



**MINISTRY
OF MINING INDUSTRY
AND GEOLOGY
OF THE REPUBLIC OF UZBEKISTAN**



ANNUAL MINING REPORT

2023

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Table of Content

Minister's message.....	3
About the Ministry of Mining Industry and Geology.....	4
Chapter 1: The role of the mining industry in the country's economy.....	5
Uzbekistan's Mining Sector Overview.....	5
The role of the mining industry in the country's economy.....	6
Chapter 2: Activities conducted in the field of geological exploration.....	7
Financing of Geological Exploration and Attraction of Foreign Investments...	7
Development of the base of mineral raw materials and new mines.....	8
Regional geological exploration works.....	10
Chapter 3: Advancements in the mining industry.....	11
Statistics: Production volumes, export and contribution to state budget.....	11
Market trends and demand for Uzbekistan minerals.....	13
Accelerating the digitization process in the mining industry.....	14
Prospects for the extraction of critical minerals.....	15
Major investment projects and their contribution to the industry.....	16
Tax policy reforms in mining industry.....	16
Chapter 4: Environmental, social and governance initiatives.....	17
Efforts to protect ecology and environment in the mining industry.....	17
Implementation of GRI and ESG standards in mining enterprises.....	19
Chapter 5: Plan and objectives for the year 2024.....	20
Increase production rates.....	20
Adoption of new mining law.....	21
Introducing a digital geological database.....	22
Developing the strategy for the development of the mining industry and geology until 2030.....	23
Ongoing major investment projects in 2024.....	25
Appendix: Scheme of granting a permit to subsoil users.....	26



Message from the Minister of Mining Industry and Geology



Esteemed Colleagues, Investors, and Stakeholders,

As we reflect on the past year's endeavors and look ahead to the future, I am proud to present the annual report of the Ministry of Mining Industry and Geology. Over the past year, our efforts have been directed towards advancing Uzbekistan's mining and geology sectors in alignment with the ambitious objectives outlined in the "Uzbekistan-2030" strategy.

Throughout the year, our dedicated team has worked tirelessly to implement a unified state policy aimed at optimizing the utilization of our rich mineral resources. We have made significant strides in conducting comprehensive geological surveys, developing our long-term mineral resource base, and fostering an environment conducive to sustainable mining practices.

Our tasks focus on developing the mining industry, expanding geological works, implementing investment projects, creating favorable conditions for entrepreneurs, ensuring the integrity of education and production, combating corruption, widely introducing digital technologies in the field, and training qualified specialists.

As we embark on this journey of progress and prosperity, I extend my sincere gratitude to our valued investors, shareholders, and stakeholders for their unwavering support. Together, we will continue to chart a course towards a future where Uzbekistan's mining and geology sectors thrive, enriching our nation and empowering our people.

Thank you.
Bobir Islamov





**MINISTRY
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About the Ministry of Mining Industry and Geology

The Ministry of Mining Industry and Geology, established by the 269th Decree of the President of the Republic of Uzbekistan dated December 21, 2022, plays a crucial role in shaping and implementing a unified state policy in the mining and geology sectors.

Vision

Creating a geological and mining-metallurgical industry that is the basis for sustainable economic growth through the rational use of mineral resources and becoming a regional leader in the field.

Mission

Ensuring sustainable development of the mining industry and geology, effective exploration, extraction, and management of mineral resources.

Key Functions:

- Development and restoration of the base of mineral raw materials
- Sustainable growth of mineral extraction volumes
- Subsoil use oversight and ensuring industrial safety
- Broad involvement of local and foreign investors in the industry
- Development of science and personnel training in the field





Chapter 1: The role of the mining industry in the country's economy



Uzbekistan holds a prominent position globally in terms of reserves of strategic minerals, ranking among the top ten countries worldwide. Notably, the country ranks 5th in gold reserves, 12th in uranium reserves, 8th in copper reserves, and 4th in potassium salt reserves.

In 2023, comprehensive reforms were undertaken to enhance the legislative framework in mining industry and geology sector. These reforms aimed to promote and expand geological exploration works, develop mineral raw material bases, and actively attract investments to the industry. Key components of these reforms included:

- a system for categorizing geologically underexplored areas into **blocks**, following international standards, was introduced;
- the practice of issuing permits for geological exploration and mining work in areas with a high level of exploration and production of minerals through an **auction** has been introduced;
- in accordance with the appeal of investors, the right to use the subsoil was established by applying the principle of "**first come, first served**" in the areas that are not explored or underexplored (do not have confirmed reserves);

1.1 Uzbekistan's Mining Industry Overview

Uzbekistan, located in Central Asia, covers an area of approximately 449 thousand square kilometer and is home to a population of 37 million. The country shares its borders with five landlocked countries: Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, and Turkmenistan.

The geography of Uzbekistan features diverse landscapes and abundant natural resources, which make it a favorable country for the mining industry. Regions like Navoi, Tashkent, Samarkand, and Surkhandarya are particularly rich in minerals. Various mineral resources including **gold, silver, platinum group metals, copper, uranium, lead, molybdenum, tungsten, manganese, lithium, chromium, nickel, tin, tantalum, niobium, cobalt, scandium, germanium, rhenium, oil, and natural gas** have been discovered within Uzbekistan's territory.





- land plots allocated for conducting geological exploration works were exempted from land tax;

- permits for the use of subsoil resources will be issued through the "one-stop shop" principle via the state services electronic platform.

- legal entities engaged in geological prospecting activities were granted exemptions from periodic customs fees for the temporary importation of specialized equipment essential for prospecting throughout the phases of exploration, assessment, and exploitation of deposits.

- the importation of equipment, materials, technical resources, and specialized equipment not manufactured in the Republic of Uzbekistan was exempted from customs duties.

