



## MINING INDUSTRY AND LEGAL UPDATE

KALIKOVA  
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### Industry Update

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September 10, 2014

#### **First meeting of the joint Kyrgyz-Russian working group on cooperation in the Kyrgyz Republic gold sector will be held in early October this year**

According to the decision of the 16th session of the Intergovernmental Kyrgyz-Russian Joint Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation, on September 8, 2014 a meeting on the Kyrgyz-Russian cooperation in the gold mining industry of the Kyrgyz Republic was held in the Ministry of Economy of the Kyrgyz Republic.

The meeting discussed the issues of constitution of the Kyrgyz-Russian Working Group on the development of the program of cooperation in the gold mining industry of the Kyrgyz Republic, as well as a draft plan of the joint Kyrgyz-Russian Working Group.

As a result of the meeting, it was decided to hold the first meeting of the joint Kyrgyz-Russian working group on cooperation in the gold mining industry of the Kyrgyz Republic in the first ten days of October, 2014.

[http://mineconom.gov.kg/index.php?option=com\\_content&view=article&id=4023&catid=63&lang=ru](http://mineconom.gov.kg/index.php?option=com_content&view=article&id=4023&catid=63&lang=ru)

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September 4, 2014

#### **The State Agency for Geology and Mineral Resources encourages people**

### Legal Update

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September 12, 2014

#### **The State Agency for Environmental Protection and Forestry put out for public discussions a draft Regulation on the procedure of conducting the environmental impact assessment**

The State Agency for Environmental Protection and Forestry put out for public hearings a draft resolution of the Government on approval of the Regulation on procedure of conducting the environmental impact assessment in the Kyrgyz Republic.

It is proposed to approve the Regulation in accordance with the laws "On Environmental Protection", "On Ecological Expertise", "General technical regulation on environmental safety in the Kyrgyz Republic", "On the accession of the Kyrgyz Republic to the Convention of the United Nations Economic Commission for Europe on Environmental Impact Assessment in a Transboundary Context".

The explanatory note to the draft Regulation states: "Conducting the environmental impact assessment (the "EIA") is a means of ensuring environmental safety and a basis for the state ecological expertise. EIA is based on a simple principle: it is easier to identify and prevent the negative effects of activities on the environment in the planning stages, than to find and fix them at the stage of its implementation".

The draft Regulation on procedure of conducting the environmental impact assessment in the Kyrgyz Republic also defines the goals, principles, procedure of organization and conducting the EIA, as well as established

## **and companies to be cautious when purchasing shares or other securities of the companies allegedly owning the rights to Jerooy deposit**

The State Agency for Geology and Mineral Resources has learned from the media that Public Fund "Fund for Development of Talas Region "Kut" operates on the territory of Talas region, which sells to the residents of Talas region certificates (shares) of the people company Talas Altyn OJSC for 30 tyiyn per piece. The information on the activities of the Public Fund "Fund for Development of Talas Region "Kut" was published in the newspaper "Turan" in August 2014 issue.

The Public Fund disseminates information that this project of creating a people's company in the form of a joint stock company, where the local residents would be shareholders was approved by the Government of the Kyrgyz Republic, and that allegedly Talas Altyn OJSC will be provided a right to develop Jerooy deposit.

The State Agency for Geology and Mineral Resources officially declares that currently subsoil use rights to Jerooy deposit in Talas are not provided to anybody. Also, the State Agency for Geology and Mineral Resources has not considered and does not plan to provide these rights to Talas Altyn OJSC. Any other information is knowingly false and likely to be used for fraudulent purposes.

Currently, a draft decision on the competition for Jerooy deposit is only considered by the Government of the Kyrgyz Republic.

In order to avoid fraud, the State Agency for Geology and Mineral Resources encourages people and companies to be cautious when purchasing shares or other securities of the companies allegedly owning the rights to the deposit and recommends to check the information in the State Agency for Geology and Mineral Resources, or on the official website of the agency.

[http://geology.kg/index.php?option=com\\_content&view=article&id=554%](http://geology.kg/index.php?option=com_content&view=article&id=554%)

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September 1, 2014

## **Coal production in Kyrgyzstan increased by 26% per year**

According to the technical director of the state enterprise "Kyrgyzkomur" Valery Bobrov, coal mines in the Kyrgyz Republic in January-July produced 615.3 thousand tons of coal, which amounted for 126% compared to last year.

requirements to the content of the documents on environmental impact assessment.

<http://kg.akipress.org/news:602811>

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September 10, 2014

## **The Ministry of Economy submitted to the Government the draft orders on establishment of competition commissions on subsoil use rights to Jerooy, Bel-Alma, Arym II deposits**

Ministry of Economy submitted to the Government the draft orders on establishment of competition commissions on subsoil use rights to Jerooy, Bel-Alma, Arym II deposits.

