



MINING INDUSTRY AND LEGAL UPDATE

KALIKOVA
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Information for effective business solutions

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Industry Update

May 15, 2015

The auction on granting the license for subsoil use at the Aldyyar coal deposit is announced

The State Agency for Geology and Mineral Resources announces an auction for the right to use natural resources for exploration of coal at the Aldyyar deposit.

The auction will take place on July 6, 2015 in a building located in Korul village district of Toguz Bulak village, Alay, Osh region.

Registration of participants of the auction will be held from 11:30 am to 11:50 am. The auction starts at 12:00 pm. Interested parties should submit the documents not later than 15:00 pm on June 30, 2015, inclusive, to the State Agency for Geology and Mineral Resources.

<http://geology.kg/>

May 13, 2015

“Vostok-geologodobycha” transferred first \$ 10 million for Jerooy

The Russian company “Vostok-geologodobycha”, the winner of the tender for development of the Jerooy deposit transferred

Legal Update

April 23, 2015

The Government changed the procedure for allocation of funds from the tenders for deposits

On April 23, 2015, the Government of the Kyrgyz Republic adopted a Resolution No. 238 “On amending the resolution of the Government of the Kyrgyz Republic “On approval of normative legal acts in the sphere of subsoil use” dated December 14, 2012 No. 834”, according to which the Regulation “On the procedure and conditions of tender for the right to subsoil use” was amended in part of allocation of funds from the tenders for deposits.

The total amount excluding the bonus and the value of the package of geological information on subsoil is distributed as follows: 85% is transferred to the republican budget, 3% - to the fund of development of the oblast based on the location of the object of mineral resources, 3% - to the fund of development of the region based on the location of the object subsoil, 3% - to a special account for the development of mineral resource base of the Kyrgyz Republic, 3% - to the local budget of the local government, within which the subsoil object is located and 3% - to a special account of the working body of the tender commission.

Previously, 7% was transferred to the funds of development of oblasts, regions based on the location of the object of mineral resources, 5% - to a special account of the working body of the

the first \$ 10 million to the Kyrgyz Republic.

The company won the tender on May 4, 2015, and shall pay to the Government of the Kyrgyz Republic \$ 100 million, 10% of which shall be transferred within a week after the announcement of results of the tender. The remaining amount of money must be paid within a month.

<http://rus.azattyk.kg/>

May 8, 2015

100 deposits of mineral waters are found in the Kyrgyz Republic

According to the reports of the Kyrgyz-Russian Economic Council, there are 100 deposits of mineral waters in the Kyrgyz Republic.

According to the Council's information, there are about 100 deposits of mineral waters, 30 areas of carbonic acid water, more than 50 occurrences of warm and hot water, there are radon, sulfate, ferrous, and other types.

Health resorts are located on 4 deposits of mineral and thermal waters. In some deposits there are local recreation and spa treatment.

"Therapeutic-table water of 8 deposits is used for bottling. Possibilities of increasing the bottling and exporting of environmentally friendly fresh and table-therapeutic waters are not limited" – is pointed out in the information of the Council.

<http://kyrtag.kg/>

May 7, 2015

The Aarhus Center has been opened in Bishkek, which aimed to raise public awareness on environmental issues

The official opening of the Aarhus Center was held in Bishkek, which was followed by a one-day roundtable to discuss the plans of the Aarhus Center in Bishkek and Osh in 2015, as well as the implementation of the Aarhus Convention in the region.

The opening of the new Aarhus Center is the

tender commission.

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

April 8, 2015

Deputies are proposing to introduce customs duties on the export of ore

The deputies are proposing to introduce customs duties on the export of ore. The relevant draft law was submitted to the Parliament.

A group of parliamentarians offers to indicate in law the fee for iron ore and concentrates containing precious metals.

So, until July 1, 2015 it is proposed to set a tariff of 15% of the customs value of the goods, until January 1, 2016 - 20%, until 1 January 2017 - 25%, from January 1, 2017 and further - 30%.

"In recent years in Kyrgyzstan, there is a tendency to increase the volume of commodity exports, in the form of ore and concentrates containing precious metals. So, if in 2008 4,731.4 tons of gold ore were exported, in 2011 41,056.7 tons of ore were exported. As it follows that the volume of export of gold ore in four years has grown by more than 8.7 times. However, the export of commodities does not produce value added, benefit of the government from receiving additional tax revenues to the budget of the state is lost" – was noted by the deputies in the informational note to the draft law.

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

result of the Memorandum of Understanding between the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic and the OSCE Center in Bishkek in December last year.

Aarhus Center is aimed at raising public awareness on environmental issues. It will also play a central role in improving public awareness and access to justice in environmental matters. The Kyrgyz Republic ratified the Convention in 2001 and three years later opened the Aarhus Center in Osh with the support of the OSCE Center in Bishkek. The Center in Bishkek will work closely with existing operational center in the south of the country to establish an open dialogue on environmental issues.