From January 1, 2022, tax rates for exploiting subsoil resources of minerals appealing to investors have been notably decreased and special mining rental tax is introduced.

As of December 2023, a total of **519 strategic types of mineral deposits** are being explored and mined in Uzbekistan. Among these, **18 projects** at different stages are being implemented by foreign investors.

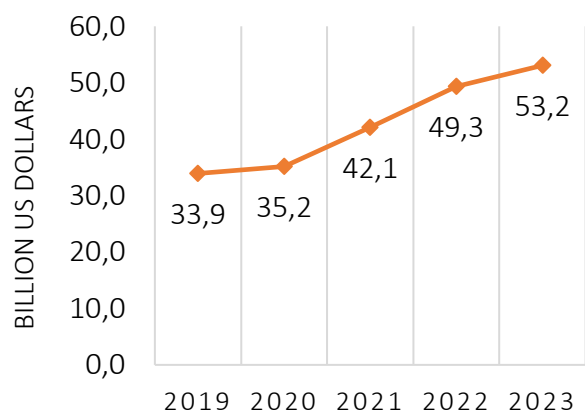
1.2 The role of the mining industry in the country's economy

By the end of 2023, Uzbekistan's gross domestic product (GDP) is projected to reach 1 066 trillion sums (\$90.8 billion), reflecting a 6% increase compared to 2022. At the beginning of 2023, the GDP per capita stood at 29.3 million sums (or about \$2 500) at current prices.

Uzbekistan's mining sector is pivotal to its economic development, driven by rich mineral reserves. Gold, copper, uranium, and other strategic minerals contribute significantly to export revenue, job creation, and economic diversification.

According to preliminary data, industrial enterprises in the republic produced industrial products worth 655.8 trillion sums (or \$53.15 billion) in 2023, marking a consistent growth trend over the last five years.

Industrial production dynamics





In 2023, Uzbekistan's total exports amounted to \$24,4 billion. The total export volume was led by gold, services, and industrial products. In particular, 33.4% of total export are gold, 21% are services, and 17% are industrial products.

During 2023, the export of mining products amounted to \$1.8 billion, or 44% of the total export of industrial products. Accordingly, the share of the mining industry in the GDP reached 17 percent or \$15.8 billion.

Chapter 2: Activities conducted in the field of geological exploration

2.1 Financing of Geological Exploration and Attraction of Foreign Investments

The geological exploration works in Uzbekistan is funded by the state budget, local mining and metallurgical enterprises, and investors.

As part of the state program for the development and restoration of the mineral base of the Republic, a total of 8.7 trillion sums has been allocated for the development of the mineral raw materials base by the state budget and local mining and metallurgical enterprises for the period from 2017 to 2023.

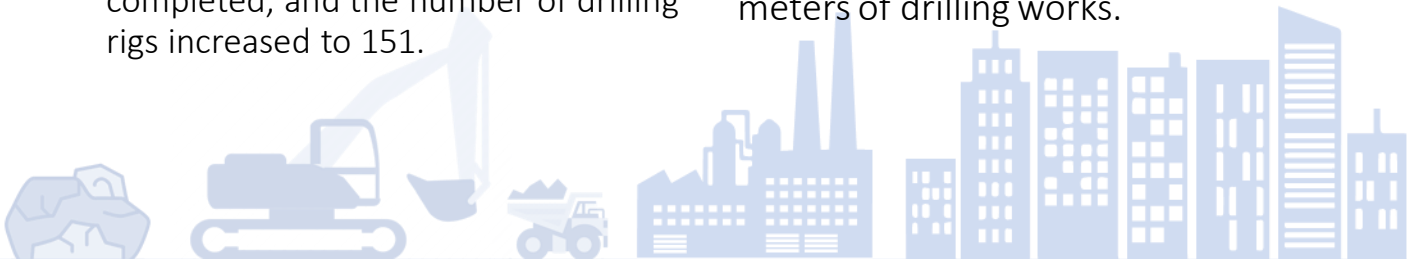
As a result, during this period, a total of 8 885 thousand linear meter were drilled, 84 thousand linear meter of underground and surface mining works covering 2 466.5 thousand cubic meters were completed, and the number of drilling rigs increased to 151.

Additionally, between 2017 and 2023, geological studies were conducted over 47.6 thousand square kilometers of mountainous and sub-mountainous areas in the republic, increasing the total exploration coverage to 35%.

In 2023, Uzbekistan spent a total of 2.23 trillion sums on geological exploration, with 1 trillion sums, or 44.5%, coming from state budget funds.

Until now, investments in geological exploration have been attracted from countries such as Canada, France, Turkey, Japan, China, Austria, and Russia.

Between 2017 and 2023, foreign investors spent over 4 trillion sums on geological exploration, conducting approximately 700 thousand linear meters of drilling works.





The total amount of foreign direct investment (FDI) for geological research and mining in the country has increased by 50 times compared to 2017, with foreign investments worth 175 million dollars attracted in 2023 for geological exploration. In the coming year, 2024, it is planned to increase this amount by 3 times, absorbing more than 500 million dollars of foreign direct investments for geological research and mining.

As part of the 2024 state program for the development of the mineral raw materials base, 900 billion sums have been allocated for geological exploration across 289 projects.

2.2 Development of the base of mineral raw materials and new mines

Based on development trends, Uzbekistan will prioritize three categories depicted in the picture below in expanding its mineral raw material base. The contribution of mineral resources such as gold, silver, copper, uranium, hydrocarbons, zinc, and lead to the growth of our country's economy is significant. These mineral resources make a substantial contribution to GDP growth and lead to increased revenues for the state budget.

