



# MINING

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

*Information for effective business solutions*

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## Upcoming events

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### **IBC invites to the open meeting devoted to the perspectives of the mining industry of the Kyrgyz Republic**

IBC is planning to hold open meeting on topic of "Perspectives of Development of Kyrgyz Republic Mining Industry" on Monday, September 27, 2010 at Hyatt Hotel. Representatives of the Government of Kyrgyz Republic, Ministry of Natural Resources and mining companies will be attending the meeting.

For more information please see the IBC website: <http://ibc.kg> or contact IBC at 68 09 20.

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### **Kalikova & Associates invites to the seminar "Execution of license agreements: key issues affecting validity of license agreements" scheduled for October 5, 2010**

The purpose of the seminar is to identify the key issues affecting validity of license agreements and minimization of risks of annulment of licenses in relation to invalidity of license agreements. The participants of the seminar will be able to share their opinions with colleagues and specialists as well as receive more networking opportunities.

For more details and registration for the seminar please call us at 66 60 60 or 66 63 63 or email at [lawyer@k-a.kg](mailto:lawyer@k-a.kg).

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## Industry Update

27.08.10

### **R. Otunbaeva: No taboo for the investment council**

The investment council will consider all issued raised by business, there won't be taboo or "pocket" business associations. This was stated by the President Otunbaeva at the 1<sup>st</sup> meeting of the Council for Business and Investment Development. Business was especially sensitive to the problems appeared within the last times: protection of property, restoration of business climate, problems in mining and tourism sectors, said Ms.

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## Legal Update

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### **Decree of the Interim Government of the Kyrgyz Republic "On nationalization of fuel-supply complex of the closed joint stock company "Manas Airfuels" dated June 21, 2010 VP No. 78**

According to the Decree the fuel-supply complex owned by the closed joint stock company "Manas Airfuels" was nationalized. "Manas Airfuels" CJSC obtained the complex from "Aalam Service" LLC under the Sale and Purchase Agreement dated June 12, 2009.

Otunbaeva.

<http://business.akipress.org/news:108331>

27.08.10

### **Muraliev support of IBC initiative to speed up the development of deposits in Kyrgyzstan**

First Vice Prime-Minister, Amangeldy Muraliev, supported the initiative of IBC member, Fred Huston, to expedite the development of mineral resources deposits in Kyrgyzstan. This was stated at the 1<sup>st</sup> meeting of the Council for Business and Investment Development.

According to Mr. Muraliev, the licenses should not be issued to those who resell them. Development of such deposits as Djerui is now stopped although it was possible to work there for 7 years. As it was said by Mr. Muraliev, it is needed to undertake measures to tackle the problem, up to prohibit reselling of licenses.

<http://business.akipress.org/news:108431/>

25.08.10

### **Around 1000-1300 thousand tons of cement are being produced in Kyrgyzstan annually**

Around 1000-1300 thousand tons of cement are being produced in Kyrgyzstan annually, while the consumption rate equals to 900 thousand tons. The Ministry of Economic Regulation of the KR has informed Business Akipress about it.

An exceptional case had been observed in 2009 when the production rate of cement was decreased due the world economic crisis and there was produced 582 thousand tons of cement.

80% of produced cement in Kyrgyzstan is supplied to the internal market of the country.

<http://business.akipress.org/news:107351/>

24.08.10

### **“Djeruialtyn” CJSC intends to**

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### **Decree of the Interim Government of the Kyrgyz Republic “On approving the Order of forced withdrawal of property” dated July 19, 2010 VP No. 103**

This order determines the conditions of forced withdrawal for the state's ownership the property, specified in the decrees of the Interim Government of the Kyrgyz Republic on nationalization.

In the event of forced withdrawal of the property for the state's ownership, the compensation or return of such property shall be carried out by authorized state body accountable for forced withdrawal of the property to the state ownership based on the effective court decision.

The forced withdrawal of the property shall follow the certain procedures, namely:

- 1) drawing up an inventory of the property;
- 2) conducting assessment, if necessary;
- 3) accepting to the state ownership;
- 4) appointment of external and temporary administrators;
- 5) registration (re-registration) of the property;
- 6) appointment of management bodies.

