



## MINING INDUSTRY AND LEGAL UPDATE

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### Industry Update

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March 1, 2013

#### **Competition Commission has set a minimum price for Jerooy at \$ 300 million.**

Members of the competition committee for Jerooy on the 1st of March voted unanimously to establish a minimum price for Jerooy at \$ 300 million. Previously suggested starting price was set at \$ 100 million. The date of the contest is not yet determined.

February 26, 2013

#### **In 2013, Kyrgyz Geology Agency expects to receive a \$460 million revenue from five tenders for a number of deposits**

In 2013, Kyrgyz Geology Agency expects to receive a \$460 million revenue from five tenders for a number of deposits, as stated in the report of the department for 2013 and tasks for 2013.

<http://www.tazabek.kg/news:346576>

February 21, 2013

#### **Parliament approved a draft resolution on Kumtor.**

According to the resolution, the Government of the Kyrgyz Republic was recommended to assure uninterrupted work of Kumtor project, in 3 month period to conduct the work on fulfillment of recommendations indicated in the

### Legal Update

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January 30, 2013

#### **The government delegated the management of the Issyk-Kul region development to the supervisory board, and the management of the trust funds to the authorized representative of the government.**

The government introduced amendments to the resolution on "The Issyk-Kul region development trust" of July 27, 2011. The appropriate resolution of January 24, 2013 was signed by Kyrgyz Prime Minister Jantoro Satybaldiev.

According to the amendments, the management of the Trust is carried out by the Issyk-Kul Region Development Trust's Supervisory Board, which is formed by the Prime Minister's order on the basis of proposals of the authorized representative of the Kyrgyz government in the Issyk-Kul region.

#### **Order of the Prime Minister of the Kyrgyz Republic of January 29, 2013 N 38.**

The order approves the appointment of the following persons as the members of the board of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic:

Asanov Bazarbai Abylkasymovich, as the head of department of mineral protection and mining industry of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic ;

report of the Government Commission, in the case of failure to reach compromise with the investor to initiate the procedure of denunciation of the agreement in accordance with the laws of the Kyrgyz Republic.

The General Prosecutor's office together with the State Committee of National Security were recommended to give a legal evaluation of the acts of state officials and other persons who signed the agreements, contracts or other documents in prejudice of the economy and the environment in Kyrgyzstan while implementing the Kumtor project, check the facts of lowering the reserves subject to availability of reserves of silver, tellurium and other associated components.

The Government, General Prosecutor's office and SCNS have to report about fulfillment of the recommendations of the Government Commission on Kumtor and the Parliament's resolution until June 1, 2013.

<http://www.24.kg/parlament/148568-v-parlamente-kyrgyzstana-obvinyayut-chlenov.html>

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February 20, 2013

### **State Commission has already submitted the Kumtor compliance review report to the General Prosecutor's Office.**

The State Commission for Kumtor Operating Company compliance review has already submitted the report to the General Prosecutor's Office. This was reported on the 20th of February at the plenary session by Minister of Economy Temir Sariiev.

«We cannot hold anyone liable, but we have described everything in the report and passed it over to the General Prosecutor's Office. If there are any guilty persons, they should be held liable by the General Prosecutor's Office», said the Minister.

[http://www.knews.kg/ru/parlament\\_chro/28197/](http://www.knews.kg/ru/parlament_chro/28197/)

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February 20, 2013

### **Kyrgyzstan's oil reserves in 7 fields are estimated at 11.6 million tons, gas reserves in 3 fields at 4.9 billion tons.**

According to the Ministry of Economy, oil reserves in seven oil fields are estimated at

Gilfanov Ildar Vazifovich, as the deputy head of department of industrial safety of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic;

Musuraliev Kamchibek Musuralievich, head of the Kyrgyz complex hydrogeological expedition of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic;

Ryskulov Ulanbek Duulatovich, as the head of department of information resources of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic;

Turusbekov Baktybek Sagyndykovich, as the head of department of industry, fuel and energy sector and mining of the Executive Office of the Government of the Kyrgyz Republic;

Shabaeva Gulfiya Rashitovna, as the head of the geo-ecology department of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic.

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### **Order of the Prime Minister of the Kyrgyz Republic of January 21, 2013 N 13.**

In order to implement the anti-corruption action plan for 2012-2014 approved by the KR Government Resolution "On approval of anti-corruption program and action plan of the KR Government for 2012-2014" of August 30, 2012 N 596

Among other things, the Government has taken the following decisions:

1. to establish an inter-ministerial working group to develop the government action plan for reduction and prevention of corruption in the energy sector, subsoil, transformation and allocation of land, land sales, distribution of humanitarian assistance by state agencies and local governments (the inter-ministerial working group)

2. to instruct the KR Ministry of Energy and Industry to provide organizational and technical assistance to the inter-ministerial working group.

