

## **INFORMATION**

### **on the investment project “Development of the Yoshlik I field”**

*(as of 01.03.2023)*

In accordance with the Decree of the President of the Republic of Uzbekistan dated May 26, 2020 No. PP-4731 “On additional measures to expand the production of non-ferrous and precious metals on the basis of the deposits of JSC “Almalyk MMC”, the AMMC is implementing a strategy to increase the volume of production of non-ferrous and precious metals.

As a result of the implementation of this strategy, production will be achieved:

**at the first stage** - 2017-2024, a quarry will be put into operation, where 65.0 million tons of ore will be mined per year, a copper processing plant-3 will be built with a processing capacity of 60 million tons of ore per year, infrastructure for this factory, as well as a power system with a capacity of 650 megawatts;

**at the second stage** - in 2024-2028, the production of **400 thousand tons** of cathode copper, **40 tons** of gold and **270 tons** of silver will be achieved;

**at the third stage** - by 2030, the production of cathode copper will reach **500 thousand tons**, gold - **50 tons**, silver - **300 tons**.

## **THE CURRENT STATE OF THE PROJECT IMPLEMENTATION**

### 1. “Yoshlik I” Field:

The works on development of the deposit is being carried out intensively, in 2 shifts.

To date, the mining operations are underway at the site, more than 1,743 employees and more than 400 units of machinery are working.

Until now, the General Designer Giprotsvetmet JSC has developed the feasibility study for the first stage of the project and approved by the Cabinet of Ministers. Working documentation is being developed.

Earthworks are intensively carried out to reach the ore layer at Yoshlik I and its extraction. To date, more than 153.1 million cubic meters of these works have been completed.

In addition, the construction of external engineering services and temporary railway lines is underway at the field.

### 2. Copper Concentrating Mill-3 (MOF-3)

The consortium of UZTM-Karteks and Enter Engineering, as well as JSC “Almalyk MMC”, signed an agreement on the construction of MOF-3 worth \$2 billion on a turnkey basis.

Wood (Italy) was involved in the design work, Technip Energies (Great Britain) for the technical assessment and acceptance of the project. Wood prepared 7,822 out of 12,725 working documents required for the project.

In order to speed up the construction work, Enter Engineering has built the Steel Structures Plant near the construction site, which was put into operation in May 2022.

To date, 13.1 million cubic meters (87 percent) of earthworks and 391.0 thousand cubic meters (58 percent) of concrete work have been completed in the construction area.

To date, the construction works of MOF-3 are underway, more than 4,200 builders and 503 units of special equipment are working at the site.

The necessary land plots have been allocated for tailings dump sites, on which work is currently underway to build the foundation of the dam.

### 3. Construction of Water Supply Facilities:

The external water supply scheme MOF-3 was approved;

clear boundaries of territories for objects and the required areas of land plots (712 hectares) were determined;

State Unitary Enterprise "Uzgeorangmetliti" is developing working documentation;

State Unitary Enterprise "Uzbekhydrogeologia" conducts exploration work to confirm water reserves.

### 4. For power supply facilities:

The bidding was held for the construction of external power supply facilities at the Yoshlik I field, a contract was signed with O'zelectroapparat-Electroshield. At present, the steel supports of 10 km of 500 kV power transmission lines have been fully assembled, 7.5 km of wires have been laid, in addition:

the delivery of the main equipment has been completed (100%), installation works are underway;

7 transformers 500/110 installed;

substation buildings are under construction.

## **THE INTERNATIONAL FORUM TOOK PLACE AT AMMC**

On July 6 of this year, the town of Almalyk hosted the international forum "Long-term prospects for development of the Almalyk Mining and Metallurgical Combine", which was held as part of the Week of International Partnership Initiatives "New Uzbekistan: Progress, Innovation and Education".

This event was attended by the international experts, the representatives of commercial banks and large companies, as well as the foreign business partners of the plant.

The event was opened by the Chairman of the Board of Almalyk Mining and Metallurgical Combine JSC Abdulla Khursanov. In his speech, he spoke about the activities of the enterprise, as well as major promising projects implemented at the plant.

*– Today, AMMC is the leader in Central Asia in the extraction and processing of copper-molybdenum, polymetallic and gold-bearing ores. The plant is also one of the 30 largest companies in the world producing copper products, – A. Khursanov noted in his report. The annual volume of copper*

*production is more than 148 thousand tons, 18 types of products are exported to 20 countries of the world. The raw material base of AMMC is the discovered deposits Kalmakyr, Sary-Cheku, Yoshlik I and 4 underground deposits. On the basis of the JORC Code, together with SRK Consulting, the assessment of mineral reserves was carried out in accordance with the requirements of the international standard, and a geological and mathematical model of the deposits was created. According to the results of the assessment by the specialists from the leading companies, the Yoshlik I deposit was recognized as the largest in the world in terms of gold and copper content. As part of the concept for the development of the AMMC until 2030, the final stage includes the works on development of the Yoshlik I deposit and the construction of copper processing plant No. 3. In addition, the design and construction works begun at the facilities of a new metallurgical complex and the copper processing plants No. 4 and 5. As a result of the implementation of the investment project "Development of the Yoshlik I deposit" in 2030, the capacity for production of cathode copper will reach 500 thousand tons, gold – 50 tons, silver – 300 tons.*

Speaking at the opening ceremony, the Executive Director of JP Morgan Bank Yungha Kim, Procurement Director of Glencore Maria Samoilova, Falk Porsche the Founder of Falk Porsche noted the geographical location of Uzbekistan, spoke about free market regimes between the states of the Middle and Far East and West, the status of a GSP+ beneficiary, the rich resource base, the works to become a member of the World Trade Organization. The participants also expressed their readiness to support joint projects, voiced their proposals on promising areas for establishing long-term cooperation.

