



MINING INDUSTRY AND LEGAL UPDATE

KALIKOVA
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Industry Update

28 December 2015

\$ 300 thousand will be allocated to Kyrgyzstan for development of the transparency of mining companies

\$ 300 thousand will be allocated to Kyrgyzstan for implementation of the project "Extractive Industries Transparency Initiative - Phase II, after obtaining the status of a follower". Deputy Minister of Economy and Industry Bakkeldi Tumenbaev presented a draft law on ratification of the agreement between the Kyrgyz Republic and the International Development Association at a meeting of the Parliamentary Committee on Budget and Finance.

For the granted funds it is planned to conduct activities such as training and improving the quality of EITI reports for mining companies and government agencies; the reconciliation of the EITI data by an independent auditor, issuance and publishing of the EITI reports; support the institutionalization of the EITI and the disclosure of revenues from extractive companies; the organization of seminars for a wider coverage of citizens and strengthen communication activities to raise public awareness.

The grant agreement stipulates the need to further promote the EITI in Kyrgyzstan in view of the passage of the validation process - assessment of compliance with the EITI requirements within the framework of the new standard.

<http://www.knews.kg/>

Legal Update

4 December 2015

The Government withdraws the bill on state guarantees and compensation for those living and working in high altitudes and remote areas

The Government withdraws the bill on state guarantees and compensation for those living and working in high altitudes and remote areas.

According to the press service of the Government, the Prime Minister Temir Sariev held a meeting with the heads of ministries and departments to discuss the bill that envisages amendments to the law "On State Guarantees and Compensations for People Living and Working in High Altitudes and Remote Areas".

During the meeting, T. Sariev noted that the bill should be directed at achieving the targeted social support of the population of mountainous and inaccessible villages. "I believe that the Ministry of Labour and Social Development has not sufficiently carried out a comprehensive analysis while developing this bill. Measures necessary for the country should be deeply thought out and based on careful calculations", T. Sariev said.

Also it was noted that while drafting the bill the Ministry has not taken into account all issue related to social and economic conditions of the regions.

Following the meeting, the Ministry of Labour and

26 December 2015

In 2015, following the results of tenders for the development of mineral resources the state budget has received about \$ 121 million

In 2015, following the results of tenders for the development of mineral resources the state budget has received about \$ 121 million.

In total five open tenders for the objects of national importance were held successfully:

- gold deposit "Jerooy", the winner paid \$ 100 million;
- coal deposit "Bel-Alma", \$ 1 million 70 thousand was paid;
- gold deposit "Terekkan", "Perevalnoe" and the gold-antimony deposit "Terek" (except for block 17) to the value of \$ 20 million.

In addition, since the beginning of 2015 26 auctions at the locations of subsoil objects were conducted with the involvement of local residents. The total amount of funds raised as the result of auctions amounted to \$ 1 million 603.5 thousand.

<http://24.kg/>

10 December 2015

Anvar Estemesov was included in the Board of Directors of Kyrgyzaltyn OJSC

Anvar Estemesov was included in the Board of Directors of Kyrgyzaltyn OJSC.

According to Kyrgyzaltyn OJSC, an extraordinary shareholders' meeting was held on December 9, 2015. The shareholders' meeting stopped powers of the Board of Directors member Suiunbek Alikeev. Suiunbek Alikeev was replaced by Anvar Estemesov until the next annual meeting of shareholders.

<http://www.24.kg/>

9 December 2015

The Commission on licensing of subsoil use canceled 11 licenses

On December 9, 2015 a meeting of the Commission on licensing of subsoil use under the

Social Development was mandated to withdraw and revise the bill taking into account a comprehensive study of all aspects. Also additionally and thoroughly calculate the socio-economic effects of the bill, taking into account the drafting of the concept of the country's regional development.

<http://kg.akipress.org/>

27 November 2015

The Government changes the size of additional payments to the salary of persons living and working in high altitudes

A bill "On amendments to the Law "On State Guarantees and Compensation for People Living and Working in High Altitudes and Remote Areas" was approved and submitted to the Parliament by the resolution of the Government of the Kyrgyz Republic as of November 27, 2015.

According to the bill, the criteria for classifying settlements in mountainous and remote areas and the size of the coefficients of surcharges to salaries and other social benefits will be changed.

In addition, according to the bill the criteria for inclusion of settlements in remote areas and the size of the coefficients of surcharges to salaries and other social benefits for people living and working in remote areas are being established.

<http://kg.akipress.org/>

6 November 2015

Resolution of the Government of the Kyrgyz Republic as of November 6, 2015 No. 760 "On approval of the Order of payment, calculation and the rates of the license retention fee"

The Government by its resolution No. 760 dated November 6, 2015 approved the Order of payment, calculation and the rates of the license retention fee.

The license retention fee is paid by subsoil users, holding the license for prospecting, and/or exploration and/or development of deposits in the Kyrgyz Republic.

State Geology Agency.

In accordance with the Law of the Kyrgyz Republic "On Subsoil" and the Commission's decision was 9 licenses were suspended and 11 licenses were canceled.

