTICLE V

5. Representations and Warranties

5.1. The Borrower hereby represents and warrants to the Lender that:

- a. Corporate Existence and Power. The Borrower is a corporation duly incorporated,

validly existing and in good standing under the laws of the state of its incorporation and is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the failure to so qualify would have a material adverse effect on the Borrower. Further, the Borrower has all power and authority to own and operate its properties and to carry on its business as now conducted.

- b. Authorization of Loan Agreement. The Borrower has the power and authority to enter into this Loan Agreement and to perform its obligations under and consummate the transactions contemplated by this Loan Agreement.
- c. No Violation of Corporate Restrictions. Neither the execution and delivery of this Loan Agreement, nor the performance of the obligations under or consummation of the transactions contemplated by this Loan Agreement, violates or will violate any law or governmental order, conflicts or will conflict with any provision of any charter document or by-law of the Borrower or any material term or provision of any agreement or instrument to which the Borrower is a party or by which the Borrower is bound, or constitutes or will constitute a breach of or a default under any such agreement or instrument.
- d. Governmental Consents. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of the Borrower is required as a condition to the execution, delivery or performance of this Loan Agreement or any of the other Loan Documents by the Borrower.
- e. Litigation. There are no material pending, or to the best knowledge of Borrower, threatened, legal proceedings to which the Borrower is a party or of which any of its properties is the subject.
- f. Other Agreements. The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.
- g. Taxes. The Borrower has paid or caused to be paid all taxes to the extent such taxes have become due.
- h. Liens. None of the assets of the Borrower is subject to any mortgage, pledge, title retention lien or other lien, encumbrance or security interest.
- i. Financial Information Provided. The Borrower represents that the financial information it has heretofore furnished to the Lender dated April 30, 2008 with regard to its operations is true and correct, and presents fairly the financial position of the Borrower, and there have been no material adverse changes since that date.

ARTICLE VI

6. Affirmative Covenants

6.1. The Borrower agrees that as long as its obligations hereunder remain outstanding and until the Commitment hereunder is terminated the Borrower will to with respect to the subsections below:

- a. maintain or cause to be maintained all personal property material to its business in good working order and condition and make all needed repairs, replacements and renewals as are necessary to conduct its business in accordance with prudent business practices;

- b. do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises;
 - c. comply with or contest in good faith all statutes and governmental regulations of which the Borrower has knowledge and the noncompliance of which would have a material adverse effect on the financial condition of the Borrower; and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation which, if unpaid, might become a lien against any of its properties except liabilities being contested in good faith and against which adequate reserves have been established;
 - d. at all times keep its insurable properties insured to such extent and against such risks, including, without limitation, public liability insurance, hazard insurance, worker's compensation and other insurance required by law and is customary with companies of comparable size in the same or similar business but at all times of the type and at least in the amount of the present coverage of the Borrower.
- 6.2. Within ten (10) days of the event becoming known to the Borrower, notify the Lender in writing of the occurrence of any of the following events:
- a. the pendency or commencement of any action, suit or proceeding at law or in equity under which a party or parties seek an amount equal to or exceeding Ten Million (10,000,000.00) United States Dollars;
 - b. any event or condition which shall constitute an event of default under any other agreement for borrowed money or any known or potential materially adverse change in any other material contractual agreement;
 - c. any change in any existing agreement or contract which may materially adversely affect any of its businesses or affairs, financial or otherwise.

ARTICLE VII

7. Negative Covenants

- 7.1. The Borrower agrees that as long as its obligations hereunder remain outstanding and until the Commitment is terminated the Borrower shall not:
- a. incur, create, assume or permit to exist any indebtedness for borrowed money, howsoever evidenced, or its equivalent;
 - b. incur, create or permit to exist any pledge, lien, charge or other encumbrance of any nature whatsoever on the property of the Borrower, whether now owned or hereafter acquired;
 - c. seek or permit dissolution or liquidation of the Borrower in whole or in part;
 - d. consolidate with, merge into or be acquired by any Person; provided, however, the Borrower shall be permitted to enter into merger and/or consolidation transactions so long as the Borrower is the surviving entity;
 - e. change the general character of business of the Borrower or engage in any type of business not reasonably related to the business of the Borrower as presently conducted.

ARTICLE VIII

8. Events of Default and Acceleration
- 8.1. Any of the following shall constitute an "Event of Default" under this Loan Agreement:
- 8.2. Breach of Covenants. The failure to perform and observe any covenant or other obligation contained herein or in any other Loan Documents and the continuation of such failure for a period of ten (10) days after receipt of written notice from the Bank thereof.
- 8.3. False Statements. If any representation or warranty made by the Borrower or any Guarantor in this Loan Agreement, any other Loan Document or in any document, certificate, statement or report heretofore or hereafter made shall be untrue in any material respect.
- 8.4. Bankruptcy. In the event that the Borrower
- a. shall make an assignment for the benefit of creditors; or
 - b. has a petition initiating a proceeding under any section or chapter of the Bankruptcy Code or its amendments, filed by or against the Borrower and, if against the Borrower, such petition is not set aside within thirty (30) days after such filing; or
 - c. shall file any proceedings for dissolution or liquidation.
- 8.5. Remedies. Upon the occurrence of any such Event of Default and after the applicable grace period, if any, and unless the Lender agrees to waive in writing such an Event of Default:
- 8.6.
- a. Termination of Commitment. The Lender, in its sole discretion, may terminate the Commitment.
 - b. Acceleration of Indebtedness. All of the indebtedness of any and every kind owing by the Borrower to the Lender, howsoever evidenced, now existing or hereafter arising, shall become due and payable upon written notice to the Borrower without the necessity of any other demand, presentment, protest or notice upon the Borrower, all of which are hereby expressly waived by the Borrower.
 - c. Acceleration of Obligations. All of the obligations of the Borrower under the Loan Documents shall thereupon be immediately due and payable without the necessity of any other demand, presentment, protest or notice upon the Borrower, all of which are hereby expressly waived by the Borrower.