Minerals with a high contribution to the national economy

- GDP
- Budget revenues

Au Gold	Cu Мис	U Uranium	C Hydrocarbon
Ag Silver	Zn Zinc		
	Pb Lead		

Minerals important for industrial growth

- Added value
- Raw material base for technological industries

Cu Copper	Fe Iron	CM Critical minerals	C Hydrocarbon
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Critical Minerals

- Energy transition
- High market demand

Li Lithium	Cu Copper	W Tungsten	Mo Molybdenum
Nb Niobium	Mg Magnesium		
Ta Tantalum	C Graphite		





Copper, iron, hydrocarbons, and technological metals, which serve as an important raw material base for value creation and technological industries, play a crucial role in the growth of the country's industry.

Furthermore, market demand for lithium, copper, tungsten, molybdenum, niobium, magnesium, tantalum, graphite, and other rare mineral raw materials necessary for green energy initiatives is increasing worldwide.

Between 2017 and 2023, reserves of 33 types of minerals increased. This included 755 tons of gold, 2.3 thousand tons of silver, 1.3 million tons of copper, 225 thousand tons of lead, 249 thousand tons of zinc, and 6.4 thousand tons of rare metals.

In 2023 alone, gold reserves increased by 140 tons, silver reserves by 246 tons, copper reserves by 259 thousand tons, lead reserves by 42 tons, and zinc reserves by 60 tons.

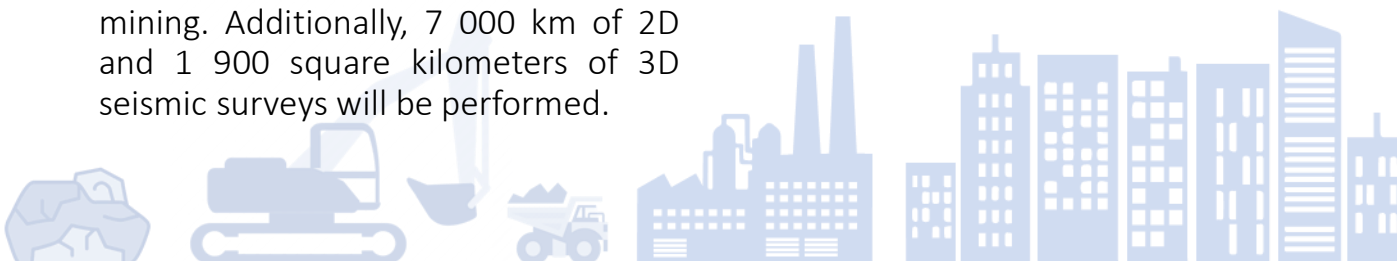
Geological exploration has increased the total number of precious and non-ferrous metal deposits in the Republic to 133. Between 2017 and 2023, these efforts identified 43 new mining reserves.

In 2024, 420 700 cubic meters of drilling will be conducted, including 4,900 cubic meters underground and 192 500 cubic meters of surface mining. Additionally, 7 000 km of 2D and 1 900 square kilometers of 3D seismic surveys will be performed.

Also, 18 new oil and gas prospective structures are prepared for exploratory-parametric drilling of hydrocarbon raw materials.

As a result, reserves will be increased as follows: gold to 144 tons, silver to 180 tons, copper to 250 thousand tons, uranium to 5 700 tons, lead to 42 thousand tons, zinc to 48 thousand tons, tungsten to 8,500 tons, underground water to 158 thousand cubic meters, coal to 5.5 million tons, limestone to 30 million tons, sand-gravel mixture to 1.4 million cubic meters, marble to 2 million tons, granite to 500 thousand tons, gypsum to 10 million tons, dolomite to 5 million tons, loess to 500 thousand cubic meters, building stones to 5 million cubic meters, kaolin to 1 million tons, and potassium salts to 10 million tons.

In 2024, extensive research will be conducted across various areas: 6,000 square kilometers of high-quality cosmogeological and geochemical studies, and 3 000 square kilometers of geological re-surveys at a 1:50000 scale. Additionally, specialized geological research using modern remote sensing and aerogeophysical methods will cover 7 500 square kilometers, with 5 000 square kilometers specifically targeted for these advanced techniques.





