



АГЕНТСТВО РАЗВИТИЯ
МЕЖДУНАРОДНОГО
ФИНАНСОВОГО ЦЕНТРА

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Mining Projects for Small and Medium-Size Investment

While strategic mining projects are distributed through auctions or need concessions to be negotiated with the government, there is an abundance of smaller exploration and production opportunities in the mining sector, with required investments starting at single hundreds of thousands of dollars.

You can get your first introduction to Kyrgyzstan's investment potential in the mining sphere by briefly reviewing the full list of prospecting, exploration and production licenses currently active in Kyrgyzstan. This is a very open country, and even telephone numbers of the company's managers are a matter of public record. The list is in Russian and available here, from the website of the country's mining regulator.

By reading this register you will get an idea of which minerals attract most of investor interest in the country.

A full list of mineral deposits and mineral occurrences (exploration prospects), of over 200 pages, in Russian, can be downloaded here. In case it does not load from the website of the Industry Committee (this happens), here is the download link for a copy of the list saved in January 2018.

A number of points to keep in mind when considering a mining project in Kyrgyzstan:

- Licensing rules are fairly straightforward and very liberal in comparison with neighbouring countries.
- Gold mining companies pay a small tax on the production volume and do not account for profits.
- There is a tax on keeping the unused license for a certain period; thus the original license owner has time available to raise further funds when needed.
- Mining law is constantly upgraded to make it more user-friendly and rule out administrative intervention and corruption (for example, the law provides that if the local authority does not agree a land lease after duly completed application was filed, the lease is deemed to be granted automatically upon expiry of 30 days. Or if a report on the license use for the past term is not considered by the Mining Ministry within 30 days, it is deemed approved 'as is').

To enter the local mining sector you may either obtain a license directly from the State (by direct application, through auction or by tender) or acquire a ready prospecting, exploration or production license. There is a vibrant market for those in Kyrgyzstan, with prices starting at tens of thousands of dollars. Many local mining businesses seek co-investors or purchasers for their mineral assets; if you

want to explore possibilities of investing into a particular mineral, please get in touch with us.

If your interest falls on a project which is currently unlicensed, please determine first if it is an auction project or a project for which the license is available through the «first application» privilege. The list of auction prospects and deposits is available here, in Russian⁵. You can also download it in PDF.

If the asset you are after is on the auction list, you might have to wait before it comes up for auction. Legally the mining regulator must auction the requested license based on your application within a reasonable period of time, but in practice they have their own schedule and the waiting time could be significant.

The procedure to acquire prospects and deposits which do not cross the boundaries of auction objects is fairly straightforward. All you have to do is define the prospect you are after in a standard application and file it with the State Committee for Industry, Energy and Mining (the licensing body) along with notarized copies of your company's constituent documents. Unless a competing application is filed within 30 days, the Committee must issue the license to you. If someone wishes to compete with you for the license, the auction will have to be organized.