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Navoi Mining and Metallurgical Combine is being reorganized in Uzbekistan

In accordance with the Decree of the President of the Republic of Uzbekistan No. 4629 dated March 6, 2020 “On the Measures of Reorganization of the state enterprise Navoi Mining and Metallurgical Combine” (the “Decree”) Navoi Mining and Metallurgical Combine (the “NGMK”) has been reorganized and renamed as “Navoiuran” state enterprise, an enterprise for the extraction and processing of natural uranium and rare-earth metals.

Furthermore, the Decree establishes that on the basis of NGMK’s property the following entities are incorporated:

- ▶ an enterprise for the extraction and production of precious metals - Navoi Mining and Metallurgical Combine Joint-Stock Company (the “NGMK JSC”), which will also be engaged in the production of emulsion explosives;
- ▶ “NGMK Fund” state enterprise (the “Fund”), an enterprise to which production workshops, land-plots, bath-and-laundry facilities, warehouses, as well as facilities of social infrastructure, health care, catering, sports, housing and communal services, culture, recreation and dormitories are transferred.

The Ministry of Finance, in its turn, will exercise the functions of a shareholder of the state shares in NGMK JSC’s charter capital, while the Agency for Management of State Assets will act as the founder of NGMK JSC as well as the Fund.

The Decree prohibits within five-year period to reduce the number of employees, change the field of activities and carry out privatization of the social infrastructure premises, excluding non-profile premises, which are to be transferred to the Fund.

The Decree also determines that the Ministry of Finance with NGMK JSC should undertake measures before November 1, 2020 to facilitate issuance of Eurobonds for the amount not less than USD 300 million.

Starting from March 15, 2020 information on ore reserves and reserve conditions, technical reports, reports on depletion of deposits, feasibility studies for mining projects shall be prepared in accordance with the standards of the Australian Code for Reporting on Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”), and are also subject to the mandatory publication.

Pursuant to the procedure set by the Decree, the Central Bank has been granted the preferential right to acquire the refined precious metals to replenish the assets in the form of precious metals from NGMK JSC. In case if the Central Bank refuses to acquire the refined precious metals, such metals may be sold to the third parties at prices determined by the London Bullion Market Association.

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