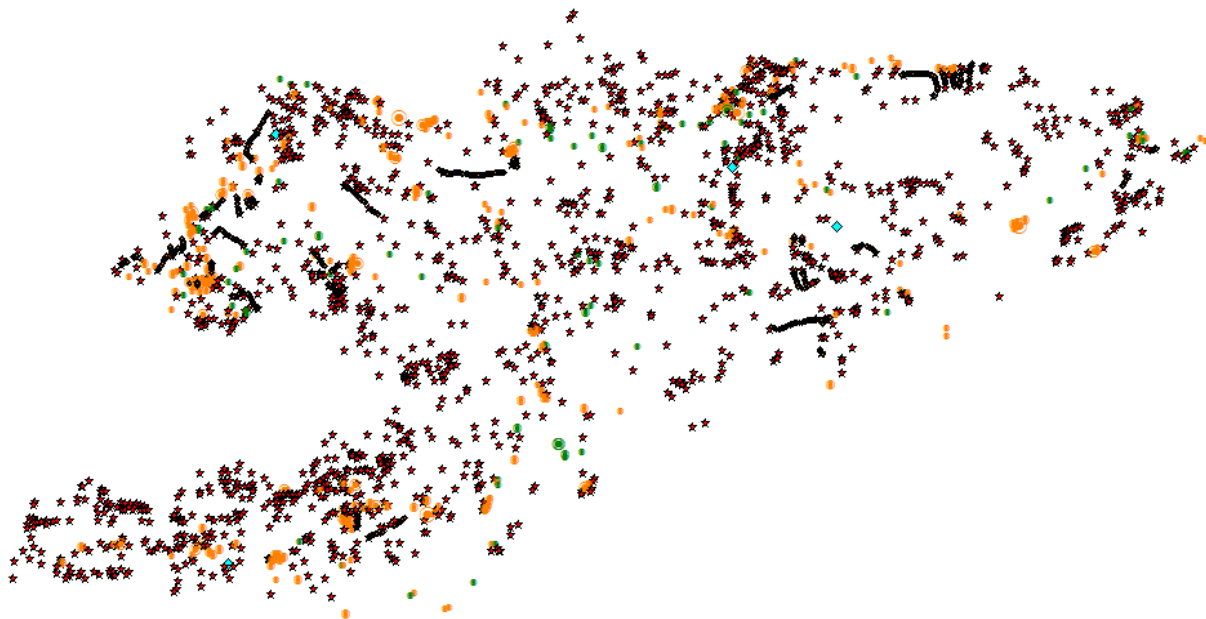




State Committee for Industry, Energy and Subsoil Use of the Kyrgyz Republic

# Prospects for the development of the mining industry of the Kyrgyz Republic 2020



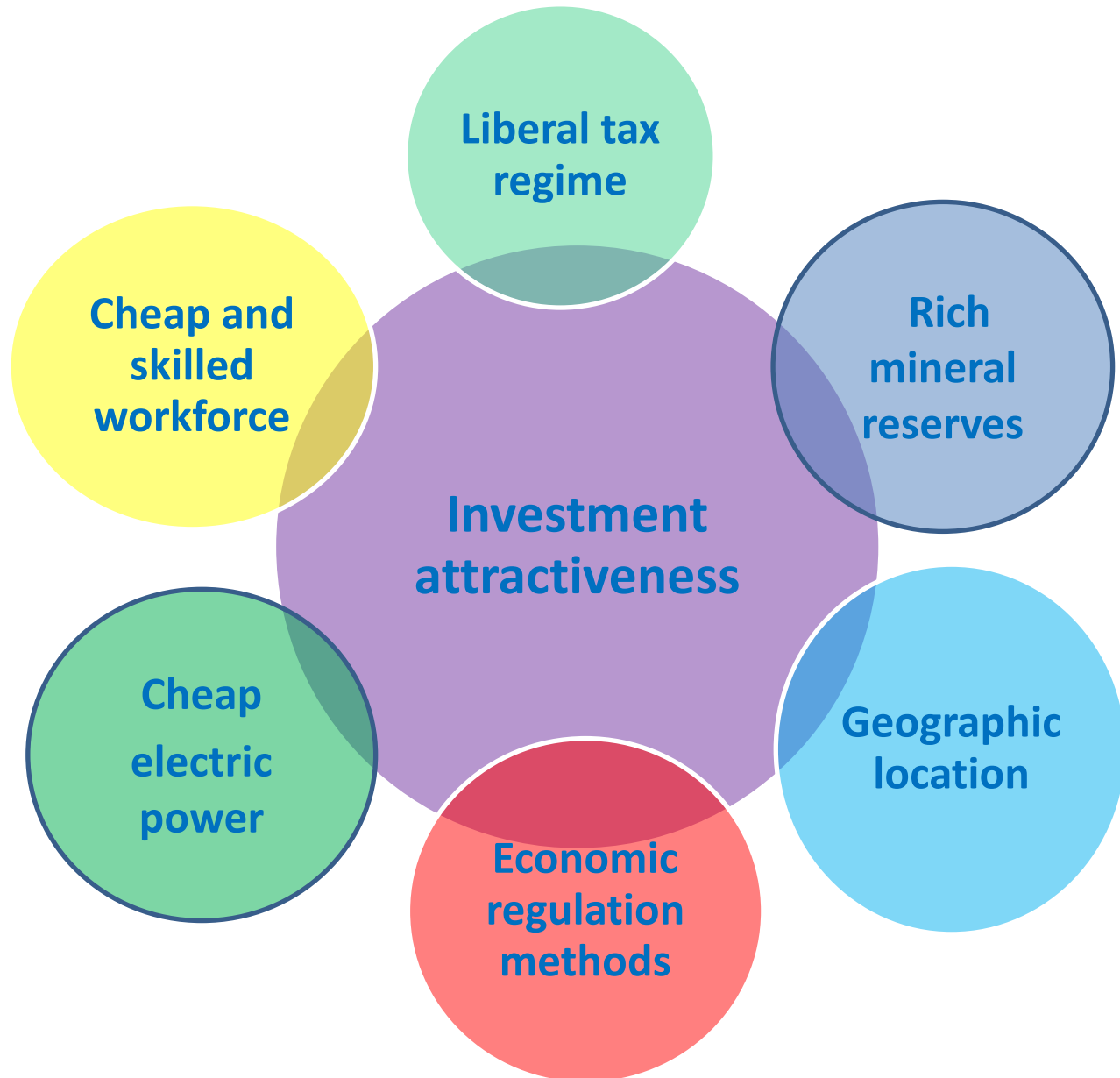
# Republic of Kyrgyzstan



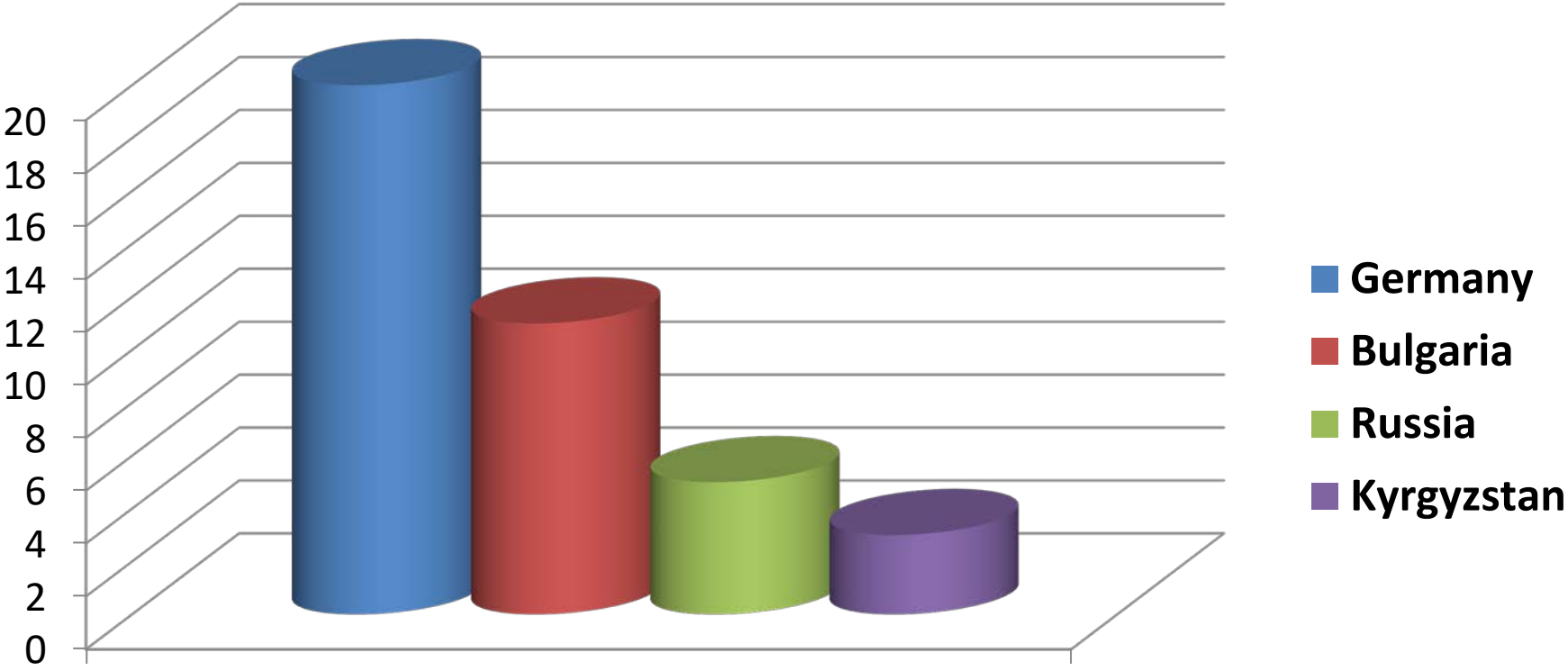
# Kyrgyz Republic Overview

- Capital: Bishkek (859.8 thousand).
- Neighbouring countries: China, Kazakhstan, Uzbekistan, Tajikistan
- Official languages: Kyrgyz, Russian
- Area: 198,500 km<sup>2</sup>
- Population: 6 million people
- National Currency: Kyrgyz Som (KGS)
- Mining GDP share - 10%
- Mining industry share -55%
- GDP per capita 1,331 USD

# Investment attractiveness



# Investment attractiveness Electricity



Electricity cost in US cents per 1 kilowatt per hour

# Mineral potential of the Kyrgyz Republic



The state balance of mineral resources lists about **200 deposits** with fully explored or actively explored reserves of mineral raw materials.

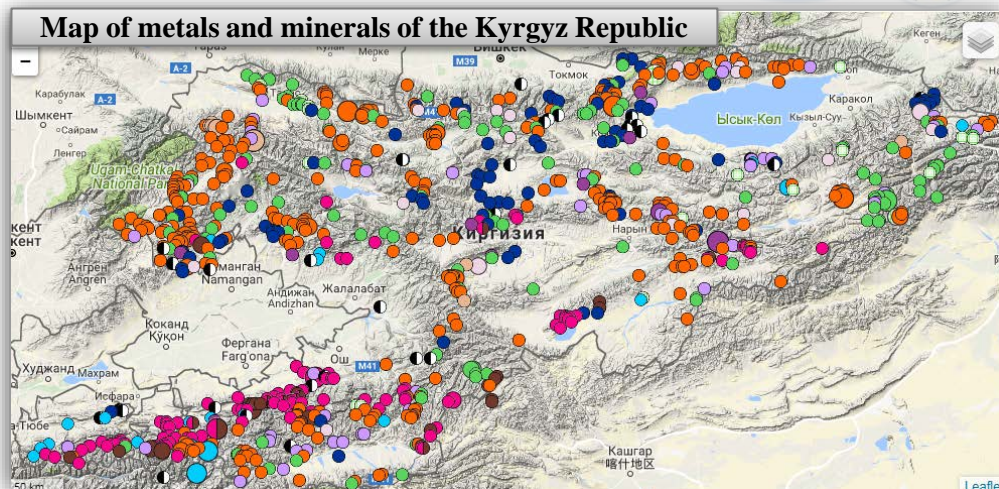
