



## **MINING** INDUSTRY AND LEGAL UPDATE

**KALIKOVA &**  
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Issue 15, November 2012 (bimonthly)

### **Industry Update**

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September 20, 2012

#### **Miners and Geologists Association in Kyrgyzstan: 10 facts of local community aggression faced by miners took place over the past year**

- August, 2011 - road blocking in Terek-Saya/Ishtamberdy field, Full Mining Company (Chatkal district, Jalal-Abad oblast).
- In the same month - open conflict in Buchuk field (Naryn district, Naryn oblast), several people were injured and hospitalized.
- September, 2011 - blocking of Mex Resource's operation (Manas district, Talas oblast).
- November, 2011 - blocking of the road to the base of Kumtor Operating Company (Balykchy, Issyk-Kul oblast).
- February 2012 - Manas Resources Operation were stopped due to the actions of local community (Kadamjai district, Batken oblast).
- May 2012 - road blocking in the Kumtor mine (Jeti-Oguz district, Issyk-Kul oblast).
- August 2012 - Seizure of assets of Elka Service Ltd. (Panfilov district, Chui oblast).
- In the same month - seizure of assets of Kaidi Company (Chon-Alay district, Osh oblast).
- Disruption of the auction for the geological exploration license areas (Bishkek).
- September 2012 - Seizure of assets of Spectrum LLC (Chatkal district, Jalal-Abad

### **Legal Update**

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September 27, 2012

#### **The Decree of the Prime Minister of the Kyrgyz Republic dated September 27, 2012 No. 733**

The mentioned decree approved the division of responsibilities among the Prime Minister, First Vice-Prime Minister and Deputy Prime Minister of the Kyrgyz Republic, as well as the list of government agencies and other organizations that are supervised by the Prime Minister, First Vice-Prime Minister and Vice Prime Ministers of the Kyrgyz Republic.

Pursuant to the mentioned Decree, the responsibilities of the Prime Minister of the Kyrgyz Republic include general management and control of the Government of the Kyrgyz Republic. Among others, the responsibilities of the Prime Minister of the Kyrgyz Republic also include coordination of issues of the fuel and energy complex, the subsoil use and use of mineral resources.

The Prime Minister of the Kyrgyz Republic shall also coordinate the activities of the State Agency on Geology and Mineral Resources under the Government of the Kyrgyz Republic.

The First Vice Prime Minister of the Kyrgyz Republic, along with coordination of the relevant ministries and agencies, shall also coordinate the activities of the Ministry of Economy of the Kyrgyz Republic.

October 11, 2012

#### **The Law of the Kyrgyz Republic "On amendments and additions to some legislative acts of the Kyrgyz**

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October 24, 2012

### **The Ministry of Economy: To participate in the competition for deposits investor shall provide social package**

To participate in the competition for deposits investor shall provide not only technical and economic project, but also a social package. The introduction of the requirement on social package will help the local community to be informed about the benefits they will get from mining of the deposit. Besides, it is a guarantee for the investor that he or she will not be required to provide anything besides the social package. The social package includes education and job opportunities for local people, development of infrastructure, maintenance of roads, electricity, and various social services. The subsoil user is required to conduct re-cultivation of land.

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October 24, 2012

### **Kyrgyzaltyn and Mining and Metallurgical Union of Kyrgyzstan signed an agreement that will improve the socio-economic security of workers**

Kyrgyzaltyn OJSC and Mining and Metallurgical Union of Kyrgyzstan signed an agreement that will improve the socio-economic security of workers of the mining industry.

Industrial Agreement is aimed at implementation of the agreed actions to ensure efficient production and economic activity of the enterprises included in the gold mining concern, creating favorable conditions for productive employment and decent living standards for workers.

This Agreement establishes the basic requirements and standards in the field of payment, working time regulation, rest time, and ensure the protection of labor and social protection of workers. In addition, the legal rights, guarantees and benefits for employees of the mining industry are more advanced compared to those established by the legislation.

The Agreement will be binding in collective bargaining in the workplace. Thus, the level of socio-economic security of working people will

## **Republic” dated October 11, 2012 No. 171**

The Law No. 171 made amendments and additions to several legislative acts of the Kyrgyz Republic.

