

Voskhod Chromium

Country:	KAZAKHSTAN
Project Number:	46873
Business Sector:	Natural Resources
Notice Type:	PRIVATE
Environmental Category:	B
Target Board Date:	28 Jan 2015
Status:	Repaying
PSD Disclosed:	14 Nov 2014

Project Description

The EBRD is providing a loan of up to US\$130MM as part of a US\$260MM A/B facility in favour of Yildirim Group's subsidiaries in Kazakhstan.

Through these subsidiaries Yildirim owns and operates the Voskhod mining complex, acquired in December 2013.

The Voskhod operation consists of an active underground chromium mine and associated beneficiation plant situated outside the town of Khromtau, an important mining district situated 90km east of Aktobe, in North-Western Kazakhstan.

Project Objectives

The Bank's loan will be used

- (i) to restructure the subsidiaries' balance sheet and
- (ii) to finance the capex programme for the years 2014-2016. Capex investments will cover acquisition of equipment, site preparation, mine development and underground works.

Transition Impact

This is the Bank's first project in chromium ore mining. The project is a rare example of private cross-border transaction between two of EBRD countries of operations in the resources sector. The project will support the expansion of Yildirim Group, a Turkish mining group, in Kazakhstan. The entry of

Yildirim Group could have an impact on the competitive landscape of the chromium sector in the region, a market which is pre-dominantly controlled by one local company.

Through the project there is scope for improvements in the managerial and business skills as well as environmental and operating standards to Voskhod's mine operation. For example, part of the capex includes implementation of a new chromium ore fines recovery circuit which will increase yields significantly and enable the reprocessing of waste tailings. This is a new processing technology being introduced for the first time in the mining sector in the country that has the potential to reduce the volumes of waste tailings substantially while enhancing product quality.

Concurrently, the Project will allow the Bank to secure meaningful engagement in the Kazakh mining sector and support policy dialogue with the newly established Ministry of Investments and Development and the Ministry of Energy responsible for mining, oil and gas and environmental protection in the development of the new Subsoil Use Code.

Client Information

VOSKHOD CHROME LLP

The Yildirim Group is a diversified Turkish conglomerate with interests in mining, sea transport, port management and chemicals. Yildirim Group is also one of world's largest chrome ore and ferrochrome producers, and one of the few suppliers of high-quality ferrochrome. The loan will be guaranteed by Yildirim Holding A.S. and by other key operating and trading entities of the Yildirim Group.

EBRD Finance Summary

USD 122,500,000.00

A/B loan structure.

Total Project Cost

USD 287,000,000.00

The total cost of the project is US\$310MM and includes US\$70MM capex investments for the years 2014-2016 and additional US\$240MM debt restructuring by replacing shareholder loans with long-term A/B loan financing involving EBRD (A-lender), UniCredit Bank (B-lender) and potentially other additional lenders.

Environmental and Social Summary

Category B. The environmental and social impacts related to the operation and upgrade of an existing chromite mine and ore treatment plant are site specific and can be managed via the implementation of a targeted action plan. This categorisation has been confirmed during due diligence.

Due diligence included a detailed environmental and social audit carried out by an independent consultant, in the shape of an Independent Environmental and Social Consultant (IESC) engaged to advise a consortium of funding sources including EBRD. Staff from the Bank's Environmental and Sustainability Department also visited the site operations to review current practice and expansion and development plans that the client is drafting.

Due diligence is still on-going but a draft Environmental and Social Action Plan (ESAP) has been prepared by the IESC and is currently under discussion between the client and the various Lenders. The due diligence visits by both the IESC and EBRD team identified that the site currently operates to high OHS standards and that environmental management and social engagement are developing rapidly under Yildirim ownership.

The ESAP focusses on issues which will strengthen and broaden EHS risk management and social engagement practices. Areas such as the prevention of localised contamination; proactive management of subsidence risk and broad environmental and social monitoring are included in the draft ESAP which will be finalised prior to Board review of the Project.

Technical Cooperation

The project may potentially benefit technical cooperation funds in the areas of energy efficiency assessments and policy dialogue.

Company Contact Information

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Business opportunities

For business opportunities or procurement, contact the client company.

General enquiries

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

Public Information Policy (PIP)

The PIP sets out how the EBRD discloses information and consults with its stakeholders so as to promote better awareness and understanding of its strategies, policies and operations.

[Text of the PIP](#)

Project Complaint Mechanism (PCM)

The EBRD has established the Project Complaint Mechanism (PCM) to provide an opportunity for an independent review of complaints from one or more individuals or from organisations concerning projects financed by the Bank which are alleged to have caused, or likely to cause, harm.

[Rules of Procedure governing the PCM | Russian version](#)

Any complaint under the PCM must be filed no later than 12 months after the last distribution of EBRD funds. You may contact the PCM officer (at pcm@ebrd.com) or the relevant EBRD Resident Office for assistance if you are uncertain as to the period within which a complaint must be filed.