



MINING INDUSTRY AND LEGAL UPDATE

KALIKOVA
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Information for effective business solutions

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Industry Update

November 4, 2014

“Kyrgyzaltyn” will receive dividends on arrested shares in Centerra

The Board of Directors of Centerra Gold Inc. resolved to make transfer in the form of dividends to its shareholders in the amount of 4 cents per share.

According to the deputy chairman of the Management Board of OJSC “Kyrgyzaltyn” Kylychbek Shakirov, on October 28 and 29 in Toronto (Canada) there was a meeting of the Board of Directors of the Canadian gold mining company, where such decision was taken.

Mr. Shakirov said that the dividends from the shares of OJSC “Kyrgyzaltyn” for the third quarter of this year will go to the accounts of the company, but due to the arrest of their shares it is impossible to obtain them yet.

<http://www.vb.kg/292374>

November 3, 2014

Commission on competition on the Kurmenty deposit began its work

On November 3, the first meeting of the interdepartmental commission for the competitive tender for the right to develop Kurmenty deposit of limestone was held in the Ministry of Economy.

At the meeting the Head of the State Geology Agency Duyshenbek Zilaliev said that Kurmenty deposit of limestone is considered to be the unique

Legal Update

October 23, 2014

Amendments to the Law “On Environmental Protection” are sent to the vote

The bill “On Amendments to the Law of the Kyrgyz Republic “On Environmental Protection” was reviewed on October 22 during the meeting of the Kyrgyz Parliament. Director of the State Agency for Environmental Protection and Forestry Sabir Atadjanov presented the main provisions of the bill.

The bill was developed in connection with the need to revise the rates for the use of fauna and flora. The amendments provide for an increase of the amount of the existing rates.

As reported by Sabir Atadjanov, the bill stipulates that the Government of the Kyrgyz Republic is empowered to establish rates and standard charge rates for natural resource management, the procedure of their collection and use.

Following the review the bill was sent to the vote.

<http://miningnews.kg/index.php/ru/news/item/330-popravki-v-zakon-ob-okhrane-okruzhayushchej-sredy-napravleny-na-golosovanie>

October 23, 2014

Resolution of the Government of the Kyrgyz Republic dated October 23, 2014 No. 612 “On Approval of

subsoil object in economic and social terms.

Also Mr. Zilaliev presented the composition of the commission and the relevant regulation. After discussions the regulation was adopted taking into account all comments and suggestions. The commission includes heads of ministries and state departments, as well as local government and members of the Parliament.

Within one month the interdepartmental commission is tasked to develop the conditions and procedure of the competition, as well as criteria for determining the winner, and to submit for approval to the Government in the prescribed manner.

http://www.vb.kg/doc/292124_komissiiia_po_konkyrsy_na_kyrmentinskoe_mestorojdenie_nachala_raboty.html

November 3, 2014

The “Taldybulak Levoberejniy” deposit employs more than 500 Kyrgyz nationals

Starting the production process in “Alтынken” LLC is scheduled for January-February 2015. Currently, the deposit test is carried out for checking the equipment at the completion stage of gold processing plant construction, as well as tailings.

Currently, “Alтынken” LLC employs more than 500 people. In the near future it will take another 400 professionals trained by the Interdisciplinary Training Center under the State Geology Agency, commissioned by “Alтынken” LLC for eighteen months. About 100 of them have already visited the deposit as a trainee with subsequent employment.

http://k-news.kg/gornoe_delo/56547/

October 30, 2014

The Kyrgyz Republic has improved its position on the gold reserves by one point this year

This year, Russia is ahead of China and reached the 6th place restocked at 100 tons. Kazakhstan improved its position from 26th last year and moved to the 24th position, adding to their reserves 51 tons of gold. The Kyrgyz Republic with 88th place in the last year, improved to 87th this year. Canada, in contrast, went from 89th place to 92nd place this year.

<http://miningnews.kg/index.php/ru/statistics/item/37-kyrgyzstan-uluchshii-svoyu-pozitsiyu-po-zapasam-zolota-na-odin-punkt>

Temporary Rules for issuance of permits for felling of valuable (walnut and juniper) tree species in the Kyrgyz Republic”

Resolution of the Government of the Kyrgyz Republic dated October 23, 2014 approved the Temporary Rules for issuance of permits for felling of valuable (walnut and juniper) tree species in the Kyrgyz Republic.

According to the Temporary Rules felling of valuable (walnut and juniper) tree species during construction and blasting, laying cables, pipelines, highways and other communications, exploration and development of mineral resources within the territories shall be based on the conclusion of the state ecological expertise with reimbursement of damages (including lost profits) and forestry production losses as a result of felling of valuable tree species and with the authorization of the State Agency for Environmental Protection and Forestry.