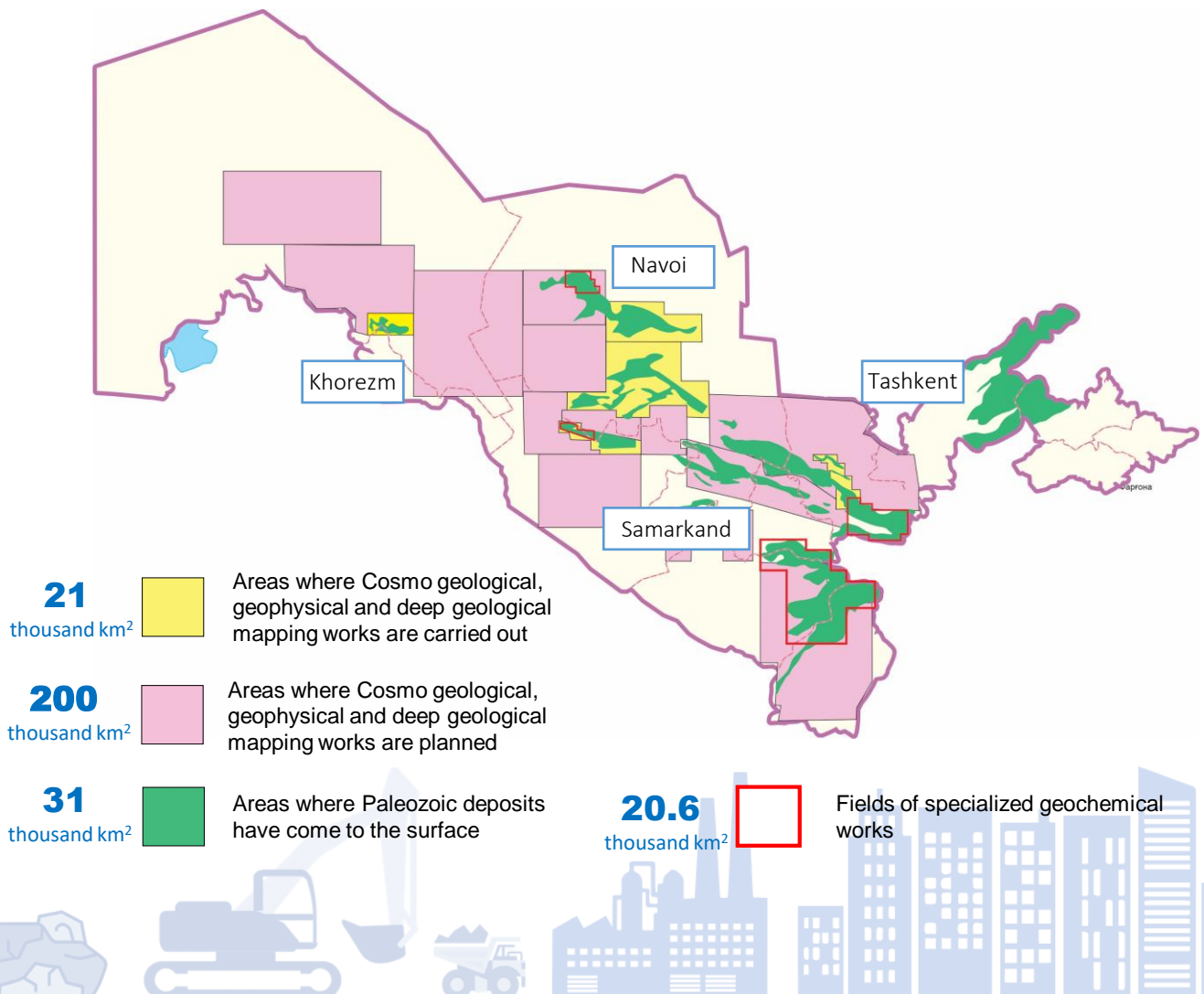
2.3 Regional geological exploration works

The total area of Uzbekistan is 448,900 square kilometers, of which 134,600 square kilometers (30%) are mountain and sub-mountain areas.

In 2017-2023, geological studies were carried out on 47.6 thousand square km of mountain and sub-mountain areas of the republic, and the level of exploration of the territory of the republic was increased to 35%. In particular, 36.6 thousand square km of regional study and 11 thousand square km of 3D seismic survey works were carried out in mountain and sub-mountain areas.

In 2024-2030, in order to increase the future resources of mineral resources of the Republic, in the next 7 years, regional geophysical research will be carried out on an area of 60 thousand square km, regional chemical research will be carried out on an area of 23.3 thousand square km, and regional geological imaging will be carried out on an area of 26.5 thousand square km.

As a result, the level of general study of mountain and sub-mountain areas of the Republic will be increased to 78% in 2030.





Chapter 3: Advancements in the mining industry

3.1 Statistics: Production volumes, export and contribution to state budget

Looking at the past 2017-2023, we can see growth dynamics of the production indicators of precious and non-ferrous metals, as well as ferrous metallurgical products, and energy raw materials over the years, and the Compound annual growth rate (CAGR) was 5%.

In 2023, the total production volume of mining enterprises was 118 trillion sums (\$10 billion). Of this, 97,3 trillion sums (\$8 billion) were from the precious and non-ferrous metals sector, 12 trillion sums (\$1 billion) from the ferrous metallurgy sector, 6,7 trillion sums (\$600 million) from the uranium sector, and 1.8 trillion sums (\$200 million) from the coal industry.

In particular, the volume of product production by JSC “Navoi MMC” amounted to 67 trillion sums (\$5.5 billion), with a growth rate of 103.8%. The company produced 91.3 tons of gold and 20.4 tons of silver.

JSC “Almalyk MMC” produced industrial products worth 31 trillion sums (\$2.5 billion). They produced 148.5 thousand tons of copper, 17.4 tons of byproduct gold, 161 thousand tons of silver, and 785 tons of molybdenum.

“Navoiuranium” SE produced industrial products worth 6.7 trillion sums (\$600 million). The production of uranium concentrate increased by 11% compared to the output in 2022.

JSC “Uzbeksteel” produced a total of 9.2 trillion sums (1 028.5 million tons) worth of industrial products. Among these products, 780.1 thousand tons of long steel products were produced, including 248 thousand tons of steel balls were manufactured.

As a result, during the period of 2017-2023, a total of 245 trillion sums were received from mining and metallurgical companies at the expense of taxes and dividend payments to the state budget.





Among Uzbekistan's top ten largest taxpayers are prominent fixtures such as JSC "Navoi MMC", JSC "Almalyk MMC", and SE "Navoiuranium". Continuing this trend, the state budget was further replenished with an additional 59 trillion sums in 2023.

