

*Regarding the construction of the project
refinery
technological capacity of 2.5M tonnes
on the territory of the free economic zone
in the Kyrgyz Republic*

The initiator of the project, JSC "Commercial and industrial company" Temirlan-Oil ", registered in the Kyrgyz Republic, in 1998, with the support of the Prime Minister and the Ministry of Economy of the Kyrgyz Republic (letter attached), plans to build an oil refinery with a processing capacity of 3 million tons/year of raw material (with minimal operational capacity of 1.5 million tonnes), with the depth of processing from 96 to 91.52%, the estimated cost 697'850'000 million and payback period of 4-5 years from the start of construction works free economic zone "Maimak" Kara Bura district, Talas oblast, Kyrgyz Republic .

The development and the development of free economic "Maimak" area has a number of preferences for future business activities in the region:

1. There is no corporate income tax;
2. The single tax is 1.5% of turnover;
3. In the Kyrgyz Republic as a whole and in the FEZ "Maimak", in particular, there are no seasonal moratorium on the export of oil products, which is a powerful stimulus for Kazakhstan oil companies to come to their raw materials at the refinery in FEZ "Maimak" for processing and then export finished products without restrictions;
4. There is no VAT on imported equipment, goods and materials intended for use in the FEZ "Maimak";
5. Customs clearance is carried out a separate customs FEZ "Maimak" duty of 0.15% on all imported HS codes in the FEZ "Maimak" and exported from FEZ.
6. For entrepreneurs operating in FEZ "Maimak", in particular of the TPC "Temirlan-Oil", there is the possibility of opening bank accounts in Kazakhstan, Russia, Europe and so on without the permission of the National Bank of the Kyrgyz Republic.

At the moment, the Government of the Kyrgyz Republic recovered and handed over to JSC "Commercial and industrial company" Temirlan-Oil "land area of 503 hectares for rent for 99 years for construction purposes directly refinery, a railway terminal, the necessary infrastructure and support services. Initiator received architectural and planning tasks and the necessary permits to begin construction.

Supply Refinery "Temirlan-Oil" raw material is planned to carry crude oil, Brent crude from deposits Kumkol oil basin located in the Kyzylorda and South Kazakhstan regions of the Republic of Kazakhstan (in substitution of the conditions of the Russian and Iranian oil*) by pipeline from Shymkent, Taraz through (Republic of Kazakhstan), laid in a corridor of land expropriated by the state for the construction of the main gas pipeline Beineu - Khorgos passing through Zhambyl region. Construction of the pipeline Shymkent-Taraz-FEZ "Maimak" and its connection to the main line Shymkent pipeline - Atasu agreed with the Ministry of Fuel and Energy of the Republic of Kazakhstan and JSC "KazTransOil" (documents attached).

** In accordance with the established pattern of substitution, it planned to acquire the Russian West Siberian Light oil through the LLP «TLC oil market» (Kazakhstan) on the internal price and the delivery of its pipeline through Pavlodar on DAP Atasu, which Russian oil will be replaced at the Kumkol subsoil users on Brent crude oil with delivery FCA st. Tekesu (Shymkent). As a result of the Kumkol mining companies reduce the cost of exports and maintain quality. Also worked out a similar scheme with the Iranian light crude, according to which the Iranian oil imports, FOB the port of Aktau at great discount prices from "Plats" and zameschatsya in JSC NC "KazMugayGaz" for the supply of FCA st. Tekesu. Iranian light oil allows JSC NC "KazMugayGaz" (and its subsidiary JSC "KazTransOil") to improve the quality and fluidity of Mangyshlak oil mixture, which, in turn, will reduce for them the cost of pumping the mixture through a pipeline to JSC "Atyrau Refinery" and increase yields processing products. JSC NC "KazMugayGaz" - promising the counterparty to replace, as the interest in the production of Kumkol oil, owns 50% of the refinery "Shymkentnefteorgsintez", including oil tanker train terminal at the station. Tekesu.*

The implementation of the finished product fixed corresponding preliminary agreements with suppliers and customers (included) and, under an agreement with the Government of the Kyrgyz Republic, is scheduled as follows:

- The territory of the Kyrgyz Republic 30% of the total production,
- For export to Tajikistan and Afghanistan 70% of total production.

Currently, in the Kyrgyz Republic is developing its own oil refining, hydrocarbon processing into petroleum products is carried out of "Kyrgyz Petroleum Company" in the Jalal-Abad refinery (capacity of 300 thous. Tons

per year), the company "Russneft" at the refinery in the city of Kant (capacity of 250 thousand . tons per year) and OOO "China Petrol Company" Jund "at the refinery in Kara-Balta (capacity of 800 th. tons per year upon 80 th. tons per year). All processors are not provided with raw materials and do not work at full . power fuel and lubricants imported from Kazakhstan and Russia In 2014, the annual demand of private Kyrgyz Republic amounted to:.. 3.5 million tons of light oil and 650 thousand tons of dark oil products.