Particular importance is attached to the reserves of **gold, rare and rare-earth metals**, as well as **non-metallic mineral resources**, the development of which can significantly increase the country's gross domestic product (GDP) and tax revenues to the state budget.



# Prospective reserves and forecasted resources of metals and minerals



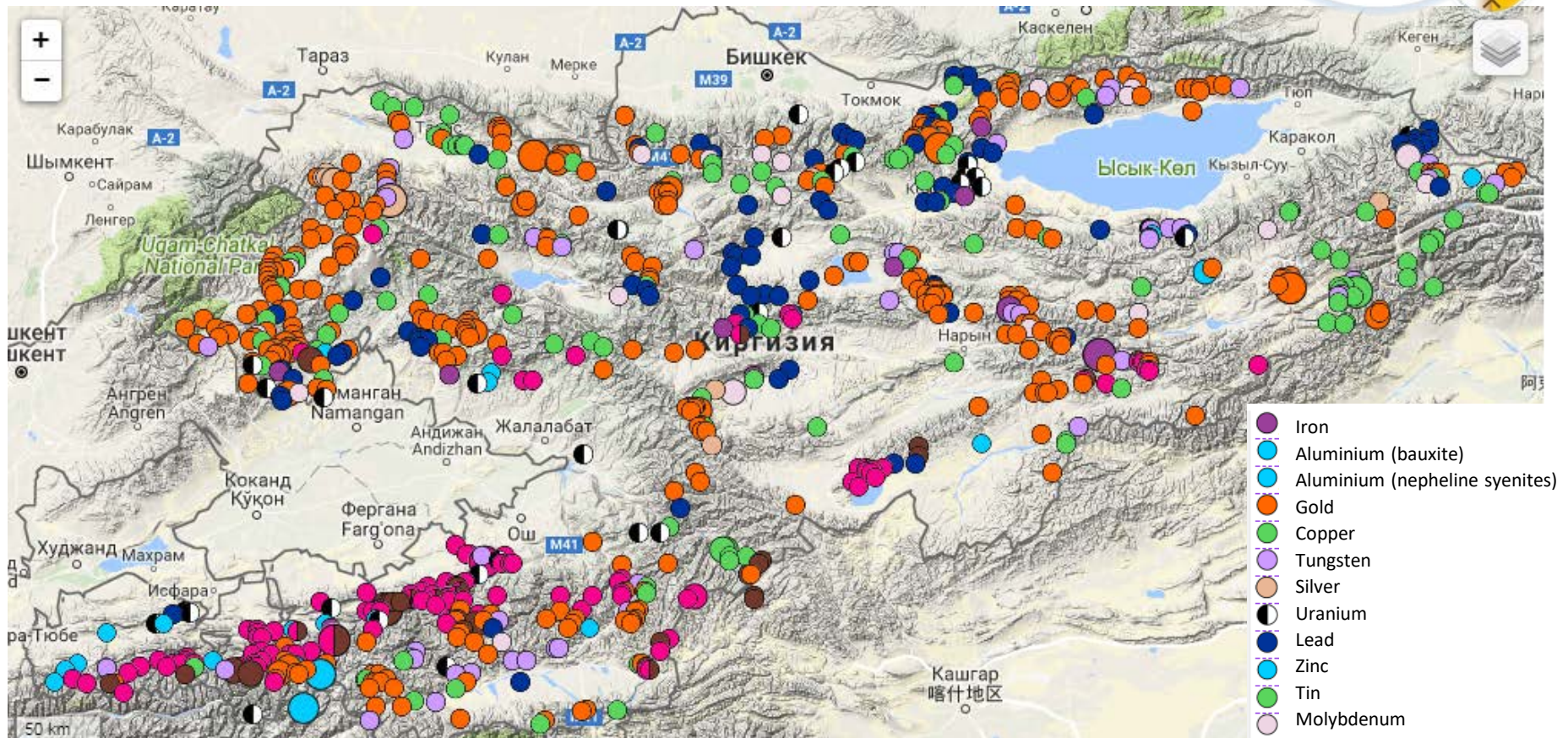
Type of mineral resource	Number of deposits	Reserves and forecasted resources
Iron	12	1791.4 million tons
Aluminium (bauxite)	10	47067.9 thousand tons
Aluminium (nepheline syenites)	2	405,403 thousand tons
Copper	29	6470.3 thousand tons
Lead	27	912 thousand tons
Zinc		452,9 thousand tons
Tin	14	277,7 thousand tons
Tungsten	20	276.2 thousand tons
Molybdenum	18	106 thousand tons
Mercury	29	48,3 thousand tons
Antimony	33	770,8 thousand tons
Rare earth	11	75,1 thousand tons
Vein gold	70	2123,7 thousand tons
Placer gold	63	25,6 thousand tons
Silver	37	7406,5 thousand tons
Uranium	22	31,2 thousand tons