The event was also attended by the regional leaders and representatives of large foreign companies. These are Deutsche Bank, KfW-IPEX Bank, Siemens, Zippelin, PWC, Ernst & Young, KPMG, SAP, Terralink, Aveva, Datamine, Tsifra, Noventiq Worley, K&K Gold GROUP, Sebina Technology, Sepro Mineral System, ME SOLUTIONS GP, ABM Anlagenbau und Maschinentechnik, Xingtai ME Mining Equipment, RWS Optimum, UET Consulting, CRRC Dalian.

The participants of the event shared their opinions about the event:

Falk Porsche, founder of Falk Porsche: *“Our company has been investing in Uzbekistan for 30 years. It's no secret that thanks to the ongoing reforms in the country, Uzbekistan is becoming more and more attractive to foreign investors. Your country pays great attention to creating the favorable environment for doing business. Today's forum can serve as a vivid example. Uzbekistan is rich in natural resources, has the great industrial and intellectual potential. We are pleased to cooperate with AMMC in the implementation of major projects. The implementation of these works will increase production capacity, develop import-substituting products, and increase exports. And this, of course, will provide an opportunity to create new jobs. A number of issues related to the further expansion of cooperation were discussed at today's forum. During the event, the participants presented their projects, got a closer look at the activities of enterprises, and set goals for the future.”*

President of Metso Outotec Marcu Terasvasara: *“We started cooperation with Uzbekistan 30 years ago by establishing partnership relations with the Navoi Mining and Metallurgical Combine. And joint work with AMMC was started in 2010. Our largest project was the sulfuric acid shop No. 4 of the zinc plant. Along with this, our equipment works at the AMMC factories. Our company is ready to support the mining industry. But we aim to further expand the scope of cooperation. And this forum has become an excellent platform for establishing, maintaining and developing mutually beneficial ties between its participants.*

Also, within the framework of the event, the negotiations in the B2B format, panel sessions, as well as presentations of various projects were held.

The main purpose of the forum was to present the prospects and directions for the development of the Almalyk Mining and Metallurgical Combine, its investment opportunities, the reforms carried out in our country to familiarize our potential partners with the enterprise and strengthen cooperation with the present.

During the negotiations, an exchange of views took place on the existing problems in the industries, the growing demand for import-substituting products, and the introduction of technological solutions. Industry problems and their solutions are analyzed by the foreign and local experts.

Following the results of the meetings and panel sessions, the plant's foreign partners expressed their interest in continuing further work within the framework of close business cooperation, forming areas of cooperation in the short and medium term.

### **AMMC: The Results of First Half-year**

The team of the Almalyk Mining and Metallurgical Combine completed the production tasks set for the first half of 2023.

In particular, during the reporting period, the marketable products were produced in the amount of **15,079,533,260 thousand UZS**, the forecast in this direction was fulfilled by **103.9%**.

The targets for ore extraction and copper content in concentrate were achieved – **100% and 105.2%**, respectively. The growth rate for the processing of copper raw materials amounted to **104.7%**.

The rate of fulfillment of the forecast for the production of zinc from own raw materials amounted to **102%**.

The team of the Khandiza Mine Administration completed the tasks for the extraction of polymetallic ores (104.4%), its processing (104.6%), and the zinc content in the concentrate (101.1%).

The staff of the Angren and Chadak Mine Administrations, the Kauldy mine also ensured the fulfillment of forecasts for the extraction of gold-bearing ore and its processing, the content of gold and silver in concentrate.

In addition, tasks were completed for the production of copper sulfate, enamel wire, technical selenium and tellurium, ammonium perrhenate, palladium powder, and molybdenum trioxide.

### **PROJECTS IMPLEMENTED AT AMMC ARE PRESENTED AT THE INTERNATIONAL CONFERENCE**

These days, Tashkent is hosting the Week of Initiatives of the International Partnership “New Uzbekistan: Progress, Innovation and Enlightenment”.

More than 450 statesmen, politicians, representatives of major business, experts, as well as representatives of a number of international organizations from more than 60 countries take part in the prestigious international conference, which will last until July 7.

As part of the Week of International Partnership Initiatives, more than 50 conferences and meetings of research and analytical centers, business communities, ministries and departments are held.

On July 4, 2023, the international conference "Ongoing reforms in the mining industry and geology in Uzbekistan: Results and prospects" was held in the Event Hall of the Uzbek Film Agency "Event Hall" in Tashkent.

