



MINING

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

Information for effective business solutions

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Industry Updates

07.06.2010

Centerra has no plans of scaling down its operations in Kyrgyzstan and is now preparing for the development of underground deposits of Kumtor mine, Centerra CEO Steve Lang told.

According to him, Centerra is well aware of the importance of Kumtor for Kyrgyzstan "as it provides jobs for more than 2,500 Kyrgyz citizens as full-time employees and a further several thousand as contractors for those employed in related businesses". "Therefore we have taken all possible steps to ensure the company's continued operation", emphasizes Steve Lang.

URL:

<http://eng.24.kg/business/2010/06/07/11862.html>

03.06.10

"Funds of the Russian credit should be used to finance projects in coal sector", said State Secretary of the Ministry of Energy Batyrkul Baetov at the V session of the mining and metallurgical trade union of Kyrgyzstan.

According to him, earlier there were received 10 business projects on development of coal sector for the amount of \$18.8 million. Funds of the Russian credit should be directed to their implementation.

"At present wear and tear of coal sector is 95 percent, about 70 percent of equipment is subject

Legal Updates

The IG Decree of June 3, 2010 BII N 61 «On Nationalization of Petrol Group LLC»

Based on the recommendation of the General Procurator's Office of April 26, 2010 and in accordance with the IG Decree of April 7, 2010 N 1, the IG decreed to nationalize Petrol Group LLC. The Ministry of State Property was instructed to ensure safety of property of Petrol Group LLC; to appoint in a due manner the governing bodies and to perform state re-registration.

The IG Decree of May 20, 2010 BII № 50 "On Establishing External Management in Sharbon CJSC, Akjolkomur OJSC and Besh Sary K LLC"

By its Decree of April 22, 2010 N 18 "On Establishing External Management in Legal Entities", for the purposes of protecting state property, the IG decreed to establish external management in Sharbon JSC, Akjolkomur JSC and Besh Sary K LLC. The Ministry of Natural Resources and the state administration of Jumgal district of Naryn region were delegated the right to appoint external manager, his term of office and compensation.

The IG Decree of June 7, 2010 BII N 66 "On Creating Dashman State Natural Reserve"

For the purposes of preserving unique relict nut forests of the Kyrgyz Republic and to perform

to write-off”, said Batyrkul Baetov.

URL: <http://eng.24.kg/business/2010/06/03/11833>

03.06.10

Kyrgyzstan needs to nationalize main coal strip mines, Bobyr Muslimov, deputy chairman of mountainous-metallurgical trade union said at the V session on 2 May.

He said this would ensure development of coal mining segment to 2015 in Kyrgyzstan. “Government shall adopt a decision on preservation of unique minefield in Sulyukta and also nationalize controlling stake of coal strip mines in Kara-Keche, Uzgen and Chon-Alay.

URL:

<http://eng.24.kg/business/2010/06/03/11830.html>

02.06.10

Foreign investors in Kyrgyzstan want equal land rights

Foreign investors in Kyrgyzstan consider that they should be equaled in rights to land possession with local entrepreneurs, reads the research of the International Business Council (IBC).

At present determination of foreign person, specified in the Land Code, creates unpredictable legal consequences for business environment, reads the IBC review. Thus, change of status of a JSC 20 percent share owner may transform this JSC into a foreign legal entity according to the Land Code. And such situation cannot but bother businessmen.

URL:

<http://eng.24.kg/business/2010/06/02/11803.html>

15.06.10

Mining associations requested the Interim Government (“IG”) to reverse external management established in a

commitments of the Kyrgyz Republic under the UN Conventions on biological diversity and protection of the world cultural and natural heritage, the IG approved the proposal of the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic on establishing the Dashman State Natural Reserve.

The IG Decree of June 7, 2010 BII N 67 «On Establishing Avletim Ata State National Park »

For the purposes of preserving unique ecosystems and biodiversity of the Western Tien Shan, protection of flora and fauna included in the Red Book, natural resources and complexes, development of ecological tourism in the region and development of network of particularly protected natural areas, the IG made a decision to approve the proposal of the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic on establishing the state natural park Avletim Ata on the land of Avletim forestry of Aksy district of Jalalabad region.

No business activity, including exploration and mining of minerals, shall be allowed on the area of national parks and reserves.

IG Resolution No. 89 dated June 16, 2010 “On State Support of Development of Kara-Keche coal deposit Central area”

By its Resolution No. 89 dated June 16, 2010, the IG established Kara-Keche State Enterprise. The enterprise was established to improve the situation at Kara-Keche coal deposit and to ensure better recording of the coal produced.

The Ministry of Finance was instructed to provide the enterprise with 650 million soms on a step-by-step basis for the development of the deposit.

number of mining companies

On June 15, 2010, Kyrgyz Mining Association, Mining Guild, IBC Mineral Resources Committee with the legal support from Kalikova and Associates approached the IG with the letter expressing concern caused by establishing external management in a number of mining companies (IG Resolution No.50 dated May 20, 2010). Associations requested the IG to reverse IG Resolution No.50 dated May 20, 2010 and bring IG Decree No. 18 dated April 21, 2010 “On establishing external management in legal entities” into compliance with the Constitution of the Kyrgyz Republic.

01.07.10

On July 1, 2010, Jerooyaltyn distributed a press-release informing that the company fully resumed its operation on the project. “We will present our plans to the Government. With its support the development and construction on the site will begin in the near future. The first gold will be produced within 18 months after the start of commercial processing”, informs company’s press-release.

URL: <http://kg.akipress.org/news:234291>



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www.akipress.kg, www.24.kg, www.parus.kg, www.kyrgyz-el.kg

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