## Symbols

- Iron
- Lead
- Aluminium (bauxite)
- Zinc
- Aluminium (nepheline syenites)
- Tin
- Rare Earth and Scattered Elements
- Molybdenum
- Gold
- Mercury
- Copper
- Mercury, antimony
- Tungsten
- Antimony
- Silver
- Gold
- Uranium
- Gold, copper

# Map of metals and minerals



- Iron
- Aluminium (bauxite)
- Aluminium (nepheline syenites)
- Gold
- Copper
- Tungsten
- Silver
- Uranium
- Lead
- Zinc
- Tin
- Molybdenum
- Mercury
- Mercury, antimony
- Antimony
- Gold
- Gold, copper

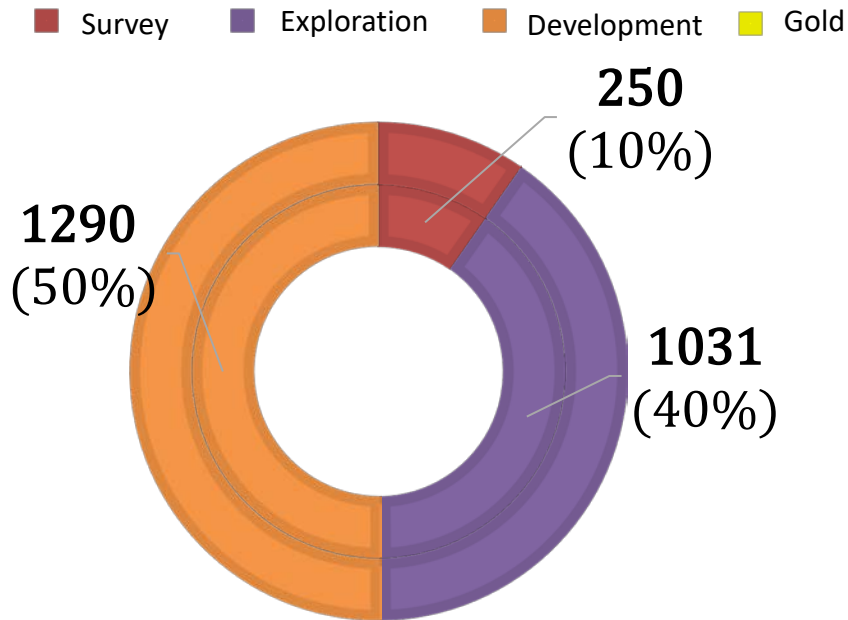




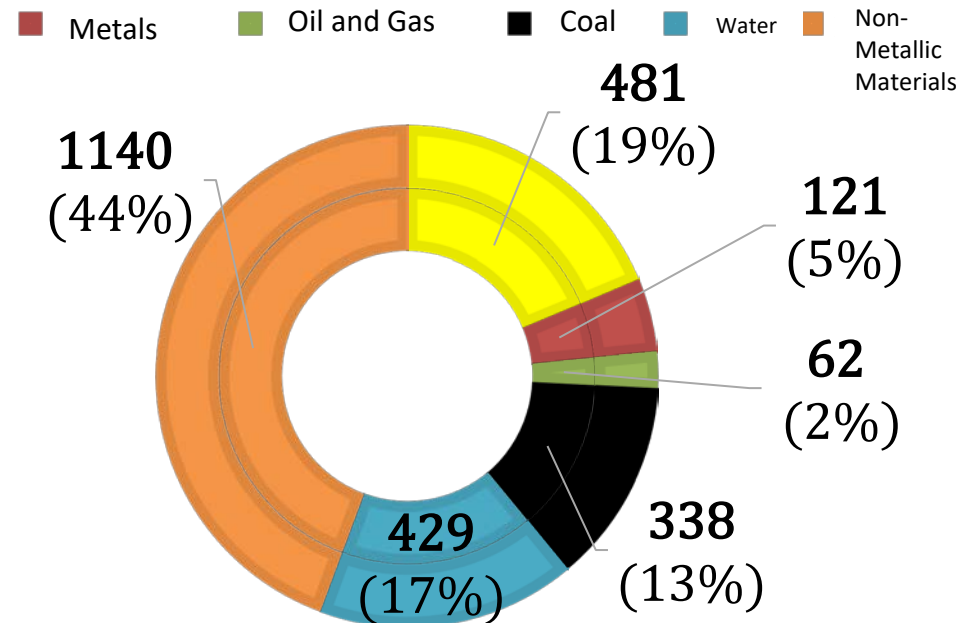
# Distribution of licenses

The total number of licenses for the right to use subsoil- 2571

## TYPES OF WORK



## BY MINERALS

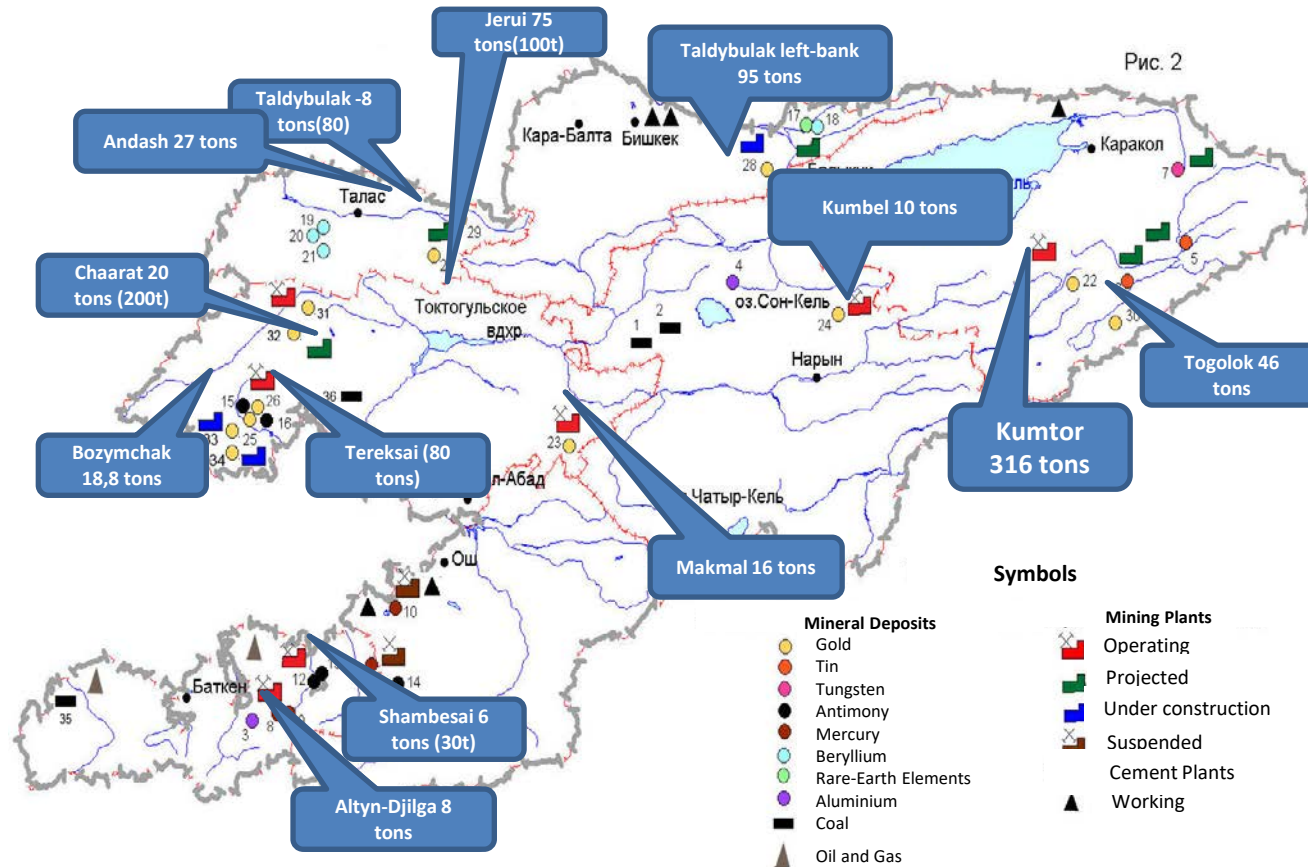


- In total, 1140 licenses were issued for **non-metallic** mineral resource, of which 717 were issued for **sand and gravel mix** and **Loam soils**

## The main directions of development

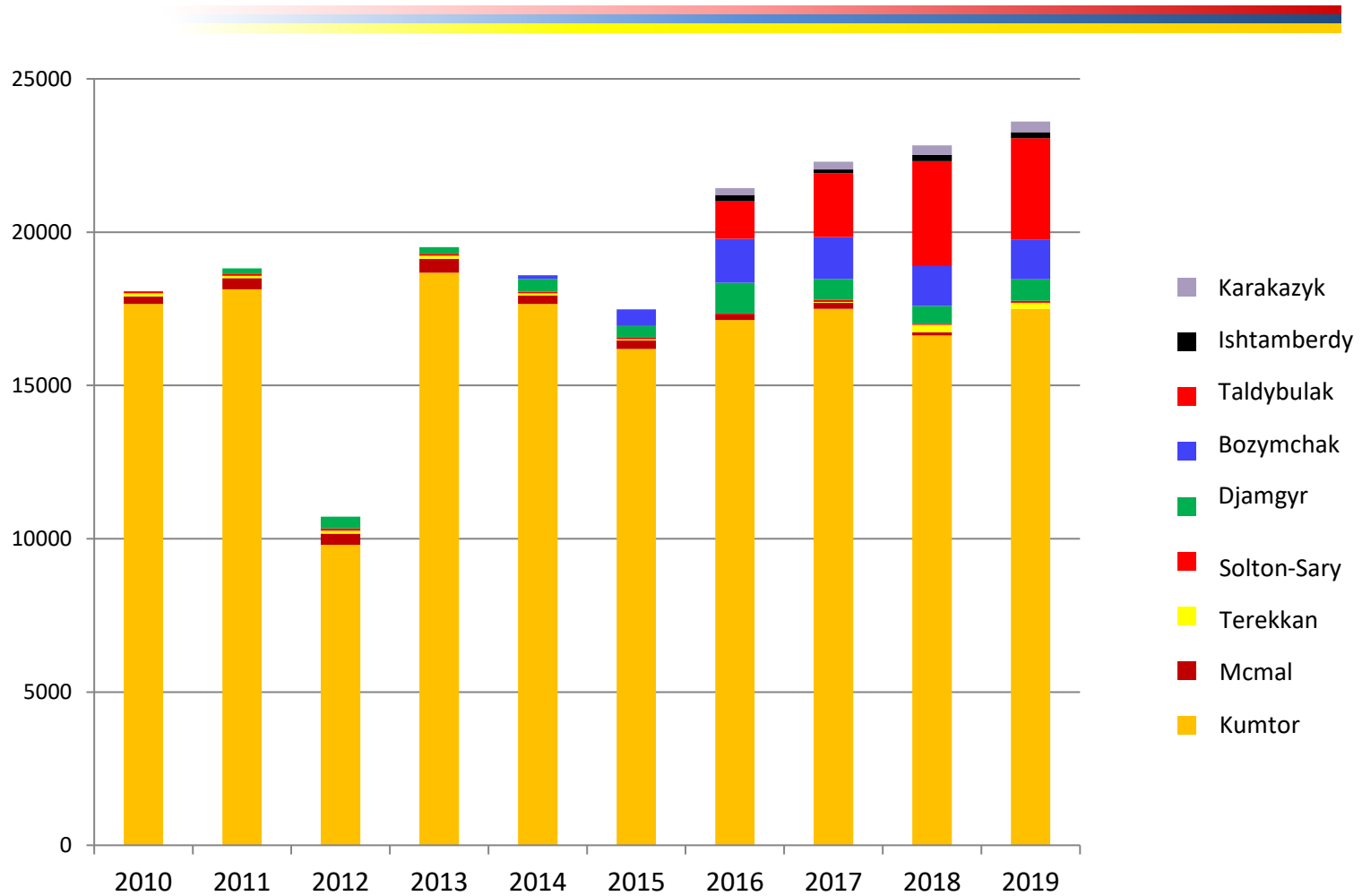
- 1 Gold mining**
- 2 Non-ferrous and rare metals mining (mercury, antimony, tin, tungsten, rare earths)**