It shall be noted that the Temporary Rules will be in effect until March 1, 2015.

October 13, 2014

Competition commission for repeated tender for the right to subsoil use with the purpose to develop the gold deposit Jerooy is formed

An interdepartmental competition commission for repeated tender for the right to subsoil use with the purpose to develop the gold deposit Jerooy and explore Jerooy area is formed by the decree of the Government of the Kyrgyz Republic dated October 9, 2014 No. 450-p.

According to the decree, the interdepartmental competition commission shall draft the conditions and procedure of the competition, as well as criteria for determining the winner and submit for approval to the Government of the Kyrgyz Republic within one month.

October 8, 2014

Resolution of the Government of the Kyrgyz Republic dated October 8, 2014 No. 584

On October 8, 2014 the Government of the Kyrgyz Republic adopted resolution “On issues of the State Geology Agency”, according to which the state enterprise “North-Kyrgyz Geological Expedition of the State Geology Agency” was renamed into the state enterprise “North-Kyrgyz Geological

October 15, 2014

60% shares of “Kyrgyzaltyn” OJSC in Centerra Gold are arrested

On October 14, 2014 Supreme Court of Ontario (Canada) has arrested 47 million shares of “Kyrgyzaltyn” OJSC in Canadian gold mining company Centerra Gold Inc. at the request of the Canadian mining company Stans Energy Corp.

By the decision of the court, the Kyrgyz Republic and “Kyrgyzaltyn” OJSC are prohibited to sell, dispose of, exchange, assign and pledge 47 million shares of “Kyrgyzaltyn” OJSC in Centerra Gold Inc., registered at the name of “Kyrgyzaltyn” OJSC.

Given the value of the shares of Centerra Gold Inc. on the basis of trading at the Toronto Stock Exchange as of October 14 at \$ 4.96 a piece, arrest extends to 60.76% of shares of “Kyrgyzaltyn” OJSC in the Canadian gold mining company will make \$ 233 million and 120 thousands. Today share package of “Kyrgyzaltyn” OJSC is estimated at \$ 383 million and 660.3 thousands.

Stans Energy Corp. made the arrest of shares to make the Kyrgyz Republic to enforce the international arbitration award rendered by the Arbitration Court of the Moscow Chamber of Commerce and Industry on payment of \$ 118.2 million for the start of the trial in the country to invalidate the renewal of the license agreement for subsoil use of the Kutessay II deposit of rare earth metals.

“At the moment, we see no alternative except for going to urgent measures for the successful solution of the arbitration decision in our favor”, said the president and CEO of Stans Energy Corp. Rodney Irwin.

At the same time, in late September, the Kyrgyz Republic has made the revision of the award on the payment to the Stans Energy Corp. of compensation in the amount of \$ 118.2 million.

According to the Government of the Kyrgyz Republic, on September 24, 2014 the Federal Arbitration Court of the Moscow District sent for a new review the arbitration decision dealing with the Moscow Chamber of Commerce and Industry (MCCI) on payment of \$ 118.2 million by the Kyrgyz Republic.

The case was sent for review to the Court of First Instance - the Moscow Arbitration Court, which in July of this year has already endured the operative part of its resolution and ceased the court case, by upholding the decision of the Arbitration Court of the MCCI.

Expedition” under the State Geology Agency, the state enterprise established under the right of economic management “South-Kyrgyz Geological Expedition of Order of the Red Banner of Labor” – into the state enterprise “ South-Kyrgyz Geological Expedition of Order of the Red Banner of Labor” under the State Geology, the state enterprise “Kyrgyz Complex Hydrogeological Expedition” – into the state enterprise “Kyrgyz Complex Hydrogeological Expedition” under the State Geology Agency, the state enterprise “Kyrgyz Methodical Expedition of Geological and Economic Research” under the State Geology Agency and the state enterprise “Central Laboratory of the State Geology Agency” – into the state enterprise “Central Laboratory” under the State Geology Agency.

By this resolution the charter of the above mentioned enterprises were approved, and, consequently, the institutional and management structure of the State Geology Agency was changed.

September 24, 2014

Ministry of Economy developed Regulation on the procedure of granting land plots for subsoil use

This decision of the Government of the Kyrgyz Republic is aimed at the approval of the Regulation on the procedure of granting land plots for subsoil use. The proposed Regulation aims to eliminate all kinds of administrative barriers.

The development of the presented draft Regulation is a continuation of the reforms in the mineral resources and mining industry of the Kyrgyz Republic and the first systematic legal act regulating the procedure for granting land plots for subsoil use.