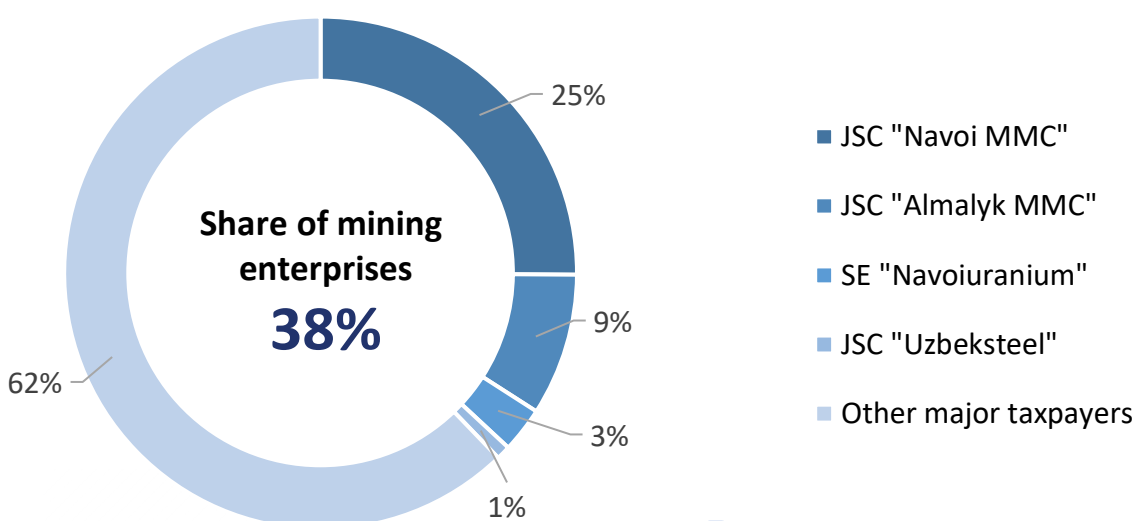
In 2023, mining and geological enterprises in the country have collectively created a total of 106 thousand jobs. According to the latest announcement from the Ministry of Employment and Poverty Reduction of the Republic of Uzbekistan, among the top 10 enterprises with the largest number of employees, JSC "Navoi MMC" ranks first with 43 thousand employers and JSC "Almalyk MMC" holds the second position with 35.8 thousand employers as of 2023.

Meanwhile, an analysis of labor productivity shows that during the 2017-2023 period, the CARG in mining and metallurgical enterprises was 13%

During 2017-2023, the export value of products produced by mining and metallurgical companies totaled \$9 billion, while the import volume reached \$8 billion.

In 2023 the export of products and services in the mining industry totaled \$1.2 billion, representing 111.3% of the target. This included \$661.6 million from non-ferrous metals, \$99.1 million from ferrous metallurgy, and \$424 million from uranium.

Share of mining and metallurgical enterprises in total tax revenues in 2023 (billion sums)





3.2 Market trends and demand for minerals of Uzbekistan

In recent years, the global demand for mining products from Uzbekistan has been steadily increasing. This upward trend can be attributed to several key factors. Firstly, Uzbekistan boasts substantial reserves of precious metals, including gold and silver, positioning the country as a significant player in the international precious metals market. Secondly, Uzbekistan possesses deposits of crucial metals such as copper, lead, and zinc. Thirdly, there is a growing demand for base metals, essential in industries such as electric car manufacturing, nuclear energy production, electronics, and construction, across global markets. Additionally, besides traditional markets, there is an escalating demand for Uzbekistan's minerals in emerging sectors like renewable energy sources and high-tech industries.

In the non-ferrous metal products sector, in 2023, Uzbekistan exported about 57 thousand tons of copper, about 42 thousand tons of zinc, 840 tons of molybdenum products, about 23 thousand tons of lead concentrate, and 5 045 tons of copper oxide. Additionally, other products such as rhenium, cadmium, tellurium, and palladium powder were also exported.

Currently, products from Uzbekistan's mining industry are exported to nearly 30 countries. Year by year, the export geography of these products is expanding. In 2023, Uzbekistan successfully entered new markets, including countries such as Mexico and Finland. Additionally, in 2023, JSC “Almalyk MMC” exported copper cathodes worth 23.8 million dollars to the United States of America and Germany.





In 2024, Uzbekistan aims to enhance its competitiveness in the global mineral market through various strategies. These include improving infrastructure, implementing significant investment projects, fostering international cooperation, expanding efforts to diversify markets, and focusing on developing value-added products within the sector.

3.3 Accelerating the digitization process in the mining industry

In 2023, in accordance with the Strategy "Digital Uzbekistan - 2030", the Ministry of Mining Industry and Geology of the Republic of Uzbekistan created six IT systems to monitor groundwater, track dangerous geological processes, maintain a state balance of minerals, provide public services, design industrial facilities based on BIM technologies, and maintain a geological data bank. Additionally, the process of issuing four types of subsoil use permits has been fully digitalized.

At the same time, major mining and metallurgical enterprises in Uzbekistan are also placing a strong emphasis on digitization. To date, more than 100 projects are being implemented in enterprises such as JSC "Navoi MMC", JSC "Almalyk MMC", SE "Navoiuranium", JSC "Uzbeksteel", and JSC "Uzbekcoal".

As part of these projects:

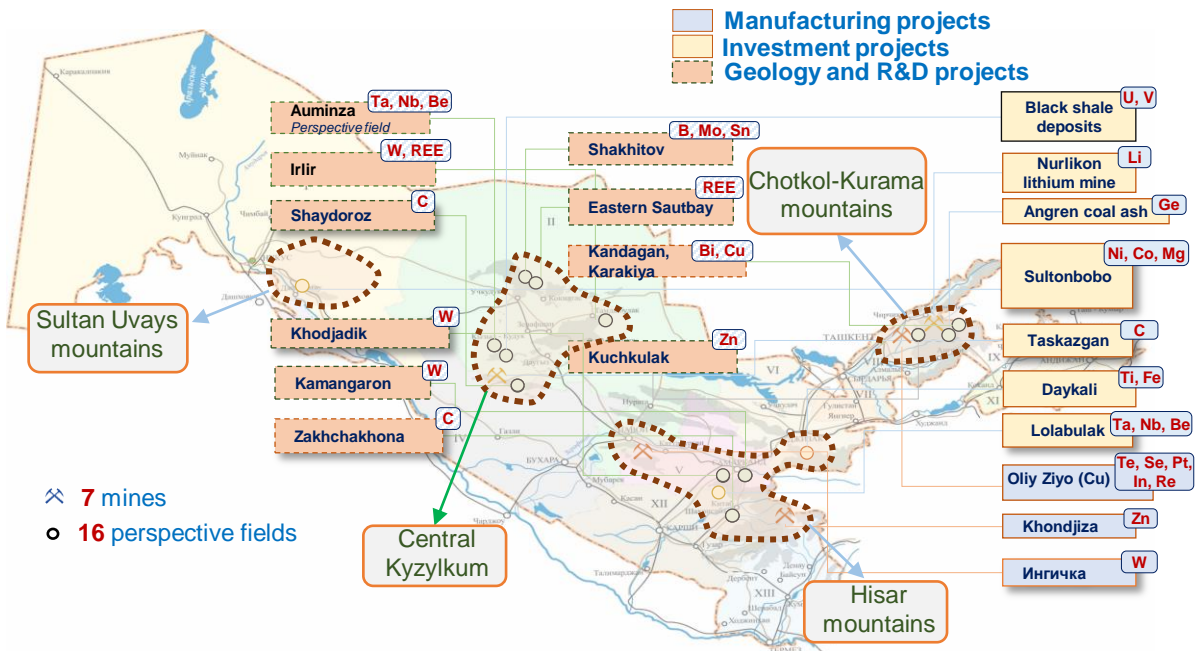
a) To enhance management system efficiency and digitize business processes, an electronic document exchange system, electronic procurement system, and warehouse management system were developed. Additionally, geological documents and drilled well information were digitized.

b) In the pursuit of automating production processes and applying modern information systems, several systems were launched, including GPS monitoring and fuel control system, PI System for electricity quality and consumption monitoring, ore level control system, and local control system of mill conveyors.

In 2024, Uzbekistan is poised to accelerate its digital transformation journey, driving innovation and sustainable growth in the mining and metallurgical industries. Work will continue on over 80 new projects aimed at digitally transforming mining and metallurgical enterprises, in line with the 20 memorandums of understanding signed with international companies.



Defined fields of Critical Minerals in Uzbekistan



3.4 Prospects for the extraction of critical minerals

Critical minerals are an important component of modern technology, including electrical products, renewable energy systems, and defense technologies. In recent years, due to the rapid development of electric vehicles, solar panels, batteries, and smart gadgets, the demand for rare metals and rare earth elements has increased dramatically.

In Uzbekistan, rare metals and rare earth elements are mainly extracted as companion metals during the complex exploitation of other metal deposits. Mining of rare metals and rare earth elements is currently being carried out in promising fields as part of state programs for the long-term development of the mineral raw material base.

Today, Uzbekistan has reserves of critical minerals such as lithium, graphite, magnesium, tungsten, molybdenum, aluminum, tantalum, and niobium.

In 2024, Uzbekistan will implement the following measures to effectively develop reserves of rare metals and rare earth elements:

- Accelerate geological prospecting aimed at identifying deposits of technological metals within the republic;
- Conduct scientific research to develop technologies for extracting technological metals from industrial waste;
- Actively involve foreign investors in the geological exploration of rare metals and rare earth elements;



- Conduct laboratory analyses and experimental-technological research using modern equipment to determine the possibilities of extracting and processing rare metals and rare earth elements from specific mines;

- Increase investments in research and development (R&D) initiatives to improve technologies for the exploration, extraction and processing of critical minerals;

3.5 Major investment projects and their contribution to the industry

According to the investment program, within the framework of 39 projects with a total value of \$11 billion, nearly \$2.1 billion of investment was absorbed in 2023. Additionally, mining and metallurgical enterprises attracted investments totaling \$1.9 billion through 24 projects.

In particular, JSC “Navoi MMC” was involved in the production at the Balpantog, Pistali, Tomdibulok, and Turbay mines. In first phase, a new gold ore processing complex (6-HMP) with a capacity of 2 million tons was launched at the Pistali mine site.

SE “Navoiuranium” appropriated \$62 million within the framework of 7 projects, including the production of 200 tons of uranium per year at the Oktog mine.

Meanwhile, JSC “Almalyk MMC” appropriated \$1.1 billion within the framework of the “Yoshlik-I” mine development (stage 1) project.

By launching this project, an additional 60 million tons of ore will be extracted per year, significantly increasing the processing capacity of the company.

JSC “Uzbeksteel” appropriated \$260.9 million investment for the construction of a foundry rolling complex. By launching this project, the steel casting capacity of the company will increase from 1 million tons per year to 2.1 million tons per year, and the total capacity of finished products will be doubled.

In 2024, it is planned to invest \$4.1 billion (195% more than in 2023) across 63 projects with a total value of \$22.6 billion, including \$3.8 billion in foreign direct investments and loans.

3.6 Tax policy reforms in mining industry

Based on the “Tax Code” of the Republic of Uzbekistan and the relevant decrees of the President of the Republic of Uzbekistan and the Government, tax rates for the use of subsoil for certain types of minerals attractive to investors have been sharply reduced, effective January 1, 2022. In particular:

- for oil: reduced 2 times, from 20% to 10%;
- for natural gas: reduced 3 times, from 30% to 10%;
- for copper and gold: reduced 1.4 times, from 10% to 7%
- for zinc: reduced from 10% to 7%
- for lead: reduced from 8% to 7%
- for tungsten: reduced almost 4 times, from 10.4% to 2.7%



- for uranium: reduced from 10% to 8%

- from 2023, the tax rate for iron was reduced from 5% to 2%.

During the exploration stage, investors and their foreign contractors and subcontractors are exempt from corporate profit tax, property tax, land tax, and water use tax.

There are no customs duties (except for VAT and customs clearance fees) on the import of equipment, material and technical resources, and services required for prospecting, exploration, and related works. Additionally, no customs payments are required for the temporary import of machinery and special equipment.