- 3 Coal, oil and gas, production of non-metallic minerals, groundwater for domestic consumption**

# Major Gold Deposits





# Gold Production



## Commissioning new deposits into operation

Short term 2019-2020 year	Medium term 2021-2023 year	Long term 2024-2025 years
Kuru-Tegerek (Au – 39,2 tons)	Buchuk (Au – 12,1 tons)	Andash (Au – 19,5 tons)
Jerui (Au – 105 tons)	Tyulkubash (Au – 20,3 tons)	Togolok (Au – 17,3 tons)
Terekkan- Perevalnoe-Terek (Au – 16,4 tons)	Shiraljin (Au – 5,6 tons)	Nasonovskoe (Au – 5,6 tons)
	Shambesay (Au – 7,8 tons)	Kyzyltash (Au – 39,5 tons)
	Makmal (Au – 5,0 tons)	Kichisandyk (Au – 27 tons)
	Kumbel (Au – 1,2 tons)	
	Altyn-Djilga (Au – 7,1 tons)	

**Total: 328,6 tons**



# Extraction and processing of non-ferrous, ferrous, rare and other metals



## Mining of non-ferrous and rare metals

Prospects for the development of non-ferrous metallurgy are associated with the construction of mining enterprises at the Trudovoye, Uch-Koshkon and Kensu tin and tungsten deposits.



