Brief information on the development priorities of "Almalyk MMC" in the short and long term

1. Analysis of the world market condition.

The price world copper market condition is primarily determined by the expectations of the supply and demand dynamics. At the same time, Latin America, in particular Chile, forms the copper supply, Asia, especially China, forms the demand. In other words, the development of the economies of these countries can be considered as determining factors in shaping the balance of supply and demand of copper, and, consequently, the price of copper. Moreover, although copper and aluminum can replace each other in electrical engineering, but, according to analysts, copper can not be completely replaced by aluminum.

After reaching a record level of prices in 2011, the subsequent (from 2012 to 2013) dynamics of world prices shows a trend of decreasing prices for copper.

Thus, the average price of copper at the end of 2013 decreased by 16.9% or by 1,489 US dollars per ton (from 8,810 to 7,322 US dollars). This trend continues in 2014, where for January-September the average price of copper decreased by 5.4% and amounted to 6,924 dollars per ton.

The main reasons for the decline in prices are:

increase in copper production by 13% in 2013 against the volume of 2011, bringing the total world volume to 18.12 million tons;

carrying out by the largest Chinese copper manufacturers of the large-scale intervention to the foreign market by reducing the supply of products to consumers within the country.

In connection with fluctuations in prices in the world market, international analytical companies are afraid of publication of prices for the long-term perspective (until 2020).

For 2015, according to analysts' forecasts, copper prices may fall to 6,200 US dollars per ton, which is mainly due to:

copper surplus in the world market by 16% or 416 thousand tons due to unrealized volumes in previous years;

a significant expansion of production capacities of the world's major copper producers.

Reference. According to the results of August 2014, copper mining in Peru decreased by 10.2%, or down to 118.5 thousand tons, but increased by 4.7%, or up to 924.6 thousand tons in eight months. According to the Minister of Mining and Energy of Peru Eleodoro Mayorga Alba, the country will regain its position as the world's second largest copper producer by 2016, planning by that time to double the output of "red metal". The Peruvian copper production will reach 2.8 million tons in 2016, compared to 1.4 million tons in 2013, as the minister predicts. Such projects as Las Bambas, Constancia and Ampliacin de Toromocho, as well as expansion of other mines, should contribute to this "jerk".

According to Japan Metal Bulletin data, in August 2014, the production of electrolytic copper in Japan increased by 7% compared to 2013, or up to 133.09 thousand tons. The release of copper in Japan has been growing for seven consecutive months.

2. Analysis of the current state and development trends of the plant for the period until 2020.

The main objectives of the plant's development in the sphere of the production of metallurgical products for the short term have been determined by the Decree of the President of the Republic of Uzbekistan No. PP-2533 dd. May 20, 2016 "On measures to increase the production of finished export-oriented products based on deep processing of non-ferrous and rare metals for 2016-2020."

Name of products and responsible executors	Growth rate in 2020 by 2016 (by the beginning of exports),%
Cathode copper	106.2%
Copper vitriol	126.3 %
Copper wire rod	116.7 %
Copper wire	148,1 %
Copper pipes (UE "Angren Pipe Plant")	142,5 %
Regulating fittings for pipelines and heating systems (JV "AWP" LLC)	by 2 times
Contacts and terminals from copper (JV "AWP" LLC)	by 15 times
Stamped and cast brass products (fittings) (JV "AWP" LLC) by 1.5 times	
Blanks of keys and lock cores (JV "AWP" LLC)	by 2 times
Zinc metal	132.8%
Mixers with zinc body (JV "AWP" LLC)	by 1.5 times
White zinc (zinc oxide)	by 2.5 times
Molybdenum trioxide	104.5%
Metal molybdenum	by 2 times
Metal tungsten by	5.6 times
Technical Selenium	136,8 %
Technical Tellurium	108,7 %
Rhenium in ammonium perrhenate	102,9 %
Technical cadmium	110,5 %

On October 10, 2016, Presidential Decree No. PP-2628 was signed “On measures to implement the investment project of "Construction of a cement plant in the Sherabad district of Surkhandarya region," which provides for the

commissioning of a cement plant with a design capacity of 1.5 million tons of cement per year in December 2018.

Within the framework of implementation of the investment campaign between JSC Almalyk MMC and Dal Teknik Makina Ticaret ve Sanayi A.S. (Turkey) an import contract was signed for the development of working documentation for the technological part, the supply and installation supervision of the equipment, construction and installation and commissioning works on a turnkey basis for a total amount of 203.1 million US dollars. For the construction of infrastructure and other costs of the plant 9,7 million US dollars are provided for.

The volumes of cement production will grow up to 2.0 million tons by 2020.

3. Prospect of development of the plant for the period until 2030.

The development of the plant in the long term is associated with the implementation of the project on involvement the Yoshlik-I into the processing of ores.

The draft of the governmental decision is under processing at authorities...