The event was attended by the representatives of international and foreign organizations, business circles, as well as the Almalyk Mining and Metallurgical Combine.

During the dialogue on such topics as “**Ongoing reforms in the mining industry and geology in Uzbekistan: Results and prospects**”, “**The current stage of development of the mining and geological system and prospects**”, “**On the way to transformation**”, the content of the reforms carried out in recent years in the country to improve the investment climate and analysis of broad changes in the industry were reviewed in details. The conference participants received detailed answers to their questions.

In the Republic of Uzbekistan, **the growth rate of mineral reserves, the development of the production of precious, non-ferrous and ferrous metals, uranium and coal are accelerating, as well as an improvement is noted in the investment climate, attractive to foreign investors, and the possibility of implementing large investment projects.**

The potential of the subsoil of our country is huge. In terms of reserves of highly liquid types of minerals, including gold, silver, copper, uranium, potassium, phosphorites and kaolin, Uzbekistan is among the ten leading countries in the world.

As a result of the extraction of **more than 100 tons of gold, 150 thousand tons of copper, 4 thousand tons of uranium** per year, which is provided by the world's largest deposits of the Muruntau gold mine in the Navoi region, the Kalmakyr copper mine in Almalyk and other geological sites, Uzbekistan is a full participant in the world mining and metallurgical industry.

Taking the Copper Cluster initiative as an example, we can see how a mega project is being implemented to increase copper production to **500 thousand tons** per year by processing **200 million tons of ore** at the recently opened Yoshlik mine in Almalyk. To do this, in the next 5 years, due to large-scale exploration work, an increase in gold reserves – 730 tons and copper – 1.5 million tons should be ensured.

Deputy Chairman of the Board of Almalyk MMC JSC Abdulla Azizov: *“Today's conference plays a very important and significant role in the economic development of our country. During the event, the issues of attracting investments from foreign investors were considered. Foreign partners received detailed information from local experts on ongoing projects in our country, as well as projects envisaged in the future. We talked about the investment projects being implemented at the AMMC and the upcoming work. In particular, today the plant is working on the implementation of more than 100 investment projects. The main one is the “Development of the Yoshlik I deposit”, within the framework of which a copper processing plant-3 and a new metallurgical complex are being built. The main challenge facing us today is to increase copper production to 400,000 tons by 2028 and to 500,000 tons by 2030.*

In recent years, the extensive reforms have taken place, in particular, the improvement of investment legislation, changes in taxation in the mining industry, the liberalization of financial markets, and institutional changes. This, in turn, paved the way for greater investor access to capital and financial opportunities, the elimination of administrative barriers, increased transparency of investment activities and, most importantly, created an atmosphere of trust and stability.

An example of these reforms and improved conditions for investors is the reduction of taxes (royalties) on the extraction of the main types of minerals – **gold, silver, copper and uranium from 15% to 7%**, and on tungsten and other metals to **2.5%**.

In addition, at the stage of geological exploration, subsoil users are exempt from paying land tax, and when importing modern equipment and technologies, a number of customs preferences are provided. This, in turn, increases the weight of foreign direct investment in the mining and geological industry and stimulates the broad development of the market for relevant geological services, as well as small and medium-sized businesses in this area.

#### THE MEDICAL UNIT WILL BE REORGANIZED INTO DIGITAL POLYCLINIC

In order to create conditions for the provision of modern medical services to the workers of the Combine, at the initiative of the management of the AMMC, in 2022, the works started on the reconstruction of the building of the medical unit.

To date, the works are underway to equip the medical institution with the necessary equipment. Also at the completion stage is the overhaul of the Almalyk maternity complex, carried out by the company.

This medical institution has been providing services to the workers of the AMMC for almost 40 years. Thanks to the reconstruction work carried out, the building has acquired a modern look, and the rooms

have become bright and comfortable: the roof, facade, interior and exterior have been completely renovated. Paving stones were laid in the yard, doors and windows were replaced.

The design and estimate documentation was prepared by the departments of capital construction and design works. The reconstruction was carried out by the contractor "MGA STAR GOLD".

The plant's technical security systems service installed video surveillance and a digital system. A new transformer substation for 250 kVA has been installed. Employees of the trust "Olmalikmetallurgqurilish" laid asphalt on an area of 1,800 square meters.

As Abdujabbor Tukhtaboev, the Head of the Medical Service of the AMMC, noted, today the medical unit will provide services to three hundred workers in two shifts. The institution organized a meeting room and a juice bar, replaced the elevator equipment with new, modern ones.

To conduct high-quality diagnostics of employees, the medical unit is equipped with all the necessary medical equipment. This is a digital X-ray fluorography machine, ultrasound diagnostic equipment, high-precision equipment for detecting changes in the brain, etc.

Now the building, in which the centralized exchange of electronic information is organized, will be supplied with electricity through an alternative energy source – solar panels. In addition, it is planned to put into operation a modern inpatient hospital with 30 beds.

Based on the request of the Ministry of Healthcare, the medical sanitary unit of the Council of the Trade Union of Workers of AMMC will be transformed into a digital polyclinic.