<http://geology.kg/>

5 December 2015

Auction for the gold deposit "Akbaltykanskoie" (geological exploration)

The State Geology Agency announced an auction for granting a license for subsoil use for the gold deposit "Akbaltyrkanskoe"

The auction will be held on 5 February 2016 at 12 pm in the building of Ala-Buka District State Administration of Jalal-Abad region. Registration for the auction starts at 11.30 am and lasts till 11.50 pm.

<http://geology.kg/>

5 December 2015

Turkish Eti Bakir A.S. intends to construct a new bush gold processing plant in Kyrgyzstan

In Kyrgyzstan it is planned to construct a new bush gold processing plant, which will allow processing the ore in the country.

According to Deputy Chairman of the Management Board of Kyrgyzaltyn OJSC Bektur Sagynov, the Turkish company Eti Bakir A.S. plans to build a new, modern processing plant, bushed production and a new tailing.

"On 27 November a tender for the development of deposits of gold and antimony Terekkan, Perevalnoe and Terek in the Jalal-Abad region was held. Eti Bakir Tereksai LLC won the tender, and within the project it is planned to build a bush plant. This plant will process ore concentrate from not only our three fields, but other companies will be able to take advantage of this plant. If now the development is hampered by the lack of technological opportunities, in the long term, this problem will be solved, and there will be significant impetus for the development of the gold mining industry of the southern region" – added Bektur Sagynov.

The object of imposition with the fee is the actual use of the license for subsoil use within the licensed area for certain types of minerals.

The basis for calculation of the fee in prospecting, and/or exploration, and/or development of mineral deposits is the size of the licensed area.

<https://kabarlar.org/>

4 December 2015

“Makmalaltyn” mined 32 kg

“In October, it was planned to produce 16,631 kg of gold, but the plan was fulfilled by 100.7 % with production of 16.781 kg. And in November, instead of the planned 32.240 kg of gold 32.471 kg of gold was produced. Such successes are the result of the gradual modernization of production. It is worth noting that this is the first over-fulfillment of the plan in recent years. As it is known, in 2014 due to lower production volumes in the enterprise “Makmalaltyn” there was a reduction of 40%, and works at the plant were suspended. Currently, the company is working on the preservation and evaluation of precious metals, security has been strengthened. Outdated pipes were replaced with new titanium equipment. In some parts of the mill video surveillance was installed”, - informed the Chairman of the Management Board of Kyrgyzaltyn OJSC Almaz Alimbekov.

<http://www.gezitter.org/>

28 November 2015

T. Sariev: The construction of the first school, the construction of which is financed by Jerooy, has started

In the Oktyabrsky village in Alamedin district of Chui oblast the Prime Minister of the Kyrgyz Republic took part in laying the primers for the construction of a new school. The school is designed for 750 students. The Prime Minister congratulated villagers on the significant day for them and noted the importance of this event.

The Prime Minister stressed that this school is one of the first, which is being built at the expense of the development of Jerooy deposit.

In addition, before the end of the year it is scheduled to begin construction of another 26 schools.

<https://kabarlar.org/>

27 November 2015

There was a final meeting of the Interdepartmental Tender Commission

for conducting a tender for the right to subsoil use for development of gold deposits Terekkan, Perevalnoe and gold-antimony deposit Terek

In the State Geology Agency a meeting of the Interdepartmental Tender Commission for conducting a tender for the right to subsoil use for development of gold deposits Terekkan, Perevalnoe and gold-antimony deposit Terek (except section 17) was held.

According to the Terms of the tender, participants Mining and Metallurgical Company "Alliance" LLC and Eti Bakir Tereksai LLC presented their development projects.

The Commission reviewed the relevant documents and presentations of companies.

Having reviewed and counted the votes of members of the Interdepartmental Tender Commission, the counting commission announced that the company Eti Bakir Tereksai LLC received 889 points, and Mining and Metallurgical Company "Alliance" LLC received 417 points. Thus, according to the results of the meeting of the Interdepartmental Tender Commission, Eti Bakir Tereksai LLC was recognized as the winner of the tender.

According to the Terms of the tender the winning company shall pay \$ 20 million within 30 calendar days.

<http://geology.kg/>

27 November 2015

The Government of the Kyrgyz Republic announces a tender for the subsoil use right for development of gypsum deposit Naukat (western flank of the eastern section)

The tender will be conducted in accordance with the "Regulations on the procedure and conditions of the tender for the subsoil use right", approved by the Resolution of the Government of the Kyrgyz Republic as of December 14, 2012 No. 834 and Terms and Conditions of the tender for the subsoil use right for development of a gypsum deposit Naukat (western flank of the eastern section).

The Tender Commission set the cost of payment for subsoil use for the tendered object in the amount not less than \$ 132 thousand.

One of the requirements for participation in the tender is a payment for a short geological information package in the amount of 37,645 soms.

<http://geology.kg/>

27 November 2015

The Government of the Kyrgyz Republic announces a tender for the subsoil use for development of a coal deposit Tegene (section “Tegene-Shahtnyi”)

The tender will be conducted in accordance with the “Regulations on the procedure and conditions of the tender for the subsoil use right”, approved by the Resolution of the Government of the Kyrgyz Republic as of December 14, 2012 No. 834 and Terms and Conditions of the tender for the subsoil use right for development of a coal deposit Tegene (section “Tegene-Shahtnyi”).

