



# MINING

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

Information for effective business solutions

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## Industry Update

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14.10.10

### **In Kyrgyzstan, 3 companies are engaged in oil deposit operation**

In Kyrgyzstan, 3 companies hold oil mining licenses. They include: Kyrgyzneftegas OJSC (with 85.16% of shares held by the government), Batkenneftegas OJSC (owned by Chjunnen International Oil Exploration Company, Beijing) and South Derric LLC (an Australian company owned by Derric Ptuai Ltd. - 70% and Kyrgyzneftegas OJSC - 30%).

2 companies hold exploration licenses (South Derric LLC and KGN Hydrocarbons CJSC) and 15 companies hold oil exploration licenses.

<http://business.akipress.org/news:122931>

01.11.10

### **Deputy minister of natural resources: None of the mining companies has left Kyrgyzstan**

As reported by the deputy minister of national resources Leonid Oseledko to Business AKIpress, in Kyrgyzstan none of the mining companies has stopped operations. According to him, investors have only reduced the scope and duration of their operations. «Even in the south where the main events took place, no reduction of operations has been observed. There were many letters to the ministry signaling that in some regions the volumes of investments have reduced, but that's all, reported L. Oseledko.

<http://business.akipress.org/news:128581/>

10.11.10

**South Korean company acquired**

## Legal Update

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### **Interim Government Decree «On Nationalization of structures (residence) built on the land plot "Tash-Bashat" of Kara-Alma forestry of Suzak district of Jalal-Abad region of November 3, 2010 ВП N 141**

Upon recommendation by the General Prosecutor's Office of the Kyrgyz Republic of September 15, 2010 and in accordance with Interim Government Decree of April 7, 2010 N 1, the Interim Government of the Kyrgyz Republic adopted the Decree on nationalization of structures (residence) built on the land plot «Tash-Bashat» of Kara-Alma forestry of Suzak district of Jalal-Abad region allocated for temporary use to A. Baimuratov.

### **Interim Government Decree «On nationalization of land plot and non-residential premises located at the address: 3 Neftyannikov St., Jalal-Abad dated November 3, 2010 ВП N 142**

Upon recommendation by the General Prosecutor's Office of the Kyrgyz Republic of August 27, 2010 and in accordance with Interim Government Decree of April 7, 2010 N 1, the Interim Government of the Kyrgyz Republic adopted the Decree on nationalization of the land plot and non-residential premises located at the address: 3 Neftyannikov St., Jalal-Abad, owned by Saly-Ata LLC.

**Resolution of Government of**

## **exploration license for 12 types of metals in Kyrgyzstan**

South Korean company «SONG-AM Molybdenum development company» LLC has acquired 3 exploration licenses for silver, lead, copper, antimony, mercury, cesium, rubidium, lithium, niobium, tantalum, molybdenum, and bismuth. All licenses were acquired on October 6.

One license entitles to explore for silver, lead, copper, antimony and mercury in Bardambot area (Jumgal district, Naryn region). Another entitles to explore for cesium, rubidium, lithium, niobium and tantalum in Tujuktor area (Kochkor district, Naryn region). And the third entitles to explore for copper, molybdenum, and bismuth in Novotujuk area (Issykata district, Chui region).

<http://business.akipress.org/news:131461>

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12.11.10

## **Over a month period the Ministry of natural resources has issued 36 licenses and for one of them it was paid a \$1,000 bonus**

In Kyrgyzstan, over the period since September 18 till October 18, the Ministry of natural resources has issued 36 licenses to mine/explore for mineral resources. For one of them a bonus of 50.4 thou. soms (\$1 thou.) was paid. The licenses, over the reporting period, were acquired by 26 companies.

With the introduction of bonus requirement in 2009, the biggest amount was paid by Kumtor Gold Company - \$18.696 ml. The amount of bonus for Jerooy gold deposit was \$6 ml., Taldy-Bulak Levoberezhny - \$4 ml, Bosymchak - \$2 ml, Kuru Tegerek - \$1.8 ml., Terekkan - \$1.6 ml, Andash cooper and gold deposit - \$1.5 ml., Ishtamberdy - \$1.4 ml.

The amounts of bonuses in 2009 were reduced «to retain the current licensees and attract private investments in crisis conditions».

<http://business.akipress.org/news:132071/>

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23.11.10

## **«Kyrgyzneftegas»: A foreign company intends to build in Kyrgyzstan a gasoline refueling station and oil processing plant**

## **Kyrgyz Republic «On procedure for holding competition for right to mineral resources for mining of gold deposits Terekkan, Perevalnoye, gold and antimony deposit Terek and for exploration of Tereksai area» of December 27, 2010 N 151-p**

In accordance with Article 16 of the Law of the Kyrgyz Republic «On Subsoil», for the purposes of attracting investment into comprehensive and rational development of gold deposits Terekkan and Perevalnoye, gold and antimony deposit Terek and exploration of Terek area, there was approved the procedure for holding competition for obtaining the rights to mineral resources for the development of gold deposits Terekkan and Perevalnoye, and gold and antimony deposit Terek and the exploration of Tereksai area.

