



MINING INDUSTRY AND LEGAL UPDATE

KALIKOVA &
ASSOCIATES
law firm

Information for effective business solutions

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Industry Update

January 14, 2014

Centerra Gold Inc. and Kumtor Gold Company CJSC summed up the preliminary results of works in 2013

Centerra Gold Inc. and Kumtor Gold Company CJSC summed up the preliminary results of works in 2013.

According to them, gold production at the Kumtor mine for 12 months of 2013 amounted to 600,402 ounces or 18 tons and 674,6 kg of gold.

Planned target of gold production in 2013 as a result of mining of the rich ore in the SB zone of the central pit.

<http://www.24kg.org/economics/169324-kompanii-centerra-gold-inc-i-laquokumtor-gold.html>

January 13, 2014

The Government plans to implement a number of measures to reduce the negative impact of mining activities on the environment

The Government plans to implement a number of measures to reduce the negative impact of the enterprises in the field of mining on the environment and carrying out systematic work together with the public authorities, the local self-governments and administrations of mining companies to prevent conflicts with local communities.

Thus, the following measures are to be implemented:
monitoring of regular reports on efforts to improve the social conditions of the local communities;
officials of the governmental authorities should take measures to prevent violations of

Legal Update

December 17, 2013

Resolution of the Government of the Kyrgyz Republic No. 675 dated December 17, 2013 “On approval of the Temporary regulation on the procedure of collection of a fee for the environment pollution at the entrance/exit of cargo vehicles of foreign countries to/from the territory/ies of the Kyrgyz Republic”

On December 17, 2013 the Government of the Kyrgyz Republic by its resolution approved the Temporary regulation “On the procedure of collection of a fee for the environment pollution at the entrance/exit of cargo vehicles of foreign countries to/from the territory/ies of the Kyrgyz Republic”.

According to the approved Temporary regulation a fee for the environment pollution is collected in places of customs clearance by the customs authorities of the Kyrgyz Republic:

- at the entrance of cargo vehicles, registered in foreign countries, with goods subject to customs clearance;
- at the exist of cargo vehicles, registered in foreign countries, with goods subject to customs clearance, if previously the cargo vehicle entered the territory of the Kyrgyz Republic without goods and a fee was not paid.

A fee in the amount of 1500 Kyrgyz soms will be charged from the operators (owners) and/or drivers of vehicles

It shall be noted that the cargo vehicles are exempted from paying this fee, if they are transporting goods:

- for the prevention and elimination of consequences of natural disasters and other emergencies, including the goods destined

environmental requirements by mining companies, regularly check compliance with environmental legislation and to submit the results of audits to the public; officials of local self-governments should work with the local community to explain the importance of projects for regional development; while starting up operations on new mineral deposits to create new jobs and in order to develop the regions, in agreement with the investor to purchase goods and services exclusively at the location of deposits.

<http://tazabek.kg/news:364717/>

January 8, 2014

International arbitration on Jerooy is postponed to March 2014

International arbitration on Jerooy is postponed once again. The date of the first hearing is rescheduled to March 17, 2014.

American law firm Arnold & Porter will represent the interests of Kyrgyzstan in the Hague Court of Arbitration (The Netherlands) on the lawsuit of the Kazakh company Visor concerning Jerooy deposit.

<http://www.24.kg/economics/168925-mezhdunarodnyj-arbitrazh-po-dzheruyu-otlozhen-na.html>

December 27, 2013

Kyrgyzstan in 9 months of 2013 exported 42,571 thousand tons of gold ore

In 9 months of 2013 42,571 thousand tons of gold ore in the amount of \$ 12,391 million were exported from Kyrgyzstan – informed the Ministry of Economy of the Kyrgyz Republic.

42,4 thousand tons were exported to Kazakhstan (approximately 83% of total exports), 9,7 thousand tons to China. Also the ore was exported to Belgium and Italy – 3,4 thousand tons and 1,5 thousand tons accordingly.

Compared with 2012 the export of gold ore declined sharply. During this period, more than 85 thousand tons were exported. Only 18 thousand tons of them were sent to the non-CIS countries, the rest of the ore after processing in Kazakhstan returned to Kyrgyzstan.