In particular, the bodies of the executive government, specially authorized in the field of industrial safety, were indicated in the Law of the Kyrgyz Republic “On industrial safety and hazardous production facilities”. The law also provides that the procedure for examination of industrial safety and requirement for expert conclusion on industrial safety shall be established by the Government of the Kyrgyz Republic.

The Law of the Kyrgyz Republic “On Oil and Gas” defines the powers of the Government of the Kyrgyz Republic in the oil and gas industry. In particular, according to Article 7 of the Law “On Oil and Gas”, the Government of the Kyrgyz republic shall approve the competition committee for licensing rights to use mineral resources and determine the state authorities, which, pursuant to the laws of the Kyrgyz Republic “On Licensing” and “On Subsoil use”, are authorized to issue license for carrying out activities in the industry. In addition, there are changes in Article 12 of the Law “On Oil and Gas” according to which the organization with a license shall have a primary right to conduct relevant activities in the oil and gas industry.

The Law of the Kyrgyz Republic “On amendments and additions to some legislative acts of the Kyrgyz Republic” dated October 11, 2012 No. 171 entered into force on the day of its official publication.

Published in “Erkin Too” newspaper on October 19, 2012 No. 92.

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October 22, 2012

### **The Order on Abdiev**

Pursuant to the Government Order dated October 22, 2012 No.801, Mr. Abdiev was appointed as the Secretary State of the State Agency on Environmental Protection and Forestry under the Government of the Kyrgyz Republic. Earlier Mr. Abdiev worked as a Head of Department on bilateral and multilateral relations of the foreign policy department of the Government Office of the Kyrgyz Republic.

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October 31, 2012

be much higher than before.

In turn, worker's unions will assist employers in addressing the issues of normal production activities, strict observance of labor discipline and performance of job duties.

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October 24, 2012

### **The Government wants to put up Terek-Say area for a competition**

The Government wants to put up Terek-Say area for a competition. Terek-Say area is a part of the Terek-Terekkan ore field, and includes gold deposit "Terekkan" and gold-antimony deposit "Terek", within which the following sections are: South, Central, West, North, Day, West Zone Terek fault Pereval'naya zone (Perevalnoe mine).

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October 25, 2012

### **The State Agency on Geology under the Government of the Kyrgyz Republic: Law enforcement authorities have completed the investigation on disruption of auction for subsoil use rights**

The investigation on the disruption of auction has been completed and submitted to the Prosecutor-General's Office for legal proceedings. In the future, the case will be heard in court. The sentence for such actions shall be in the form of imprisonment for a maximum period of 5 years.

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November 8, 2012

### **The Ministry of Economy develops the strategy of the mining industry development for a long and medium term**

The Ministry of Economy develops the strategy of the mining industry development for a long and medium term.

The main problem in the industry in recent years is the conflicts among local population and mining companies. Therefore it will be appropriate to conduct the trainings for the heads of local communities on conflicts. Among other problems the following are indicated: lack of qualified professionals in the industry and

### **The Order of the Government of the Kyrgyz Republic dated October 31, 2012 No. 524-p**

Pursuant to the Order No. 524-p, a Commission was created for the investigation of the activities of mining companies in Ala-Buka and Chatkal districts of Jalal-Abad region, and ensuring compliance with the legislation of the Kyrgyz Republic in the field of environmental and industrial safety.

The task of the Commission is to study on-site activities of mining companies developing mineral deposits on the territory of Ala-Buka and Chatkal districts of Jalal-Abad region, with regard to comply of their activities with environmental and technical requirements of the legislation of the Kyrgyz Republic. As a result of this study, the Commission shall make proposals to the Government of the Kyrgyz Republic.

The department on fuel, energy and mineral resources under the Government of the Kyrgyz Republic shall be responsible for the enforcement of this order.

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November 14, 2012

### **The Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On Licensing" dated November 14, 2012 No. 182**

The Law No. 182 was adopted by the Jogorku Kenesh of the Kyrgyz Republic on October 11, 2012 and signed by the President of the Kyrgyz Republic on November 14, 2012.

The Law establishes procedure of license award in case of violation of the term of issuance or denial of a license by the licensing authority, and also provides for the right to appeal any refusal by the courts.