## Mining of ferrous metals

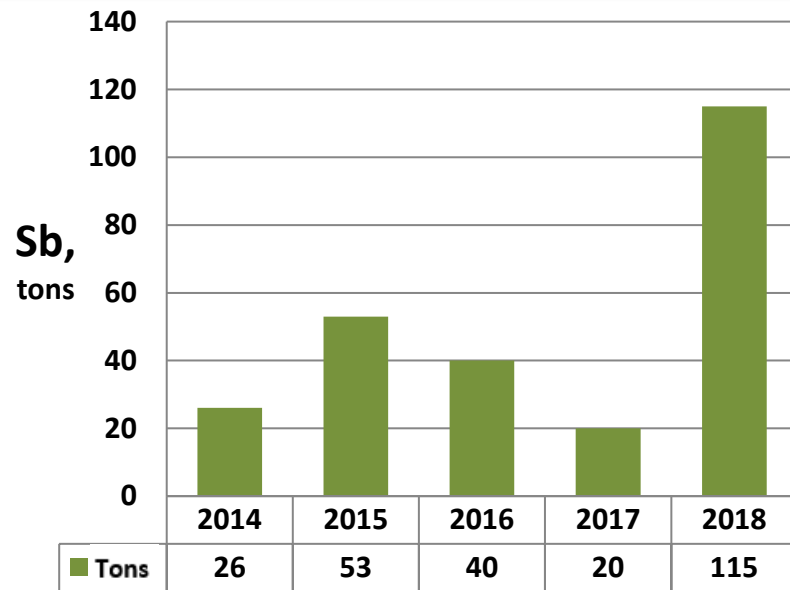
According to the state balance sheet, 978 thousand tons of iron ore reserves at the Nadir deposit are mined as an additive in the production of cement for South Kyrgyz Cement CJSC and Southern Construction Materials Plant LLC. Explored geological reserves of the deposit in C1 + C2 categories are 17.3 million tons of ore with an iron content of 37.5 - 42.2%.



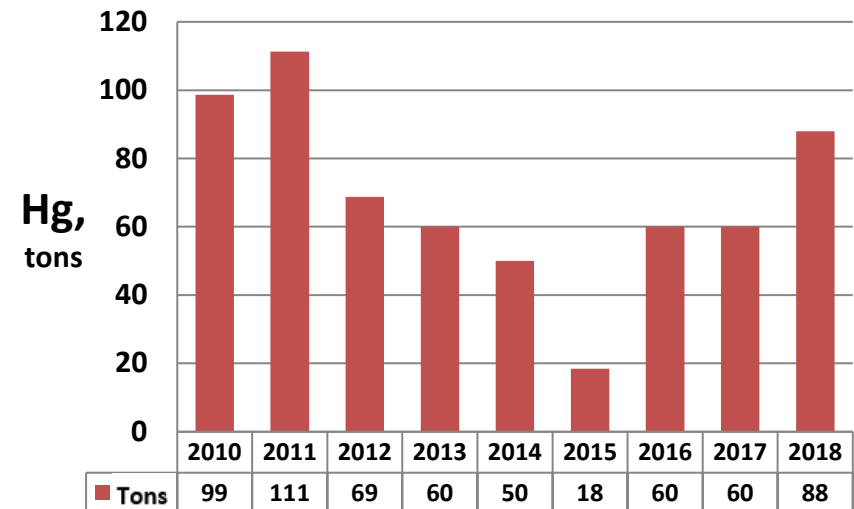
# Mining and processing of ores of non-ferrous, ferrous, rare and other metals