Special Mining Rent Tax

- Special mining rent tax is **25%** of the tax base.
- Rent tax apply only to upstream operations and initial processing. **SMRT** does not apply to activities under PSAs.
- An uplift is possible to the rent loss tied to the state bond interest plus **2%** points.
- Foreign companies may keep tax records in US Dollars on an accrual basis.

Annual licence fee

- Annual license fee was introduced for use of subsoil for geological exploration.
- The annual license duty for the use of subsoil for geological exploration is:
 - **3 USD** per hectare for hydrocarbons, precious, non-ferrous and rare metals; and
 - **4 USD** per hectare for non-metallic mineral deposits.

Chapter 4: Environmental, social and governance initiatives

4.1 Efforts to protect ecology and environment in the mining industry

In the current context of global climate change, safeguarding the environment and adhering to environmental regulations across all sectors is paramount. Hence, specific objectives in this realm are outlined in the "Uzbekistan - 2030" strategy.

According to the strategy, there is a commitment to establish a program aimed at delineating environmental criteria and protection standards within the mining and metallurgical industry, aligned with international norms. This entails ensuring that emissions into the environment remain within permissible limits and devising



strategies for implementing an environmental management system.

In 2023, a program was developed to establish environmental requirements and standards for environmental protection in the mining and metallurgical industry, aligned with international standards. As per the program, the following objectives aimed at enhancing environmental protection in industrial enterprises have been delineated:

- Preventing environmental pollution.
- Rehabilitating lands damaged by man-made effects.
- Maximizing the utilization of mineral raw materials while minimizing the consumption of material, energy, technical, environmental, and financial resources.
- Ensuring and enhancing the effective operation of the environmental management system based on the ISO 14001:2015 international standard.

To accomplish these objectives, mining and metallurgical enterprises undertook various activities in 2023 concerning the collection, destruction, disposal, and processing of industrial waste.

Specifically, enterprises implemented an automated control system, established systematic monitoring of underground water pollution, introduced environmental management systems, and adopted technologies for treating industrial wastewater.

Local mining and metallurgical companies have formulated long-term strategies for ecology and environmental protection. These strategies aim at preventing land pollution and degradation, conserving water resources, and reducing the emission of pollutants into the atmosphere.

The mining enterprises of Uzbekistan collectively possess a total of 30 waste storage facilities. This comprises 11 facilities at JSC “Navoi MMC” and SE “Navoiuranium”, along with 8 solid domestic and industrial waste storage facilities at JSC “Almalyk MMC”.

In 2023, JSC “Navoi MMC” inaugurated its 7th hydrometallurgical plant, facilitating the processing of approximately 16 million tons of industrial waste annually. This factory employs modern technologies to extract products from recycled waste through intricate processes. Additionally, JSC “Almalyk MMC” initiated four projects for processing industrial waste, with a total processing capacity exceeding 1 million tons.



4.2 Implementation of GRI and ESG standards in mining enterprises

In 2020, the mining enterprises of Uzbekistan began implementing environmental, social, and corporate governance (ESG) procedures to attract funding from global institutional investors and capital markets, as well as to adhere to international standards.



JSC "Almalyk MMC" has been consistently publishing its "Sustainable Development Report" (SDR) since 2020, aligning with global initiatives' standards, particularly the GRI standards. A methodology for calculating greenhouse gas emissions (Scope 1 + Scope 2) has been devised for the copper production segment, and emissions for 2023 have been quantified. Moreover, specialized training sessions have been conducted for the company's personnel.

JSC "Uzbeksteel" and SE "Navoiuranium" are currently in the process of formulating strategies for the integration of ESG standards. Concrete measures will be implemented in line with these strategies.

JSC "Navoi MMC" is also actively advancing the adoption of environmental, social, and corporate governance (ESG) standards, having formulated a sustainable development strategy. The company has also compiled Sustainable Development Reports (SDR) spanning 2019 to 2023, adhering to international GRI standards.

As part of its sustainable development efforts, the companies obtained international certifications including the "Energy Management System" ISO 50001:2018, "International Standard System of Environmental Protection" ISO 14001:2015, and "Industrial Safety and Labor Protection" ISO 45001:2018. Additionally, the companies prepared and published the "ESG Databook" report for 2023 on the official website.

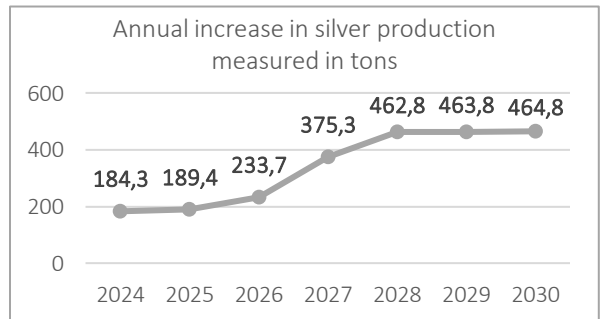
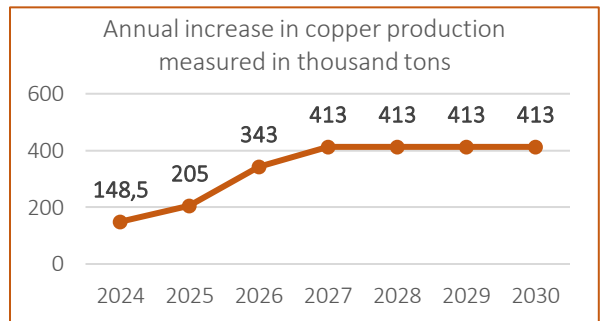
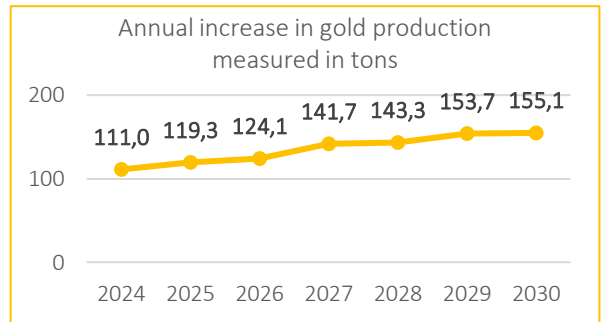


Chapter 5: Plan and objectives for the year 2024

5.1 Increase production rates

Aligned with the Uzbekistan-2030 strategy, the country has set ambitious goals focused on ensuring the well-being of its population through sustainable economic growth. Recognized as one of the key drivers of the national economy, the mining and metallurgical industry, along with the geological sector, plays a crucial role in achieving these objectives.