3. to instruct the inter-ministerial working group:

- to develop, within 2 months, an action plan to reduce and prevent corruption in the energy sector, subsoil, transformation and allocation of land, sale of land, distribution of humanitarian aid to state agencies and local governments

11.6 million tons, gas reserves in three fields at 4.9 billion tons. This is stated in the Kyrgyz Industry and Economic Growth Survey presented at the international Conference on Eurasian Economy.

<http://www.tazabek.kg/news:346309/>

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February 19, 2013

### **Which companies exported gold ore and to which countries in 2012?**

In 2012, the Ministry of Economy has awarded 10 licenses to export gold ore, as it reported to Tazabek agency on February 19.

According to the license register, in 2012, the Ministry awarded the ore export licenses to Kyrgyzaltyn OJSC, Wan Don Gold KG CJSC, Fortuna and Co. LLC.

<http://www.tazabek.kg/news:346268/>

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February 18, 2013

### **Head of the Geology Agency, I.Chunuev, does not find the Jerooy tender requirements to be stringent.**

«In principle, there are no too stringent requirements in the request for bids. I would not say that they are too stringent. There are several critical requirements”, said the head of the State Agency for Geology and Mineral Resources Ishimbai Chunuev, commenting the terms and conditions of the tender for Jerooy deposit development.

He believes that the critical requirements are those related to the period of commissioning and construction which is two years. “Some companies build fast, others build slowly. The people are tired, we need to start the Jerooy project as soon as possible. The Commission takes this into consideration and gives its recommendations”, said Chunuev.

<http://www.tazabek.kg/news:346164/>

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February 15, 2013

### **Tender for Jerooy gold deposit is scheduled for late March and early April.**

(government plan)

- if necessary, to develop and introduce promptly to the Executive Office of the Government the draft normative legal acts to ensure the implementation of the government's plan;

- to make appropriate recommendations to the state authorities of the KR in order to eliminate the causes contributing to the emergence and spread of corruption in their respective fields.

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The tender Jerooy gold deposit is scheduled for late March and early April 2013. It was announced on February 15 at the second meeting of the inter-ministerial commission for review of the tender terms and procedures for the Jerooy deposit.

<http://www.tazabek.kg/news:346115/>

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February 15, 2013

**Kyrgyz Prime Minister Jantoro Satybaldiev met with the President of Centerra Gold Inc. Ian Atkinson who arrived in Kyrgyzstan to consult on the Kumtor Project.**

During the meeting, the Prime Minister asked about the need to improve Kyrgyzstan's management and economic positions in further implementation of the Kumtor project. The President of Centerra Gold Inc. expressed his understanding of the situation and willingness to achieve compromise solutions through a constructive dialogue.

Sides reiterated the need and a commitment to ensure uninterrupted operation of the Kumtor mine. Also an understanding was reached that further consultations would be conducted on the basis of the interests of all participants in the project Kumtor.

<http://kabar.kg/politics/full/49671>

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February 15, 2013

**Prime Minister Jantoro Satybaldiev said that Vertex Gold Company lowered the content of gold in the ore exported.**

The government stopped the export of ore by Vertex Gold Company LLC, when the company said that the percentage of gold content in the ore was low. This was reported by Prime Minister Jantoro Satybaldiev.

«After checking we found out that the gold content in the ore was much higher. We extracted 158 kg of gold from one ore shipment. Everyone should realize that we will not let mining companies to mine gold in a barbarian way. We will demand that they extract gold in a proper way and to the advantage of the government», said he.

<http://www.tazabek.kg/news:346142/>

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February 15, 2013

### **Current and proposed management structure of the State Geology Agency.**

On February 14th, the director of the State Agency for Geology and Mineral Resources of Kyrgyzstan Ishimbai Chunuev presented the proposed management structure of the agency.

It is proposed to establish the Department of Geology and Mining which will be in charge of expeditions, inter-sectoral center and special laboratory. It is also proposed to establish a state reserve of mineral lands.

<http://www.tazabek.kg/news:346156/>

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February 15, 2013

### **In 2014, the government plans to produce gold at Taldybulak Levoberezhnyi and Bozymchak deposits.**

This was announced by Kyrgyz Prime Minister Jantoro Satybaldiev. «I can say that there are definitely positive results: the construction of the Taldybulak Levoberezhnyi milling factory and the quarry is going on very well. We plan to produce gold in the first quarter of 2014, if all obstacles are removed», he reported.