## Antimony production

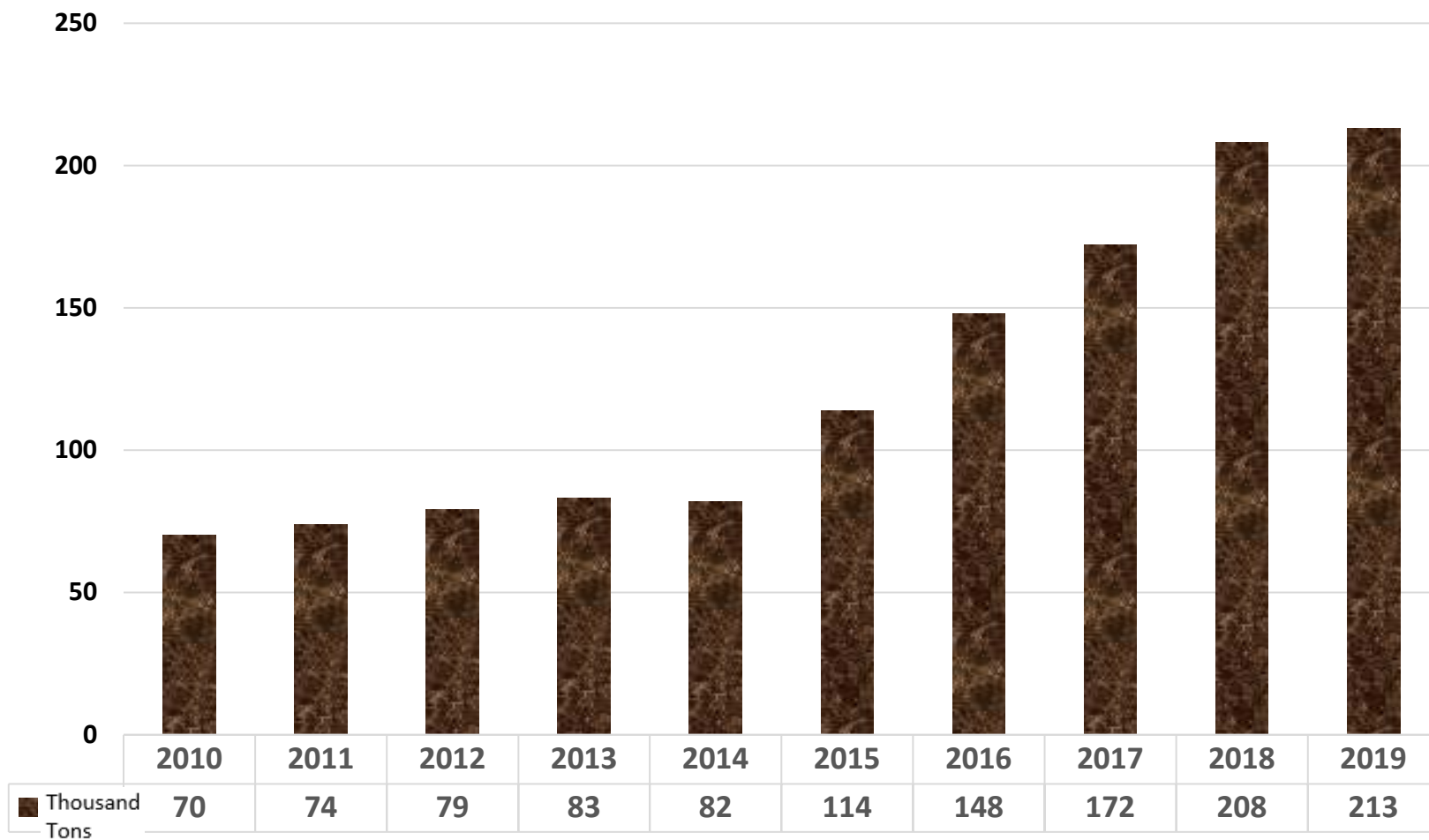


## Mercury mining





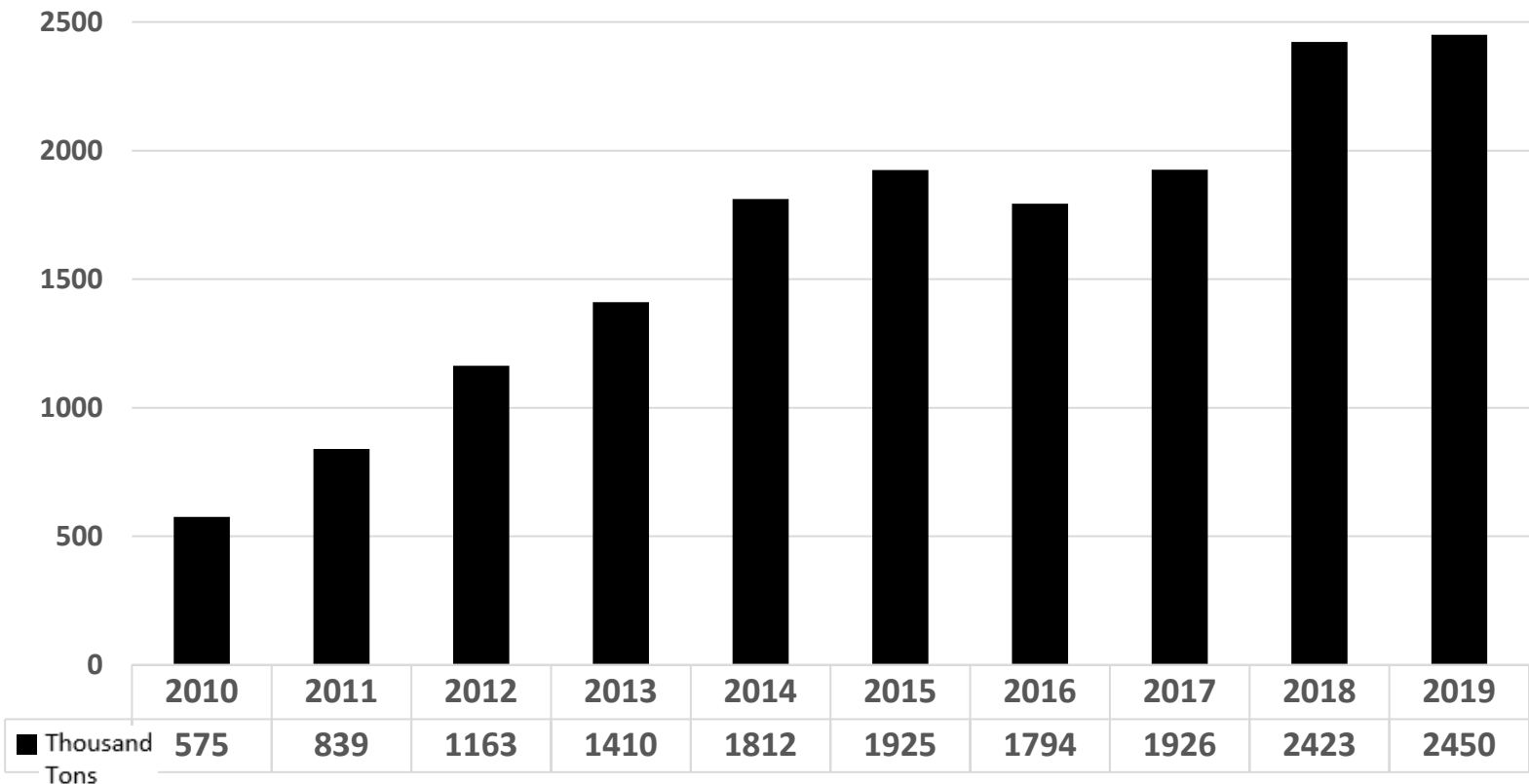
# Oil Production



# Coal Mining



Coal mining has been conducted intermittently for more than 100 years at the Kok-Zhangak, Tash-Komur, Sulukta and Kyzyl-Kiya deposits



# Coking coal Mining



**The Uzgen basin** in Kyrgyzstan has the largest reserves of coking coal and includes **17 deposits**.

At the Tuyuk-Kargasha deposits in the Uzgen district of the Osh region and Kok-Kiya in the Toguz-Torous region of the Jalal-Abad region, the estimated resources are **275 million tons**.

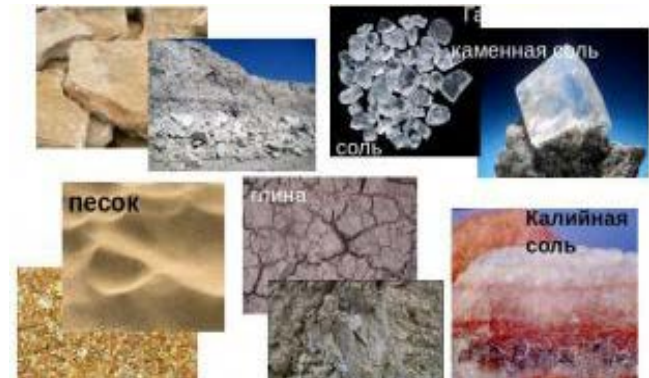
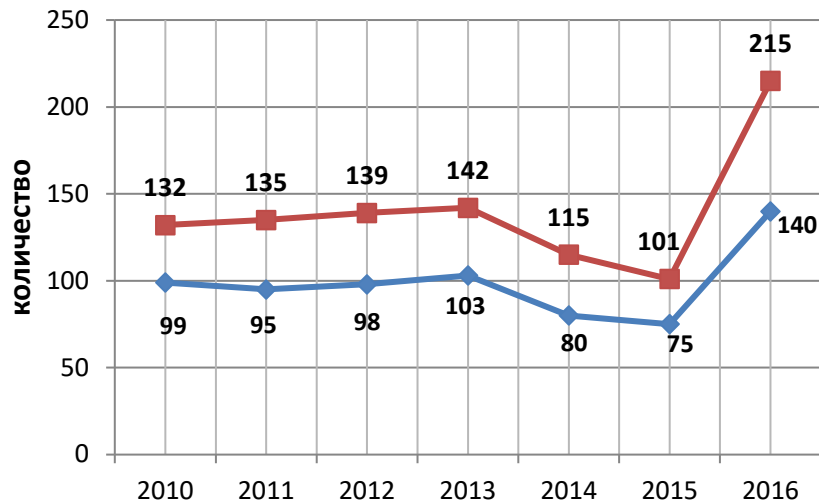


# Extraction of non-metallic industrial raw materials and raw materials for the production of building materials



The country's mineral and raw material base fully covers the needs for the production of building materials, taking growth into account.

In Kyrgyzstan, more than 200 enterprises mine 15 different types of non-metallic mineral resources, mainly construction materials.