The following three important rules are introduced to ensure:

- simultaneous granting of land allotment and subsoil use rights to develop under the mine allotment;
- assignment of lands for the use of mineral resources into a separate highly specific category;
- designation of lands for the use of mineral resources to the lands of state reserve.

Guided by the principle of “one-stop shop”, the land allotment under the subsoil use will be issued simultaneously with the issuance of subsoil use rights to develop within the mine allotment.

<http://miningnews.kg/index.php/ru/news/item/210-ministerstvom-ekonomiki-razrabotano-polozhenie-o-poryadke-predostavleniya->

http://www.vb.kg/doc/289701_arestovany_60_akciy_kyrgyzstana_v_centerra_gold.html

September 10, 2014

400 people from the local population will be employed in the company investor - gold mining company "Alтынken" LLC

On September 29, 2014 Interdisciplinary Training Centre under the State Geology Agency conducted final exams, after successful completion of which, students will seek employment in the company investor - gold mining company "Alтынken" LLC.

Earlier, on December 10, 2012, under the relevant contract, the Interdisciplinary Training Centre under the State Geology Agency in order to reduce social tensions between the local population of the Kemin district and the investor "Alтынken" LLC training of 400 people from the local population has started.

Currently, some trainees of the courses of preparation of workers for the mining industry are practicing at the Solton-Sary base, Makmal, 30 of which are practicing in China.

http://geology.kg/index.php?option=com_content&view=article&id=560%3A6&catid=8&Itemid=232&lang=ru

September 10, 2014

Ministry of Economy informs about the upcoming competition for Jerooy, Bel-Alma, Arym II deposits

Ministry of Economy of the Kyrgyz Republic has sent in the prescribed manner the draft decree on establishment of interdepartmental competition committee for Jerooy, Bel-Alma, Arym II subsoil deposits in order to attract investors, and to stop the practice of issuing large mineral deposits without competition.

It should be noted that according to the decision of the Government of the Kyrgyz Republic "On the situation in the mining sector and the prospects of its development" as of June 13, 2013, the gold deposit Jerooy, brown coal deposit Bel-Alma and marble deposit Arym II are included in the list of deposits of national importance.

In accordance with Article 15 of the Law of the Kyrgyz Republic "On Subsoil", the mineral deposits of national importance are provided solely through the competition.

[zemelnykh-uchastkov-pod-nedropolzovanie](http://www.vb.kg/doc/289701_arestovany_60_akciy_kyrgyzstana_v_centerra_gold.html)

September 23, 2014

The Advisory Council on policy in the sphere of subsoil use of the Ministry of Economy is established

On September 15, 2014 the Ministry of Economy of the Kyrgyz Republic in order to create a partnership between the state and the business community, to create favorable conditions for the development of the mining industry, to identify ambiguous and complex issues of the legislation in the sphere of subsoil use, review promptly and develop a uniform approach to the solution of such issues, discuss effectively the draft regulations in the sphere of subsoil use, as well as to improve the quality of drafting of legal acts in the sphere of subsoil use created the Advisory Council on policy in the sphere of subsoil use.

The Advisory Board is composed of representatives of the Government Office of the Kyrgyz Republic, the Ministry of Economy, the State Geology Agency, as well as representatives of the business community and experts.

The main purpose of the Advisory Council is to provide a platform for discussion and adoption of coordinated decisions on the development and improvement of legal acts in the sphere of subsoil use.

Also, it should be noted that the Advisory Council generates effective feedback between business entities and state authorities, provides an opportunity to submit for discussion important issues in the sphere of subsoil use and coordinate joint work to address them. In this connection, one of the important functions of the Advisory Council is to give a new impetus to the development of the mining industry in the Kyrgyz Republic.

http://mineconom.gov.kg/index.php?option=com_content&view=article&id=4058&catid=63&lang=ru

September 16, 2014

Director of the State Department for Regulation of Fuel and Energy Sector has changed

Director of the State Department for Regulation of Fuel and Energy Sector has changed. Mirgul Aidarova was replaced by Nurbek Elebaev. Mirgul Aidarova was appointed as the deputy director of the State Department.

http://mineconom.gov.kg/index.php?option=com_content&view=article&id=4025&catid=63&lang=ru

Earlier Nurbek Elebaev headed the broker company "Niet-Araket", was the member of the Board of Directors of Kyrgyz Stock Exchange, as well as of a number of companies with state participation. In 2010-2011 he worked in the civil service as a chairman of the State Service for the Regulation and Supervision of the Financial Market of the Kyrgyz Republic.

<http://www.vb.kg/286590>

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www.geology.kg, www.gov.kg

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