Currently a bill to impose export duties on export of gold ore is under active discussion. It was suggested to set the rates ranging from 5% to 30%. The Government and the Parliament members converged on the rate of 15%. At the same time, some experts believe that it will hit those companies which export ore for processing, since in Kyrgyzstan ore from only several gold

for free distribution to those affected by emergencies, or for transfer to a charitable non-profit organizations for the same purpose, as well as necessary to carry out rescue and other emergency work and life rescue units;

- a humanitarian aids, grants;
- in other cases set by the laws of the Kyrgyz Republic.

December 5, 2013

Resolution of the Government of the Kyrgyz Republic No. 659 dated December 5, 2013 “On introducing amendments into the Resolution of the Government of the Kyrgyz Republic “On approval of the normative legal acts in the subsoil use” dated December 14, 2012 No. 834”

On December 5, 2013 the Government of the Kyrgyz Republic adopted a resolution on introducing amendments into the Regulation “On procedure and terms of conducting tenders for the subsoil use rights” and the Regulation “On procedure of payment and calculation of the license withholding fee”.

Namely, the amendments into the Regulation “On procedure of payment and calculation of the license withholding fee” are related to the terms of calculation of the license withholding fee for 2012.

According to this Regulation a license withholding fee for the licenses issued before the introduction of this fee shall be collected starting from the date of entrance into force of the Law of the Kyrgyz Republic “On Subsoil” dated August 9, 2012 and is calculated proportionally to the time remaining until the end of 2012. Herewith, the State Geology Agency is required to calculate the amounts of fee for 2012 and inform a licensee until March 1, 2014. It shall be noted that before the State Geology Agency was required to provide the calculations within 8 months, i.e. it was required to calculate the amount of fee until May 17, 2013.

Besides, in the Regulation “On procedure of payment and calculation of the license withholding fee” the list of mineral resources was itemized and new rates of fees for construction and agrochemical raw materials were established.

November 27, 2013

Resolution of the Government of the Kyrgyz Republic No. 641 dated November 27, 2013 “On approval of the Charter of the “Kyrgyz Geophysical Expedition” State

deposits can be processed.

<http://www.24.kg/economics/168712-iz-kyrgyzstana-za-9-mesyacev-2013-goda-vyvezeno.html>

December 18, 2013

Australian Robust Resources purchases gold-copper deposit Taldybulak in Talas

Mining company Robust Resources (Australia) executed a preliminary agreement with the international company Gold Fields Ltd. on purchase of 100% shares of Talas Copper Gold LLC with all projects, including gold-copper deposit Taldybulak.

The total transaction value is \$ 5 million, \$ 2 million of which will be paid in cash, the remaining \$ 3 million – by the shares of Robust Resources.

Following the completion of procedures Robust Resources will own Talas Copper Gold LLC and four licenses issued to the company for development of Taldybulak deposit, for prospecting of Barkol, Kentash and Korgontash deposits in Talas region. Major exploration works were carried out at Taldybulak deposit with estimated reserves of 120 tons of gold and 800 thousand tons of copper.

“This transaction increases the importance and value of our company, as well as expands our portfolio of projects in Kyrgyzstan, taking into account Andash and Bashkol deposits. Robust Resources is now becoming one of the dominant owners of gold-copper projects in the country”, - Gary Lewis, executive director of the Australian company commented the transaction.

Earlier Australian company acquired Andash deposit in Talas region and Bashkol deposit in Issyk-Kul region.

<http://kyrtaq.kg/news/detail.php?ID=1205>

December 17, 2013

The State Geology Agency announces an auction for 5 sites of Sary-Tash deposit

The State Geology Agency announced an auction for the sites 17, 18, 19, 20 and 21 of Sary-Tash deposit. The auction will be held on January 20, 2014 in Tuz-Bel village in Jalpak-Tash of Uzgen district, Osh region.

Through the auction it is proposed to grant the subsoil use right to develop shell limestone deposits on the above-mentioned sites of Sary-Tash deposit.