It is noted that this was done in order to attract investments and stop the practice of issuing large mineral deposits without competition. According to the Government's resolution, the deposits of gold Jerooy, lignite Bel-Alma and marble Arym II are included in the list of deposits of national importance. Subsoil use rights to those deposits shall be provided solely as a result of competitions.

In addition, the draft orders on establishment of the competition commission on deposits of national importance Tegene, Karakeche, Kurmenty have been approved by ministries, agencies and are under examination in the Ministry of Justice of the Kyrgyz Republic.

After obtaining the opinion of the Ministry of Justice, they will also be submitted to the Government.

<http://www.24kg.org/economics/186205-ministerstvo-yekonomiki-vneslo-v-pravitelstvo.html>

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August 22, 2014

## **The State Agency for Geology and Mineral Resources submits for public discussion the draft normative legal acts in the field of industrial safety**

The State Agency for Geology and Mineral Resources submits for public discussion the draft normative legal acts in the field of industrial safety.

All comments and suggestions shall be addressed to the head of department of

He said that the cost of the marketable product is estimated at 732.9 million soms, or 120% compared to last year. In China, Uzbekistan and Tajikistan 32.5 thousand tons of coal worth 46 million soms were exported.

The northern region's coal production is 214.2 thousand tons, the south - 401.1 thousand. Naryn region produced 214.1 thousand tons, Batken - 89.4 thousand tons, Osh - 237.3 thousand tons, Jalal-Abad - 74.4 thousand tons, Issyk-Kul - 183.4 tons.

Estimated coal production for August is 100 thousand tons, and for 8 months in 2014 - 715.3 thousand tons, or 126% compared to last year. In this case, the value of marketable production should reach 854.1 million soms, or 124% compared to last year.

In total, according to the approved plan of mining operations in 2014, it is planned to ensure coal production of 1.5 million tons. In this case, the total demand in the country is estimated at 2-2.2 million tons.

[http://www.vb.kg/doc/285169\\_obem\\_ygledobychi\\_v\\_kyrgyzstane\\_vyros\\_na\\_26\\_za\\_god.html](http://www.vb.kg/doc/285169_obem_ygledobychi_v_kyrgyzstane_vyros_na_26_za_god.html)

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August 7, 2014

### **The representatives of mining companies were taught the principles of good cooperation with population**

A two-day training for managers of mining companies ended in Bishkek, in which once again the Extractive Industries Transparency Initiative (EITI) and the formation of a social package were discussed. The event was held within the framework of the program of the Eurasia Foundation of Central Asia (EFCA) "Initiative for transparent local governance and cooperation" in partnership with the International Business Council, and with financial support from the United States Agency for International Development (USAID).

According to organizers, the goal of training is to get acquainted with the principles of the EITI and the new standards, as well as successful examples of foreign countries, where the tools of the EITI and social packages are used effectively by mining companies to achieve transparency and are effective mechanisms of work with local communities to prevent and resolve all possible conflicts.

In order to study and possible use of the experience of other countries that have successfully developed their mining industry, in

industrial safety regulation Ildar Vazifovich Gilfanov via e-mail: [ildar\\_vaz13@mail.ru](mailto:ildar_vaz13@mail.ru)

- Draft Resolution of the Government of the Kyrgyz Republic on the approval of the Technical Regulation "On the security of explosives and products containing them, processes of their production, use, storage, transportation, marketing and utilization";
- Draft Resolution of the Government of the Kyrgyz Republic on the approval of the Technical Regulation "On the safety of production processes of mining open pit";
- Draft Resolution of the Government of the Kyrgyz Republic on approval of legal acts in the field of industrial safety and Amending Resolution of the Government of the Kyrgyz Republic "On State Agency for Geology and Mineral Resources of the Kyrgyz Republic" dated February 20, 2012 No. 127;
- Draft Resolution of the Government of the Kyrgyz Republic on approval of the Technical Regulation "On the safety of production processes of construction and operation of underground facilities not related to the extraction of minerals, as well as objects of mining underground way";
- Draft Resolution of the Government of the Kyrgyz Republic on the approval of the Technical Regulations "On the safety of production processes, acquisition, implementation, use, storage and disposal of highly toxic substances";
- Draft Resolution of the Government of the Kyrgyz Republic on the approval of the Technical Regulations "On the safety of production processes of enrichment, mineral processing and disposal of mining and metallurgical industries";
- Draft Resolution of the Government of the Kyrgyz Republic on approval of provisions on the organization and implementation of industrial control organizations operating in the field of industrial safety of hazardous production facilities.