The Tender Commission set the cost of payment for subsoil use for the tendered object in the amount not less than \$ 3.2 million.

One of the requirements for participation in the tender is a payment for a short geological information package in the amount of 5,629,401 soms.

<http://geology.kg/>

26 November 2015

The Director of the State Geology Agency D. Zilaliev inspected construction of a gold processing plant at the Ishtamberdy deposit

The Director of the State Geology Agency Duishenbek Zilaliev inspected construction of a gold processing plant at the Ishtamberdy deposit located in Ala-Buka district of Jalal-Abad region.

During the review it was noted that the work is going according to the established calendar schedule. Testing technology start of the mill equipment is scheduled for the end of December 2015.

<http://geology.kg/>

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25 November 2015

The State Geology Agency has proposed issuing licenses at the “first come, first served” basis

First come, first served principle will apply in issuing a license for subsoil use. This was announced on November 25, 2015 at the 6th session of the regional platform for public-private dialogue “Sustainable development through responsible mining” by the Deputy Director of the State Geology Agency Ulan Ryskulov.

As it was informed by the Deputy Director, the State Geology Agency in cooperation with the Ministry of Economy and independent experts developed a package of amendments to the legislation, which provides for the replacement of licensing through direct negotiations with granting of licenses on “first come, first served” basis, i.e. who comes first came, that will receive the license for subsoil use.

“This package of amendments will soon be submitted to the public discussions. We also introduce in the legislation an independent examination of technical projects. Currently, the examination is carried out by state bodies; we propose to give examination of projects to private hands” - said U. Ryskulov.

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

17 November 2015

Trainings on the formation and management of regional development funds were held In Chatkal and Ala-Buka districts of Jalal-Abad region

The trainings on the formation and management of regional development fund were attended by deputies of local councils, heads of regional administrations and village administrations, head of financial and economic departments of local self-governments, as well as community leaders and representatives of regional development funds.

These educational trainings were organized by the Eurasia Foundation of Central Asia (EFCA) in cooperation with the Ministry of Economy and Industry and the Ministry of Finance within the “Transparent and effective revenue management of mining companies on the local level through the regional development funds” project, implemented by EFCA with financial support of “Soros-

Kyrgyzstan”.

The trainings simultaneously became a platform to discuss problematic issues. Heads of local self-governments could directly ask questions and voice their recommendations to representatives of the central authorities.

<http://kg.akipress.org/>

2 November 2015

“Kazakhmys Gold Kyrgyzstan” announces the renaming of the company into “KAZ Minerals Bozymchak”

The developer of Bozymchak deposit - Kazakh company “Kazakhmys Gold Kyrgyzstan” announces about its renaming. “Kazakhmys Gold Kyrgyzstan” informs about its renaming to KAZ Minerals Bozymchak LLC.

KAZ Minerals Bozymchal LLC is included in KAZ Minerals group. KAZ Minerals is a copper mining company focused on the development of modern low-cost mining industries in Kazakhstan. Shares of the group are listed on the London, Kazakhstan and Hong Kong Stock Exchanges. Bozymchak is the first project of the group outside of Kazakhstan.

The company is developing a copper-gold deposit Bozymchak in Ala-Buka district of Jalal-Abad region. The total approved ore reserves of the central part is 16,030 thousand tons, 140,777 tons of which are copper, 22.96 tons are gold and 144.2 tons are silver.

The official launch of mining and processing complex “Bozymchak” was held on August 1, 2015. The productivity of “Bozymchak” complex is 1 million tons of ore. \$ 360 million was invested in the project.

<http://kyrtag.kg/>

2 November 2015

The government again put up for auction Terekkan and Terek deposits

According to the State Geology Agency, the license for development of gold deposits Terekkan, Perevalnoe and gold-antimony deposit Terek is put up for tender. The starting price of the objects is \$ 20 million.

One of the requirements for participation in the tender is purchase of a brief package of geological information for 1 million 677.6 thousand soms and payment of 1 million soms for participation in the tender. The participants are required to make a down payment in the amount of \$ 200 thousand.

The first tender for the development of the deposits was not held due to the fact that only one company filed an application.

<http://www.24.kg/>

19 October 2015

An auction for the gold deposit “Chakushskoe” (geological exploration) was held

On October 19, 2015 in the building of Batken district administration of Batken region an auction for issuance of license for subsoil use right for the gold deposit “Chakushskoe” (exploration works) was held.

5 companies participated in the auction:

- 1.Sanaim LLC;
2. DNKA LLC;
- 3.Asia Kom Service LLC;
- 4.SGB-Service LLC;
- 5.San Qing Chuan LLC.

San Qing Chuan LLC won the auction by offering \$ 460 thousand, while the starting price was \$ 60 thousand.

<http://geology.kg/>



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www.akipress.kg, www.tazabek.kg, www.knews.kg,
www.geology.kg, www.gov.kg, www.miningnews.kg, etc.

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