Insurance of all types of risk, in accordance with the existing agreement, assumes the insurance company AIG Lloyd.

For the development and implementation of the project attracted highly qualified specialists and technologists from Russia, Kazakhstan and Germany. Design, according to the agreement, will carry out the engineering company «TS Consult» (Germany), delivery and installation of process equipment, "Turnkey» - CTA Anlagenbau GmbH OTEC group (Germany).

German equipment is selected in view of the fact that this technology allows it to reconfigure parameters for any feedstock in a wide range, and a problem of obtaining final processed products. In this context, supplies the refinery with raw materials possible from any source and refineries, in the event of unforeseen circumstances, capable of rebuilding the equipment properly, independently obtain Russian or Iranian oil by rail. All the necessary infrastructure for this type of supply is available.

Brief information	
Company Name of	Commerce and Industry Company "Temirlan-Oil"
Company establishment date	Company establishment date May 12, 1998
Type of company	Joint Stock Company
Industry	Oil industry
The design capacity of	3,000,000 tons per year (on raw materials) 8333 tons per day of 60,000 BPD
Minimum loading	1.500.000 tons per year (on raw materials) 4110 tons per day of 30,000 BPD
Own contribution	\$ 6'000'000 US (six million US dollars)
The founders, shareholders	Orazbayev MD - 95% Baigazov BN - 5%. (transfer to Mr. Orazbayev in progress)
The cost of design and estimate documentation	280'000 Euro
The cost of delivery and installation of equipment	588'000'000 Euro
The cost of communications and support facilities	(25% max) 139'500'000 Euro
The total estimated cost of the project	697'850'000 Euro
term return on investment	4-5 years
Supplier of equipment Installation of "turnkey»	CTA Anlagenbau GmbH OTEC group (Germany) «TS Consult» (Germany) 12-18 months
equipment requirements	The equipment must enable the refining of all brands for the possible supply the refinery with raw materials from any source

Planned Staff	124 people
The quality of the input of oil	Brent oil from the Kumkol subsoil. Quality Certificates are enclosed.
Planned products and services production	(Euro-4, Euro-5), gasoline, diesel, kerosene, jet fuel, fuel oil, heating oil, bitumen, butane-propane gas. Processing of customer-owned crude oil into petroleum products
Yield minimum load (Of raw material): 1,500,000 tons, 4.110 tons per day 30'000 BPD (barrels per day)	Gasoline 31,60% 1.289,00 tonnes per day Gas Oil 35,00% 1.428,57 tonnes per day Kerosene 16,00% 653,06 tons per day Fuel Oil 2,83% 115,51 tons per day Bitumen 1.50% 61.22 tons per day LPG 4,58% 186,94 tons per day Fuel Gas use in the production cycle Total: 91.51% 3.760,68 tonnes per day
Profitability of Investment	35,87
Profitability of Capital %	283,79
IRR %	63,00
Sale of products for export and domestic market, %	70% - export 30% - the internal market
Export market	Afghanistan, Tajikistan
Buyers	"AL Jawad Trading Est" (UAE) NC "Tajik Petrollium" (Tajikistan) JV "Mirza Munai" (Kyrgyzstan) JV "Kirsell" (Kyrgyzstan)
The main suppliers of oil	LLP "Petro Kazakhstan Kumkol Resources", LLP JV "Turgay Petroleum" <i>(Kumkol oil field, Kyzylorda region., Kazakhstan)</i> LLP «TLC oil market» (Kazakhstan) <i>Oil exports from Russia and Iran in Kazakhstan replacement at the filling terminal railway "Tekesu"</i> UAB "Samur" (Bashkortostan, Russia)
Competitors in the country and the region	refineries Kyrgyz Petroleum Company (city of Jalal-Abad, Kyrgyzstan) with capacity of 300 thousand tons per year. Refinery "Russneft" (Kant, Kyrgyzstan) with capacity of 250 thousand tons per year. SHNOS (Shymkent, South Kazakhstan) capacity of 4 million tons per year.

The long-term prospects for the development of the project:

- Acquisition of own rolling stock;
- Provide for the expansion of the tank farm to backup up to 30,000 tons of raw materials;
- To carry out the sidebar to the main oil pipeline Atasu-Shymkent in Zhambyl region and the construction of its own supply pipeline;

- To consider the acquisition of oil fields in Kazakhstan or purchase a stake in the Kazakhstan oil company;
- To consider the construction of the second stage of the process equipment in order to increase refinery capacity, the production of oil and petrochemical products.