ARTICLE IX

9. Miscellaneous
- 9.1. Notices. All notices and other communications hereunder shall be sufficiently given and shall be deemed given when delivered or when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Borrower:

Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola,
British Virgin Islands

If to the Lender:

23, rue Beaumont, L-1219 Luxembourg, 5th floor

- 9.2. Waiver. No failure or delay on the part of the Lender in the exercise of any right, power or privilege hereunder or under any other Loan Document shall operate as a waiver of any such right, power or privilege nor shall any such failure or delay preclude any other or further exercise thereof. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.
- 9.3. Survival. All covenants, agreements, representations and warranties made herein and in the other Loan Documents shall survive the making by the Bank of the Revolving Loans and the execution and delivery to the Lender of the Loan Documents and shall continue in full force and effect so long as any of the indebtedness of the Borrower to the Lender evidenced by the Notes or any obligations under the Commitment remain outstanding.
- 9.4. Successors and Assigns. This Loan Agreement and the Loan Documents shall inure to the benefit of and be binding upon successors and assigns of the Lender; provided, however, the Borrower shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender.
- 9.5. Costs. The Borrower agrees to pay all reasonable costs and expenses in connection with the preparation, execution and delivery of the Loan Documents, including, without limitation, the reasonable fees and out-of-pocket expenses of special counsel to the Lender, and, after the occurrence of an Event of Default, costs and expenses of the Lender in connection with the enforcement of this Loan Agreement or the other Loan Documents (including without limitation reasonable attorneys fees) and to hold the Lender harmless from any and all such costs, expenses and liabilities.
- 9.6. Amendment; Waiver; Consents. No approval, decision, option or action required of the Lender ("Approval") hereunder nor any modification, amendment or waiver (the "Waiver") of any provision of this Loan Agreement or any other Loan Document nor any consent to any departure by the Borrower therefrom (the "Consent") shall in any event be effective unless the same shall be in writing signed by the Lender and delivered in accordance with the provisions of Section 9.1 hereof, and then such Approval, Waiver or Consent shall be effective only in the specific instance and for the purpose for which given but any such Approval, Waiver or Consent when signed shall be effective and binding upon the Lender. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances.
- 9.7. Year. Interest, fees and premiums hereunder shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days in the billing period.
- 9.8. Payment on Business Day. If the due date for any payment under this Agreement is not a Business Day then the payment shall be made on the next succeeding Business Day unless the payment date would thereby fall into the following calendar month, in which case the payment shall be made on the preceding Business Day.
- 9.9. Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Loan Agreement to produce or account for more than one such counterpart.
- 9.10. Assignment. The Lender may, at any time, transfer or assign all or any portion of the indebtedness evidenced by the Revolving Note held by the Lender and the terms hereof shall extend to any subsequent holder of the Revolving Note.

- 9.11. **Term.** The term of this Loan Agreement shall be until the Lender is no longer obligated to lend under the Commitment and the Lender has received payment in full of the unpaid principal and interest of the Revolving Note.

ARTICLE X

10. **Governing Law and Dispute Resolution**
- 10.1. **Governing Law.** This Loan Agreement and the other Loan Documents and all matters relating thereto shall be governed by and construed and interpreted in accordance with the laws of England.
- 10.2. **Arbitration.** Any dispute, controversy or claim which may arise out of or in connection with the present Agreement, or the execution, breach, termination or invalidity thereof, shall be settled by way of negotiation. If an agreement cannot be reached within 30 (thirty) days from starting negotiations amicably, the dispute shall be settled by the London Court of International Arbitration (the "LCIA") in accordance with its Rules. The language of the Arbitration shall be English. The arbitration court's decision shall be final and binding upon the Parties.

LEGAL ADDRESSES AND BANK DETAILS OF THE PARTIES

Borrower: Heritam Management Ltd.

Address: Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands

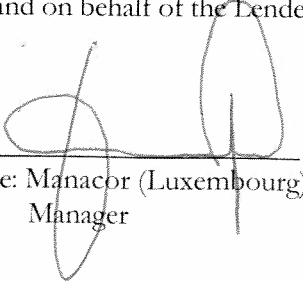
Bank details:
Trasta Komercbanka
SWIFT KBRBLV2X
IBAN: LV57 KBRB 1111 2134 2200 1

Lender: Berwich Holding Sarl


Address: 23, rue Beaumont, L-1219 Luxembourg, 5th floor

Bank details:
ING Luxembourg SA
SWIFT CELLULL
IBAN LU19 0141 3396 5080 3010

For and on behalf of the Lender:


Name: Manacor (Luxembourg) S.A.
Title: Manager

For and on behalf of the Borrower:


Name: Kilibarda Ivanka
Title: Director