We have the same task in respect of the Bozymchak deposit, the construction of which is going on at a good pace.

<http://www.tazabek.kg/news:346157/>

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February 15, 2013

### **Tender Commission for Jerooy decided that corporate applicants must have mining experience of more than 5 years.**

At the meeting, a number of members of the Commission proposed to set a condition that a company must have 3-5 years of experience in mining.

As a result, members of the committee voted

that the companies applying for the development of the Jerooy deposit must have mining experience of more than 5 years.

<http://www.tazabek.kg/news:346119/>

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February 15, 2013

### **The government prohibited Chinese Company Full Gold Mining from producing gold until removal of number of violations.**

The government prohibited the company developing the Ishtamberdy deposit (Jalal Abad region) from producing gold. It was announced by Kyrgyz Prime Minister Jantoro Satybaldiev.

«As far as Ishtamberdy is concerned, we prohibited gold production operations until they install weight measurement gauges, introduce control functions and have them approved by our controlling agencies», reported the Prime Minister.

<http://www.tazabek.kg/news:346135/>

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February 14, 2013

### **The Geology Agency announced the volumes of mineral reserves recorded in the state registry.**

The state registry indicates 430 tons of gold reserves. This was announced on February 14 by the director of the State Agency for Geology and Mineral Resources Ishimbai Chunuev at the meeting of the board of the agency discussing the performance results for 2012.

The registered volume of mineral reserves are estimated at 208.3 thousand tons of tin, 144.2 thousand tons of tungsten, 2 thousand 358 tons of molybdenum, 157.7 thousand tons of antimony, 40 thousand tons of beryllium, 74.8 thousand tons of mercury, 51.5 thousand tons of rare-earth metals.

<http://www.tazabek.kg/news:346076/>

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February 14, 2013

### **The Geology Agency identified 10 key issues of the mining industry.**

Director of the State Agency for Geology and

Mineral Resources Ishimbai Chunuev announced the main challenges of the Kyrgyz mining industry:

- 1) Untimely issuance of licenses, failure of 2011-2012 seasons;
- 2) Environmental security: environmental violations. The absence of special projects and expert appraisals thereof.
- 3) Mineral protection: depletion, big losses, lack of proper reporting;
- 4) Industrial safety;
- 5) Inadequate preparation, auction disruption;
- 6) Challenge of co-operative governance;
- 7) Challenge of specially protected areas;
- 8) Shortage of professional staff;
- 9) Problems with local population;
- 10) Frequent changes of mineral rights holders.

<http://www.tazabek.kg/news:346040/>

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February 14, 2013

### **Kyrgyzstan does not meet domestic demand for coal, with 2 million tons per year being necessary and 1.1 million tons being produced in 2012.**

«There are about 120 mines and quarries. In the late 1990s Kyrgyzstan was to produce up to 500 thousand tons of coal. The annual consumption of the Republic is 2 million tons. There is growth. In 2012, coal production was 1.1 million tons of coal», said Chunuev.

According to him, the main problems are the underground method of mining and technical backwardness, lack of exports.

<http://www.tazabek.kg/news:346035/>

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February 12, 2013

### **Talas residents offer to announce moratorium on the development of four fields for 50 years.**

Talas residents, at the February 12 press-

conference held after the People's Assembly of February 8, 2013, announced the decision on the deposits of the region.

According to this decision, the local residents are interested in clean environment and demand to announce moratorium on the development of fields located in Talas for 50 years.

<http://www.tazabek.kg/news:345893/>

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February 1, 2013

### **Omurbek Tekebaev initiated a draft law terminating the agreement with Centerra Gold Inc.**

Leader of parliamentary faction Ata Meken, Omurbek Tekebaev, initiated a draft law on the termination of the agreement with Centerra Gold Inc. He noted that the purpose of the draft law was «to cancel the Kumtor agreements as illegal and detrimental to the interests of Kyrgyzstan».

Another draft law on denunciation of the Kumtor agreements was initiated by deputy I. Isakov.

[http://www.knews.kg/ru/parlament\\_chro/27323/](http://www.knews.kg/ru/parlament_chro/27323/)

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January 15, 2013

### **The Ministry of Economy expects to receive 3 billion Kyrgyz soms of tax revenues from the Jerooy project annually.**

"State budget will receive 3 billion soms in taxes from Jerooy", reported A.Alimbekov. He said 2.5 billion soms will be remitted to the national budget, the remaining funds of 500 million soms will be remitted to the budget of the Talas regional administration.

[http://www.kyrtag.kg/?q=ru/top\\_news/35015](http://www.kyrtag.kg/?q=ru/top_news/35015)

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