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### **Decree of the Interim Government of the Kyrgyz Republic “On restructuring of debt on interest, penalties, fines and writing off bad debt of entrepreneurs, who incurred damages as a result of force majeure circumstances” dated July 28, 2010 VP N 113**

The Decree determines the procedure and conditions of restructuring of debt of taxpayers, who incurred damages as a result of April 2010 events, arising out of interest payments, penalties, fines for untimely payment of taxes, customs payments and mandatory insurance

## **continue the development of gold deposit "Djerui"**

According to the press-release of the company, "Djeruialtyn" CJSC has firmly decided to continue the development of the gold deposit "Djerui" despite the hard times the company has had during the past two years.

Currently "Djeruialtyn" with a support of "Vizor Group" is enlarging the scope of work while preparing to the construction stage. The construction of roads, land related and other types of works will be renewed at the production site.

<http://business.akipress.org/news:107321>

20.08.10

## **Centerra Gold appoints new directors**

Centerra Gold Inc. announces the appointment of Mr. Amangeldy Muraliev, Mr. Karybek Ibraev, and Mr. Rafael Girard to its Board of Directors. Centerra also announces the resignation of Mr. William Braithwaite from its Board of Directors. Following these changes to the Board of Directors, Centerra's Board will be comprised of eleven members.

Mr. Raphael Girard has been appointed to Centerra's Board of Directors to replace William Braithwaite. Mr. Girard is a public policy and international business consultant who retired from the Department of Foreign Affairs in August 2003. Prior to his retirement, Mr. Girard was the Canadian Ambassador to Romania, and earlier to the Federal Republic of Yugoslavia. Mr. Girard was a member of the Board of Directors of Gabriel Resources Ltd. from 2005 to 2010. Mr. Muraliev has extensive experience in politics. Currently, Mr. Muraliev is the First Vice Prime Minister of the Interim Government of the Kyrgyz Republic, and the Chairman of the Board of Directors of Kyrgyzaltyn.

Mr. Ibraev has extensive experience in the mining industry. Currently, Mr. Ibraev is a consultant with the Extractive Industries Transparency Initiative (EITI) Secretariat in

payments. The Decree stipulates that April 2010 events shall be referred as extraordinary circumstance which falls within the definition of force majeure for the purposes of taxation, customs and social fund payments.

## **Decree of the Interim Government of the Kyrgyz Republic "On state measures supporting taxpayers-victims of events which took place in April-June 2010" dated July 28, 2010 VP N 114**

Pursuant to the Decree, the Local Keneshs are authorized to provide full or partial waiver of land tax in relation to agricultural lands, lands plots adjoining the (farm) house and non-agricultural lands for a term up to 3 years if the user of the land incurred losses as a result of force majeure circumstance.

## **Order of the state agency on anti-monopoly regulation under the Government of the Kyrgyz Republic dated July 5, 2010 No. 195**

Pursuant to the Order the State agency on anti-monopoly excludes from the List of regional monopolists a coal company Tegene LLC.

## **Resolution of the Government of the Kyrgyz Republic dated July 29, 2010 No 142 "On recognizing some of the decisions of the Government of the Kyrgyz Republic ineffective"**

Export duty on gold equal to 2 USD per gram has been lifted as a result of adoption of the Resolution No 142 which recognized invalid among other the Resolution No. 503 dated October 23, 2007 establishing the export duties in relation to a number of products from Kyrgyz Republic including gold.

the Kyrgyz Republic. Mr. Amandgeldy Muraliev and Mr. Karybek Ibraev are the Board representatives of Kyrgyzaltyn JSC, Centerra's largest shareholder.

<http://business.akipress.org/news:106161>

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20.08.10

### **The list of nationalized objects that will be transformed to the municipal ownership**

According to Decree of the Interim Government of the KR dated June 3, 2010 VP No. 61 "On nationalization of a limited liability company "Petrol Group" it was decided to transfer 100% of shareholding in "Petrol Group" to the municipal ownership.

<http://business.akipress.org/news:105981/>

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20.08.2010

### **The Order of the Minister of the Internal Affairs of the KR limits unreasonable inspections of the subject of the entrepreneurship**

On August 20, 2010 the Information and Public Relations Department of the Ministry of Internal Affairs of the KR informed that pursuant to the Order of the Minister of the Internal Affairs of the KR the unreasonable inspections of financial and economic activity of the companies and individual entrepreneurs shall be prohibited, except for those inspections that are carried out within the criminal case; in accordance with applications of companies and individual entrepreneurs (upon receiving approval from prosecutor's office and courts); and when it is requested by the state bodies of other countries.

<http://business.akipress.org/news:106031>

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