Enterprise under the State Geology Agency under the Government of the Kyrgyz Republic

On November 27, 2014 the Government of the Kyrgyz Republic adopted a resolution, pursuant to which “Kyrgyz Geophysical Expedition” Institution was reorganized into “Kyrgyz Geophysical Expedition” State Enterprise under the State Geology Agency under the Government of the Kyrgyz Republic and a new charter of “Kyrgyz Geophysical Expedition” State Enterprise was approved.

November 16, 2013

The Law of the Kyrgyz Republic “Technical Regulation “On Industrial Safety” dated November 16, 2013 No. 202

On November 16, 2013 the President Almazbek Atambaev signed the Law of the Kyrgyz Republic “Technical Regulation “On Industrial Safety”.

The Law defines the main provisions of technical regulation in the sphere of industrial safety, aimed at preventing accidents at hazardous production facilities and ensuring preparedness of organizations to localize their consequences.

The Law enters into force after six months from the date of its official publication, i.e. May 29, 2014.

The starting prices of the objects are: site 17 - \$ 5,010, site 18 – \$ 13,350, site 19 – \$ 13,050, site 20 – \$ 14,550, site 21 – \$ 17,715.

<http://www.geology.kg/index.php/ru/news/212-ob-yavlenie-o-provedenii-auksiona-na-pravo-polzovaniya-nedrami>

December 17, 2013

The State Geology Agency announced an auction for the site 22 of Sary-Tash deposit

The State Geology Agency announced an auction for the site 22 of Sary-Tash deposit. The auction will be held on February 10, 2014 in Tuz-Bel village of Uzgen district, Osh region.

Through the auction it is proposed to grant the subsoil use right to develop shell limestone deposits on the site 22 of Sary-Tash deposit.

As of January 1, 2013 the amount of reserves of Sary-Tash deposit was 14,245 thousand m³. According to the preliminary calculations, the amount of reserves in categories A+B on the site 22 is 1,053,024 m³.

The starting price of the object is \$ 26,350 or 1,295,284 Kyrgyz soms.

<http://www.tazabek.kg/news:363530>

December 10, 2013

The Development Strategy of Mining Industry in the Kyrgyz Republic has been developed

On December 10, 2013 the Ministry of Economy of the Kyrgyz Republic and the Consortium of experts presented a short and long-term Development Strategy of Mining Industry in the Kyrgyz Republic, which reflects the problems in industry and solutions, contains recommendation on improvement of the legislation, measures to increase the volume of extracted mineral resources. The draft Strategy will be submitted to the Government of the Kyrgyz Republic.

<http://novosti.kg/2013/12/razrabotana-strategiya-razvitiya-gornodoby-vayushhej-otrasli/>

December 4, 2013

Tender for legal services to protect the interests of Kyrgyzstan on the case of Kutisay Mining LLC and StansEnergyCorp has been announced

The State Geology Agency announced a tender

for the selection of the law firm to protect the interests of the Kyrgyz Republic on the case of Kutisay Mining LLC and StansEnergyCorp against the Government of the Kyrgyz Republic.

The lawsuit was filed in connection with a dispute related to the development of deposits of rare-earth elements, bismuth, molybdenum, silver (Kutessay-II) and beryllium (Kalesay) in Chui region of the Kyrgyz Republic. The dispute will be considered in the Arbitration under the Moscow Chamber of Commerce of Russia.

One of the requirements to the international law firm is the presence of positive experience in representing and protecting interests of the state in international arbitrations.

<http://www.24.kg/economics/166933-obyavlen-tender-na-uslugi-yuridicheskoj-kompanii.html>

November 21, 2013

In southern Kyrgyzstan new “perspective gold objects” - Kenei, Zak-Kashkasu and Koshmuinak were discovered

In southern Kyrgyzstan perspective gold objects Kenei, Zak-Kashkasu, Koshmuinak pravoberejniy were discovered. These objects received a preliminary assessment and recommended for prospecting and assessment works, informed the State Geology Agency.

It is recommended to conduct detailed works on perspective geochemical anomalies, as well as prospecting for coal, iron, phosphorus and nonmetallic raw materials.

<http://www.tazabek.kg/news:361827>



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The sources of news contained in the Update are websites:
www.akipress.kg, www.tazabek.kg, www.knews.kg,
www.geology.kg, www.qov.kg

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