[http://geology.kg/index.php?option=com\\_content&view=article&id=551](http://geology.kg/index.php?option=com_content&view=article&id=551)

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cooperation with all stakeholders, international expert from Azerbaijan, Chairman of the EITI Secretariat for Eastern Europe and Central Asia, a member of the international board of the EITI in Oslo, Gubad Ibadoglu was invited to the training. International expert presented successful examples of building cooperation with local residents and key stakeholders in the mining industry, as well informed Kyrgyz miners about the new standards and the principles of the EITI in the formation of the social package.

[http://www.knews.kg/gornoe\\_delo/53221/](http://www.knews.kg/gornoe_delo/53221/)

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July 30, 2014

### **Two deposits of iron and rare earth elements in Kyrgyzstan are sold for \$ 218,000**

Two licenses for use of deposits of iron and rare earth elements are sold for \$ 218,000.

License for subsoil use (iron) of the geological area "Nadir" was bought by the company "Sary-Talaa kench", offering \$211 thousand for the deposit. The deposit is located in Kadamjai district of Batken region.

Geological area "Delbeg-Tutek" (rare earth elements) was granted to the company "Batken Too Bailygy" for \$7 thousand. The deposit is located in Batken district of Batken region.

The auction took place in Kadamjai district administration of Batken region.

<http://www.24kg.org/economics/184206-v-kyrgyzstane-dva-mestorozhdeniya-zheleza-i.html>

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July 25, 2014

### **The State Agency for Geology and Mineral Resources: The right to use subsoil of the deposit of quartzite Baladjan is provided for \$ 3,210 thousand**

According to the State Agency for Geology and Mineral Resources subsoil use rights to the plot "Severnyi" of the deposit of quartzite Baladjan is provided for \$ 3,210 thousand.

The State Agency for Geology and Mineral Resources held an auction to provide licenses for subsoil use for exploration work in the village of Kok-Oi of Talas region. Applications were received from two companies: Apriori-Electronic LLC and Agrotehservis Asyl-Tash LLC.

August 15, 2014

### **The Committee of the Parliament on fuel and energy complex and subsoil has determined its legislative activities until the end of 2014**

The Committee of the Parliament on fuel and energy complex and subsoil published on the website of the Parliament its plan of legislative activities until the end of 2014.

- 1) Draft Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On Oil and Gas", initiated by the Decree of the Government of the Kyrgyz Republic dated March 28, 2014 No. 186.  
September - October 2014
- 2) Draft Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On Oil and Gas", initiated by a deputy of the Parliament O. Tekebaev.  
September - October 2014
- 3) Draft Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On the licensing system in the Kyrgyz Republic", initiated by the members of the Parliament of the Kyrgyz Republic.  
September - November 2014
- 4) Draft Law "On Amendments to the Law of the Kyrgyz Republic "On non-tax payments", initiated by the members of the Parliament of the Kyrgyz Republic.  
September - November 2014

#### **Legislative drafting**

- 1) Draft Law of the Kyrgyz Republic "On Amendments to the Criminal Code of the Kyrgyz Republic" (in terms of sanctions for violation of the legislation on subsoil)  
January - February 2014
- 2) Draft Law of the Kyrgyz Republic "On Concessions"  
October - December 2014
- 3) Draft Law of the Kyrgyz Republic "On mountain concession"  
October - December 2014
- 4) Draft Law of the Kyrgyz Republic "On Production Sharing Agreements"  
October - December 2014

<http://www.tazabek.kg/news:377218/?from=rss>

As a result, the auction was won by Apriori-Electronic LLC, offering \$ 3,210 thousand for the deposit at a starting price of \$ 1.1 thousand.

<http://www.24kg.org/economics/184131-gosgeologiya-pravo-polzovaniya-nedrami.html>

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July 24, 2014

### **For the first half of year the volume of tax revenues from the mining sector amounted to 2,9 billion soms**

Tax revenues from the mining sector in the first half of 2014 amounted to 2 billion 894 million 330 thousand soms, which is 3.8% less than the same period last year.

At the same time, subsoil use tax amounted to only 304 million 347 thousand soms, which compared to the same period in 2013 decreased by 35.8%, of which, the bonus amounted to 153 million 705 thousand soms, compared with the same period, it decreased by 56.2% and royalty - 150 million 641.1 thousand soms, which is 22.8% more than last year.

In the first half of 2014, 11 auctions were announced, of which 6 auction were not held, 5 auctions, which were held, brought more than \$ 2 billion soms.

[http://www.knews.kg/gornoe\\_delo/52833/](http://www.knews.kg/gornoe_delo/52833/)

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July 24, 2014

### **The State Agency for Geology and Mineral Resources is planning to put out to tender 10 objects in the fall**

The Director of the State Agency for Geology and Mineral Resources informed that it is planned to put out 10 objects to tender, including Terek and Terekkan deposits.