◆ Operating Enterprise

■ Developing deposits and sites

# Mining taxation

Tax Type	Rate	Where is credited
Income tax	10% of profit	republican budget
Gold Mining Income Tax	Rate from 1% to 20% (depending on gold prices)	republican budget
Interest tax (for legal entities)	10% of interest paid	republican budget
Income tax of foreign organisations not associated with a permanent establishment in the Kyrgyz Republic	5% of the cost of services, 10% of dividends, interest income, royalties, royalties, cost of services / work, etc.	republican budget
Value Added Tax (VAT)	12% of the taxable value of supplies / imports	republican budget
Sales tax	From 1% to 3% depending on the type of supply and the status of the entity	republican budget

# Mining taxation

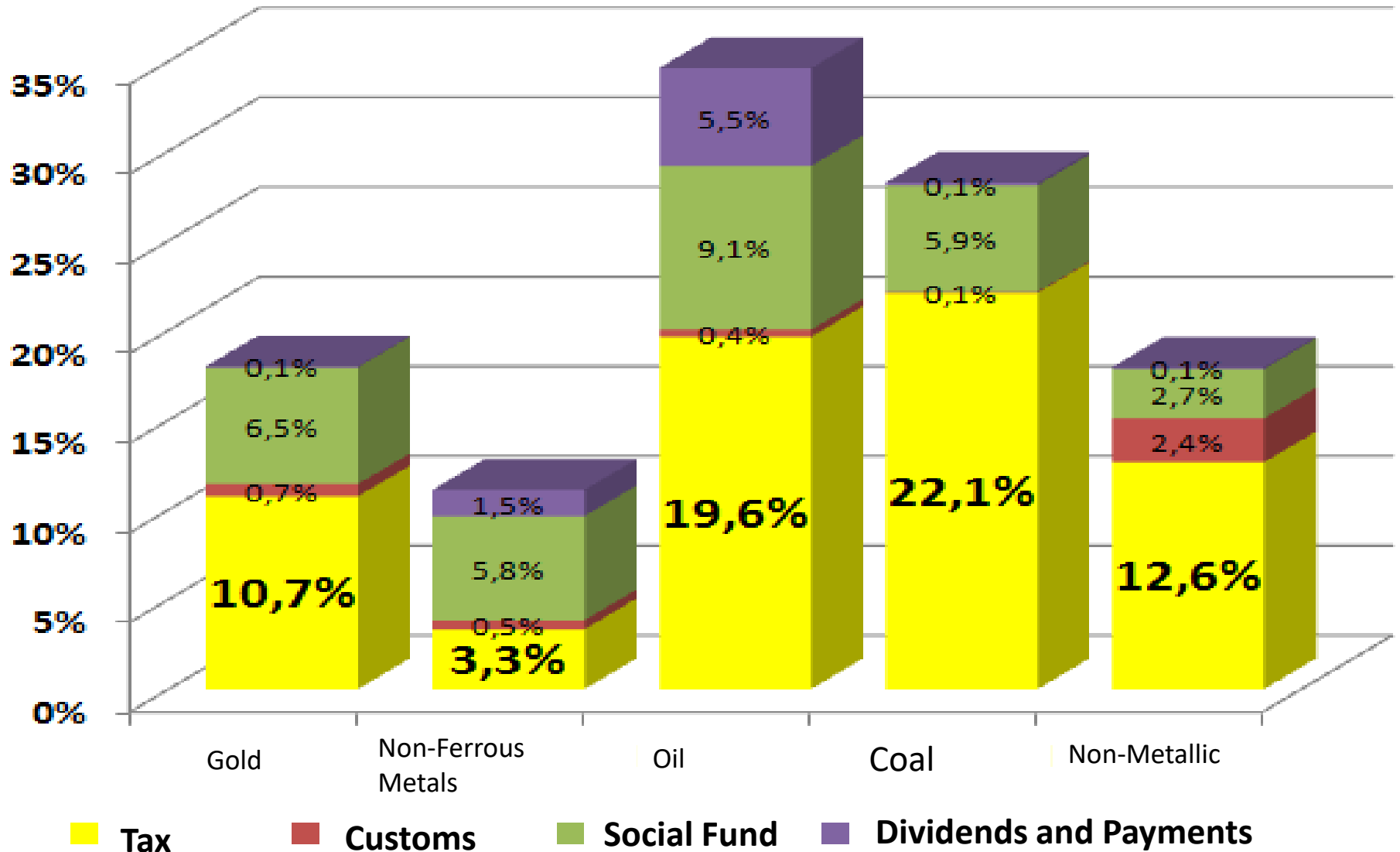
Tax Type	Rate	Where is credited
Bonus	By types of mineral resource according to classification tables	republican budget
Royalty	From 1% to 12% (depending on the type of mineral resource and reserves)	republican budget
		50% local budget, except gold
Land tax	The tax base is the area of land	local budgets
Property tax	The tax base is real estate and movable property	local budgets

# Social responsibility

Non-tax payments		
Type	Rate	Where are credited
Payment for retaining a license for the right to use subsoil	- area size - date of issue of the license - type of mineral	local budget
Deduction for the development of the maintenance of local infrastructure from the developers of mineral deposits	2% of revenue excluding indirect taxes received from the sale of minerals	local budget  republican budget (Regional Development Funds)

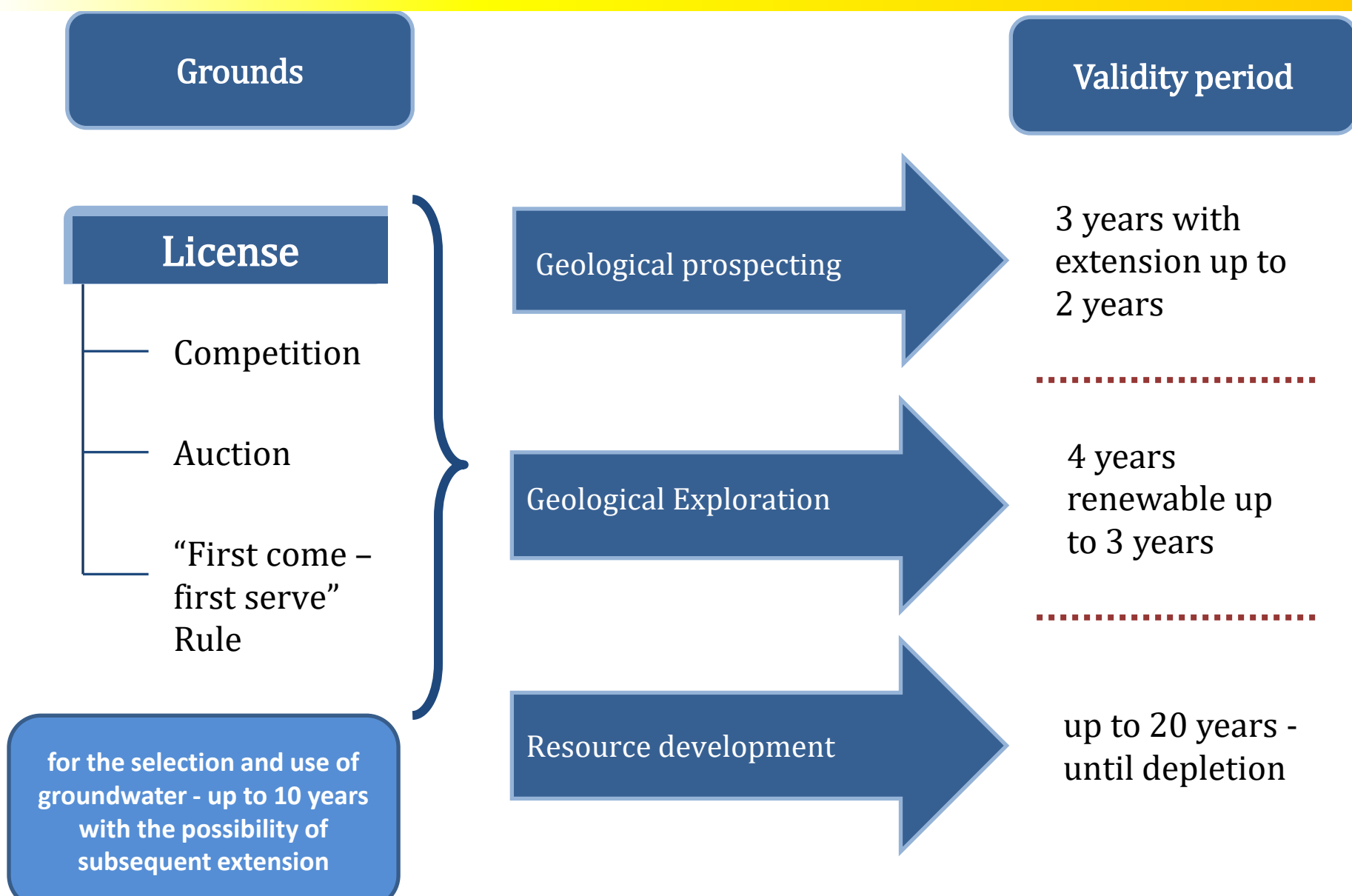
**A social package** in the form of an agreement between a subsoil user and local communities in accordance with which the subsoil user provides material, social and other support to local communities living in the location of the subsoil use facility.