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## **Resolution on allocation of gold and tungsten deposits Saryjel and Kumbel for the development by one of the companies**

Rosa Otunbaeva signed the resolution of the government on conversion of land from agricultural to land used in industry, transport, telecommunication, defense and other purpose located in the territory of Jege Tal village district of Naryn region and on allocation for temporary use for development of gold and tungsten deposits, reported the head of government to press-service.

The Resolution directed to convert 118 ha of land, including 80.33 ha of pastures and 37.67 ha of other lands used in agriculture into land used in industry, transport, telecommunication, defense and other purposes.

This plot will be provided for fixed-term (temporary) use to Rokisol LLC for development of gold and tungsten deposits Saryjel and Kumbel.

State administration of Naryn region is instructed to ensure the payment to Rokisol LLC of compensation for losses of agricultural production and lost profit according to the rates determined by the government.

Rokisol LLC must ensure in the required

Kyrgyzneftegas OJSC executed the memorandum of understanding with a foreign company, reported the deputy chairman of the management board Jenishbek Jumashov to AKIpress in November. According to him, this unknown company which «has its own place in the geology industry and annual turnover of \$17 billion», has «serious intentions to build in Kyrgyzstan a network of gasoline refueling stations and oil processing plant.

<http://business.akipress.org/news:135151>

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29.10.10

### **Over 13 years, private investments into geological exploration for mineral resources have increased 16 times as much**

Since 1996, private investments into geological exploration for mineral resources in Kyrgyzstan has grown more than 16 times as much, reported the Ministry of natural resources to Business AKIpress.

According to the data for 1996, private investments into mineral exploration reached more than \$4.7 ml. In 2009, this indicator was \$76.7 ml. In 2008, the volume of investments reached \$90.4 ml.

[http://www.inform.kg/ru/news\\_kg?ify\\_id=1068&p1](http://www.inform.kg/ru/news_kg?ify_id=1068&p1)

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30.11.10

### **Three companies acquired the documents worth of 200 thousand soms to compete for the right to develop gold deposits Terekkan, Perevalnoye, and Terek**

3 companies acquired a set of documents necessary to compete for the right to use mineral resources of gold deposits «Terekkan», «Perevalnoe» and gold and antimony deposit Terek through the tender, which will end on December 6. However, neither company has filed the documents to participate in the tender, reported the Ministry of natural resources to Business AKIpress.

Each competitor paid a non-refundable fee of 200 thou. soms for a set of geological information. All legal entities and individuals experienced in the development of ore deposits

manner the development of respective project documentation with expert opinions in respect of environmental and technical safety, protection and use of mineral resources on the allocated land plot, ensure review and approval of construction documents for Saryjel and Kumbel deposits according to the current rules and regulations and ensure land reclamation upon completion of mining operations.

<http://business.akipress.org/news:125661>

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### **KR Government Resolution “On Development of Jerooy gold deposit” dated November 18, 2010 № 286**

The Resolution states that Jerooyaltyn CJSC has not performed the conditions of license agreement № 3 dated October 23, 2008 forming an integral part of mining license № 639 AE dated July 19, 2006, for mineral resources of Jerooy deposit.

Under the Subsoil Law of the Kyrgyz Republic, the right to mineral resources is terminated by withdrawal (revocation) of license from a licensee if it fails within the time limits specified in the license to submit a technical work project approved by the government bodies for mineral, environmental and technical safety and by the owners of land rights.

In this regard, the Government instructed the Ministry of natural resources:

- to cancel the mining license of Jerooy № 639 AE dated July 19, 2006 issued to Jerooyaltyn CJSC;
  - to make proposal to the Government on holding public competition for mineral rights to develop Jerooy gold deposit and to explore Jerooy area.
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of mineral resources can take part in the tender.

<http://business.akipress.org/news:137861/>

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01.12.10

#### **4 companies are prohibited from operating at Sulukta brown coal deposit**

4 companies prohibited from operating at Sulukta brown coal deposit, reported the ministry. It is reported that the State Inspectorate for industrial and mining safety (Mining Control) under the Ministry of natural resources has conducted control inspections at the enterprises producing Sulukta brown coal.

Control inspections at mines of K.Raimberdiev LLC, Uzun-Sai LLC, Suluktakomur OJSC and Kutchu LLC revealed «gross violations of industrial safety requirements».

Based on the findings of inspections and for systematic violation of industrial safety requirements, the Mining Control standing expert committee has ruled to suspend operations at K.Raimberdiev LLC and Kutchu LLC and to suspend licenses to operate hazardous production facilities of Uzun-Sai LLC, Suluktakomur OJSC for 3 months until rectification of violations revealed, as specified in the inspection reports.

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02.12.10

#### **Value of shares in Centerra at Canadian stock exchange has reached its maximum amount over the recent 4 years**

The value of shares of Centerra Gold gold mining company at the Toronto Stock Exchange continues to grow and at the close of day on December 1 it reached CAD 20.90 per share. In 24 hours, the value increased by CAD 0.860 or 4.29%. At the close of day on November 30, the per share price was CAD 20.040.

The price of CAD 20.900 is the highest price over the last 4 years. Earlier, the maximum rate was registered on November 1 — CAD 20.35. Shares of Centerra have been traded at the Toronto Stock Exchange since 2004.

In April 2009, the Kyrgyz Government has increased its share in Centerra from 15.66% to 33% (77.3 million shares).

<http://business.akipress.org/news:138431>



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