The Law shall enter into force in fifteen days from the date of its official publication.

Published in "Erkin Too" newspaper on November 20, 2012 No. 102.

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November 16, 2012

### **Order on Turusbekov**

Mr. Tursunbekov is appointed as the Head of Department of industry, fuel, energy and

executives from the local population.

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November 13, 2012

**The Ministry of Finance admits the arrest of 4,000,000 of shares of Kyrgyzaltyn OJSC in Centerra Gold Inc. and dividends in the amount of 8,000,000 US Dollars, which Kyrgyzstan was to receive this year**

On November 13, at the meeting of Parliamentary Committee on law, order and crime control, the Minister of Finance Olga Lavrova admitted that the Court of Ontario (Canada) had seized 4,000,000 shares of Kyrgyzstan, which is held by Kyrgyzaltyn CJSC in Centerra Gold Inc., and dividends in the amount of 8,000,000 US Dollars.

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November 16, 2012

**The State Agency on Geology and Mineral Resources under the Government of the Kyrgyz Republic decided to abandon auctions: 12 fields will be implemented by direct sales**

According to the Head of the State Agency on Geology and Mineral Resources, Mr. I.Chunuev in case the auction does not take place twice, the Agency has a right to conduct direct negotiations. The reason why the Agency abandoned the auction was the lack of understanding by the local community about the auction.

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November 23, 2012

**The state inspection on ecological and technical safety under the Government of the Kyrgyz Republic suspended the work of gold processing plant at Ishtamberdy field, which is developed by Chinese company Full Gold Mining LLC**

The state inspection on ecological and technical safety under the Government of the Kyrgyz Republic while conducting the audit of Full Gold Mining LLC operating in Ishtamberdy field, found that the tailings of gold recovery plant at Ishtamberdy field are in a critical condition due

mineral resources of the Government Office of the Kyrgyz Republic. The decree was signed by the Prime Minister of the Kyrgyz Republic.

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November 16, 2012

**The Resolution of the Jogorku Kenesh of the Kyrgyz Republic "On election of the chairmen of certain committees of the Jogorku Kenesh of the Kyrgyz Republic" dated November 8, 2012**

Pursuant to the Resolution of the Jogorku Kenesh No. 2470-V, Mr. Rysbaev was appointed as the Chairman of the Jogorku Kenesh Committee on fuel and energy complex and subsoil use.

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November 16, 2012

**The Law of the Kyrgyz Republic dated November 16, 2012 No. 183 "On amendments and additions to some legislative acts of the Kyrgyz Republic"**

The Law No. 183 was adopted by the Jogorku Kenesh of the Kyrgyz Republic on October 11, 2012 and signed by the President of the Kyrgyz Republic on November 16, 2012.

The current Law of the Kyrgyz Republic "On state registration of rights to immovable property and transactions with it" was amended, and there is a new rule pursuant to which the authority conducting state registration of right to the immovable property and transaction with it, shall provide the authorized body for the control of land use and conservation with information on registered rights to the immovable property and transitions with it.

The changes to the Code on Administrative Liability are aimed at enforcing officials, citizens and legal entities to follow the established regime of use of lands in accordance with their purpose, as well as use of all categories of lands in accordance with their purpose, and increase in administrative penalties.

The Law entered into force on the date of its official publication.

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November 23, 2012

to the filling of the tailings above the critical level. Therefore, the State inspection ordered to suspend the operation of the tailing until the full compliance with the required technical project.

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November 23, 2012

### **I. Chunuev: No company has the license for Jerui gold mine**

According to the head of the State agency on Geology and Mineral Resources under the Government of the Kyrgyz Republic Mr. I.Chunuev, gold deposit "Jerui" in Talas region will soon be put up for competitive bidding.

Currently, the objects of two companies are located in the field: Jerui Altyn CJSC and Talas Gold Mining Company.

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### **Order on A.Satkynbaev**

Mr. Satkynbaev is appointed as the Deputy Director of the State Inspection on Environmental and Technical Safety under the Government of the Kyrgyz Republic. The relevant decree was signed by the Prime Minister of the Kyrgyz Republic.

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