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

May 7, 2015

Gold weighted bullion bar has been issued

The National Bank of the Kyrgyz Republic issued gold weighted bullion bar in order to create alternative instruments for savings and investment for the population through the establishment and development of the bank precious metals.

On March 12, 2015, the President Almazbek Atambaev and the Chairman of the National Bank Tokunbek Abdygulov discussed the issues of implementation of the alternative investment tools - gold bullion bar in the Kyrgyz Republic.

In a joint statement of the Government and the National Bank of the Kyrgyz Republic it was stated that the purchases of gold in the domestic market in the national currency will be carried out in order to replenish international reserves, taking into account the situation on the world financial markets.

Gold weighted bullion bar will be implemented in the cities of Bishkek and Osh. Bullion weighing 1 gram, 2 grams, 5 grams, 10 grams, 31.1 grams and 100 grams are available for sale. All gold is with the fineness of 999.9

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

May 6, 2015

The company “Besh-Archa” won the tender for the brown coal deposit Bel-Alma, offering \$ 1 million. 70 thousand

On May 6, 2015 a meeting of the tender committee for the development of brown coal deposit Bel-Alma took place in the Ministry of Economy of the Kyrgyz Republic, in the course of which Besh-Archa LLC won the tender.

The counting commission has announced the final results: Besh-Archa LLC gained 327 points, Periti Coal LLC - 313 points and Ormosh Oil LLC - 244 points.

As a result, the winner is Besh-Archa LLC.

Earlier, Periti Coal LLC offered \$ 1 million. 70 thousand, Besh-Archa also offered the same amount and Ormosh Oil LLC offered \$ 1.5 million.

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

May 4, 2015

Kyrgyzaltyn will be led by Almaz Alimbekov

Mr. Almaz Alimbekov is appointed as the acting Chairman of the Management Board of Kyrgyzaltyn OJSC. Prior to that, A. Alimbekov led the Department of Natural Resources of the Ministry of Economy of the Kyrgyz Republic, and then the Department of Fuel and Energy Complex of the Government of the Kyrgyz Republic.

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

May 4, 2015

Tender for Jerooy: The winning company “Vostok-Geoldobycha” offered \$ 100 million

On May 4, 2015 there was a meeting of the tender committee on a tender for the right to use natural resources for the development of Jerooy deposit and geological exploration of Jerooy area.

As a result, a company "Vostok-Geologodobycha", which got 405 points, won the tender. Kyrgyzaltyn OJSC got 305 points.

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

April 30, 2015

The Government of the Kyrgyz Republic won Stans Energy Corp. in arbitration court

The Arbitration Court of Moscow, having considered the appeal of the Kyrgyz Republic in the case of Stans Energy Corp., made a decision in favor of the Kyrgyz Republic.

"Yesterday the Arbitration Court cancelled the decision of another international court to recover from the Government of the Kyrgyz Republic \$ 118 million at Kuttessay case in a favor of a Canadian company Stans Energy Corp. The decision will come into force within 30 days if the parties do not appeal against it,"- said the director of the Center of legal representation of the Government of the Kyrgyz Republic Timur Shambetov.

Earlier the Government of the Kyrgyz Republic based on the decision of the Economic Court appealed against the award of the International Commercial Arbitration Court under the Chamber of Commerce of Russia in the case of Stans Energy Corp. at the Arbitration Court of Moscow.

On June 30 last year, the International Commercial Arbitration Court under the Chamber of Commerce of Russia in its award ordered the Government of the Kyrgyz Republic to pay Stans Energy Corp. \$ 118,200,000 for the cancellation of the license for the Kuttessay deposit. The Government of the Kyrgyz Republic, in turn, announced its intention to appeal the award.

However, on October 14, 2015, the Supreme Court of Ontario (Canada) seized 47 million shares of Kyrgyzaltyn OJSC in the Canadian gold mining company Centerra Gold Inc. by the request of the Canadian mining company Stans Energy Corp. Pursuant to the decision of the court, the Kyrgyz Republic and Kyrgyzaltyn OJSC may not sell, dispose of, exchange, assign and pledge 47 million shares in Centerra Gold Inc. registered at the name of Kyrgyzaltyn OJSC. The shares of Kyrgyzaltyn OJSC are arrested in order to allow Stans

Energy Corp. to get from the Kyrgyz Republic the amount of the claim of \$ 118 million.

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

April 15, 2015

An auction for the right to subsoil use was held in Naryn

An auction for the right to subsoil use was held in Naryn.

According to the State Agency for Geology and Mineral Resources, two companies applied to participate in the auction for Sultansary ore deposit (exploration gold) Egiz-Tor Developing LLC and Asia Gold Company LLC.

Egiz-Tor Developing LLC, which offered \$130,730 won the auction. The starting price was \$ 47,730.

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



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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.gov.kg, www.miningnews.kg, etc.

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If you have any comments, please contact Jyldyz Tagaeva at itagaeva@k-a.kg

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