# Burden on Mining Companies by Industry

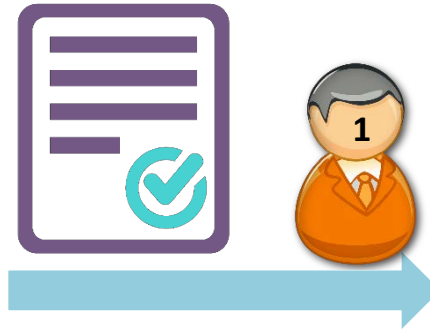




# Granting the rights to subsoil use

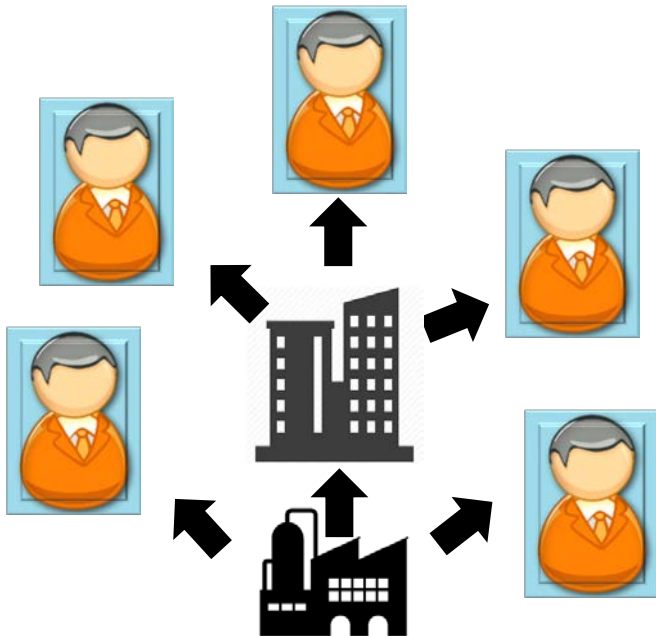


# 1. First submitted application



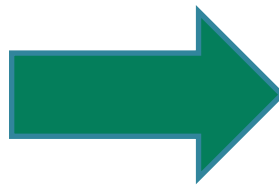
transparent licensing procedure

# 2. Disclosure of information on ultimate beneficiaries



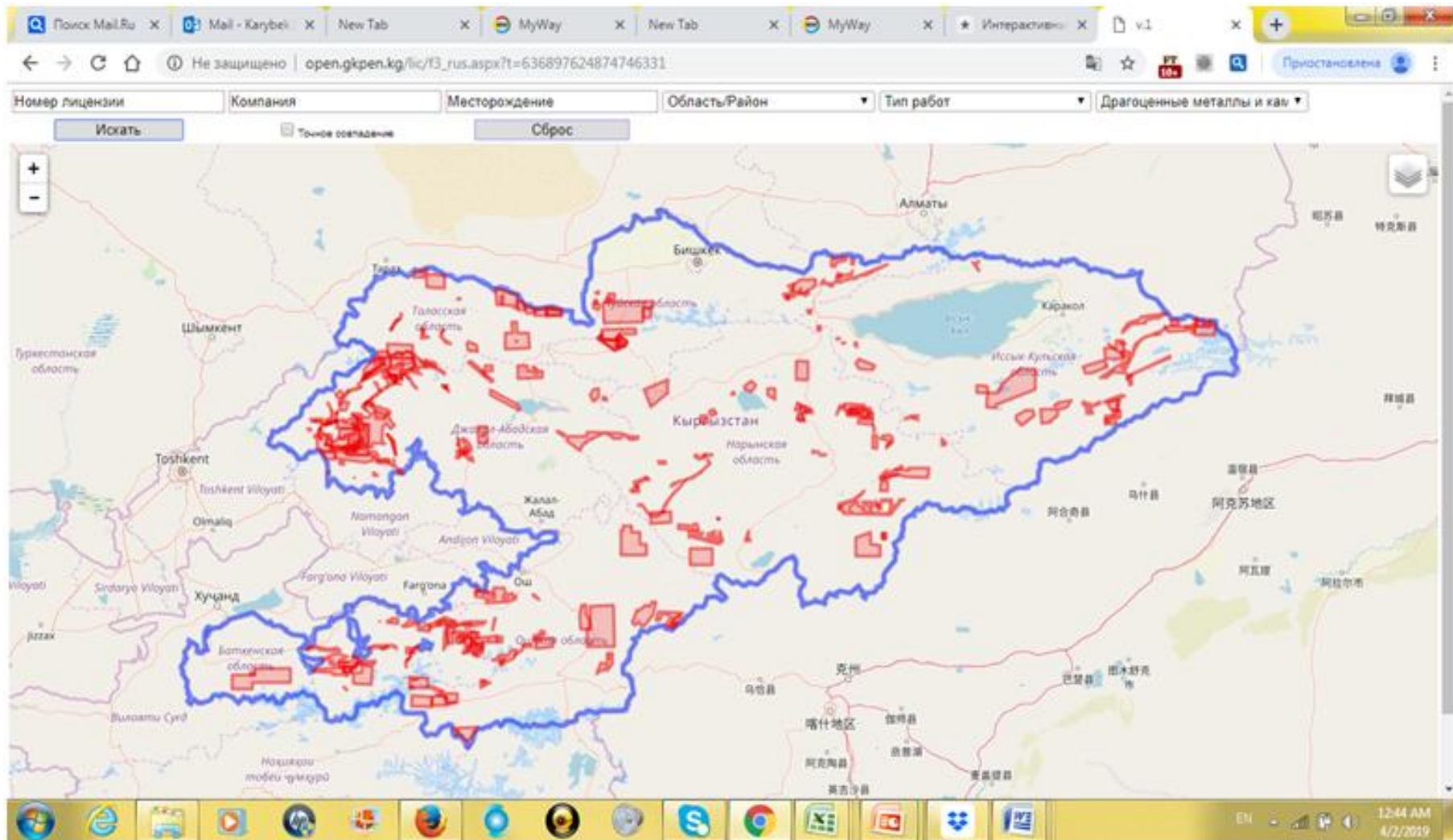
- the fight against money laundering and the financing of terrorism
- elimination of a possible conflict of interest

## 4. Publication of current licenses and license agreements



- openness and transparency
- access to the information

# Gold Licensed Area Card



# Planned tenders for 2019-2020

No	Name and type of mineral	Mineral reserves
1	Coal deposit of Tegene, with the aim of developing and conducting exploration	56 million tons
2	Brown coal deposit Sulukta-field 11, with the aim of developing and conducting exploration	82 million tons
3	The Naukatskoye gypsum deposit, with the aim of developing and conducting geological exploration	16 million tons
4	Kadamzhay antimony field, with the aim of developing and conducting geological exploration	105 million tons
5	Tuyuk-Kargasha coking coal deposit, with the aim of developing and conducting geological exploration	175 million tons



# Thank you for your attention!