It is also planned to put out to tender "Tegene", "Tashkoro", "Kara-Keche", "Minkush" and continue to conduct auctions

[http://www.knews.kg/gornoe\\_delo/52830/](http://www.knews.kg/gornoe_delo/52830/)

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July 18, 2014

### **The State Agency for Geology and Mineral Resources issued 202 licenses for subsoil use within six months**

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August 13, 2014

### **The Government of the Kyrgyz Republic has simplified a number of requirements to investors in the mining industry**

In order to improve the investment climate, the Government of the Kyrgyz Republic has reduced the number of requirements for mining investors. The respective decree was signed by the Prime Minister Djoomart Otorbaev.

It is planned to delineate authority to perform certain types of expertise to create a more comfortable environment for the acquisition of licenses and the package of geological information. In addition to attracting investment it is planned to simplify the procedures for participation in tenders and auctions for foreign legal entities. A measure helping to avoid extra costs in terms of the classifieds of tenders and auctions is taken. In addition, the rate for distribution of total sum of the tender and auction is revised to increase up to 5% of the funds transferred to the special account of the working body of the commission, and to reduce to 3% - to the special account for the development of the mineral resource base of the Kyrgyz Republic

[http://www.knews.kg/gornoe\\_delo/53393/](http://www.knews.kg/gornoe_delo/53393/)

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August 8, 2014

### **It is proposed to legalize artisanal gold mining in the Kyrgyz Republic**

The Ministry of Economy of the Kyrgyz Republic, in order to streamline the individual artisanal mining activity of placer gold and other precious metals, to interdict illicit mined metal and its export to other countries, has prepared a draft decree "On approval of the legal acts in the sphere of the individual artisanal activities on the territory of the Kyrgyz Republic".

The draft resolution is expected to approve regulations governing the activities of artisanal miners on mining and washing of placer gold without significantly disturbing the integrity of subsurface resources. During the work exclusively gravitational methods of extracting gold from sand shall be used. It will not be allowed to use the technology to extract gold using highly toxic substances, acids, mercury.

To engage in such activities it is necessary to purchase an annual patent as an individual entrepreneur.

Within six months of 2014 the State Agency for Geology and Mineral Resources received 518 applications for obtaining licenses for subsoil use.

According to U. Ryskulov, Deputy Director of the State Agency for Geology and Mineral Resources, 202 licenses were issued, 89 applications were deferred, and 255 applications were denied. 15 licenses were issued for the gold (search – 10, exploration – 5), 14 licenses for metals (search – 7, exploration - 7), 108 licenses for non-metallic minerals (search – 15, exploration – 63, development - 30), 34 licenses for coal (search – 1, exploration - 22, development - 11), 5 for oil (search), and 26 licenses for water (development).

U. Ryskulov noted that for the reporting period 567 issues were considered in relation to the effective licenses. 38 licenses were prolonged, in 57 cases license attachments to conduct works were issued, 60 licenses were revoked, and 8 licenses were transformed.

According to U. Ryskulov, as of July 30, 2014 the total amount of effective licenses is 1218. 175 were issued for development of gold, 74 for metals, 477 for non-metallic minerals, 220 - coal, 56 - oil and gas, 216 - groundwater.

<http://kabarlar.org/?newsid=27145>

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July 16, 2014

### **The draft order on competition for Kurmenty deposit is being discussed with ministries**

The State Agency for Geology and Mineral Resources has prepared a draft order on the competition for a limestone deposit Kurmenty.

“To date, the draft order on the competition on Kurmenty deposit prepared by the State Agency for Geology and Mineral Resources, being agreed with the ministries and departments. Once agreed, taking into account the comments and suggestions by the Ministry of Economy, the final version of the draft order will be submitted to the Office of the Government” – stated the press-service of the State Agency for Geology and Mineral Resources.

<http://www.vb.kg/280570>

In addition, one of the proposed innovations is that subsoil with placer gold mineralization outside the State cadastre of deposits and occurrences of minerals of the Kyrgyz Republic can be developed by the individual artisanal method.

<http://kyrtaq.kg/news/detail.php?ID=291786>

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July 18, 2014

### **The Law of the Kyrgyz Republic “On Amendments to the Code on Administrative Liability” dated July 18, 2014 No. 140**

On July 18, 2014, the President of the Kyrgyz Republic Almazbek Atambaev signed the Law of the Kyrgyz Republic “On Amendments to the Code on Administrative Liability”.

The law was adopted by the Parliament of the Kyrgyz Republic on June 18, 2014.

The purpose of the Law is to strengthen the administrative liability for offenses against the right of state ownership for mineral resources of the Kyrgyz Republic.

The Law entered into force after 10 days from the date of its publication, i.e. on August 1, 2014

<http://www.president.kg/ru/news/zakony/4306>



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