The Uzbekistan-2030 strategy outlines ambitious economic goals, including doubling the country's economy by 2030. This involves increasing the gross domestic product to \$160 billion and raising per capita income to \$4 000. Specific targets include boosting copper production by 3.5 times, gold by 1.5 times, silver by 3 times, and uranium by 3 times. Additionally, the strategy emphasizes the widespread adoption of advanced international standards in mining reserve assessments. Achieving these goals requires attracting investments in the mining and geological sectors, enhancing production efficiency, expanding the mineral raw material base, and implementing systemic reforms.



At the same time, Uzbekistan aims to maintain and enhance the stability of production indicators in 2024. Plans include increasing gold production by 5 tons, silver by 3 tons, zinc by 2 thousand tons, molybdenum by 250 tons, and copper production by 148.5 thousand tons.



5.2 Adoption of new mining laws



- Single policy making, regulatory functions
- Development of public services
- Data reliability and transparency
- Implementation of international standards
- Minimum investor obligations
- Environmental protection

In 2024, Uzbekistan is set to introduce an updated edition of the Mining Law, which has governed the country for the past 22 years. Recognizing the importance of legally regulating this sector and aligning with ongoing reforms, Uzbekistan understands the necessity of revising the Mining Law to meet international standards. Hence, the adoption of a new version of the law, drawing from the experiences of nations where mining plays a significant role in the economy, holds strategic significance for Uzbekistan.

The primary objectives outlined in the draft law are as follows:

- Advancing the development of mineral resources and optimizing the utilization of underground assets.
- Establishing clear delineation of responsibilities and authority for state bodies operating within the sector.

-Streamlining the licensing process, ensuring strict adherence to the rights of individuals and legal entities, and fulfilling commitments regarding the use of underground resources.

-Implementing minimum expenditure requirements for mining operations and imposing obligations for the reclamation of depleted mines.

-Encouraging investor participation in geological exploration and mining endeavors.

-Introducing a block-based learning system in less-explored areas.

-Supporting and incentivizing the adoption of innovative technologies in mineral extraction and processing.

-Enhancing the competitiveness of local products and skilled professionals.

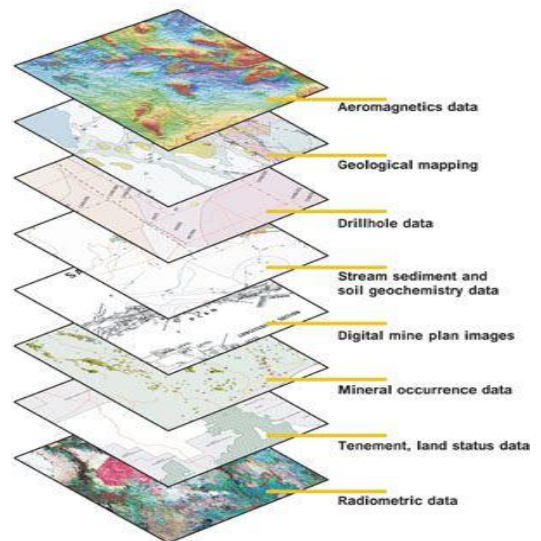


Currently, the draft of the revised version of the Mining Law has been formulated. This draft encompasses a comprehensive legal framework addressing institutional, land, labor, and environmental aspects pertinent to the mining industry.

5.3 Introducing a digital geological database

Digitizing the open geological database (Geodata) and crafting an interactive geological map is deemed crucial for propelling the development of Uzbekistan's geological and mining-metallurgical sector. To this end, the Ministry of Mining and Geology has slated a project for 2024 aimed at establishing a comprehensive geological database. The project, budgeted at \$8 million, is set to unfold between 2024 and 2028.

Through the execution of this project, Uzbekistan endeavors to bolster the investment appeal of its mining and geological sectors, ensuring ready access to geological data for investors. Moreover, it seeks to cultivate an additional revenue stream by leveraging this information effectively, fostering prudent geological information management and risk mitigation strategies. The project also aims to enhance visualization, modeling, and design capabilities, thereby fostering more efficient resource management.



The geological database will comprise:

1. Geological maps of different scales, available in both vector and digital formats.
2. Findings from various geological studies, including remote sensing, geophysical, geochemical, and mining investigations.
3. Tectonic maps and results derived from magnetic and petrological analyses, alongside comprehensive information on mineralization.
4. Integrated functionality enabling the harmonization of geological data, facilitating the identification of prospective fields and enhancing overall understanding of geological potential.

In 2024, a complete set of digital geological maps of the territory of the republic on a scale of 1:200,000 will be created.





5.4 Developing a strategy for the development of the mining industry and geology until 2030

The primary objective behind instituting systematic reforms in the realm of mining and geology until 2030 is to establish a robust geological and mining-metallurgical industry that serves as a cornerstone for sustainable economic progress through the judicious utilization of mineral resources. Concurrently, Uzbekistan aims to ascend as a regional frontrunner in this domain. In line with these ambitions, the Ministry of Mining Industry and Geology will spearhead the formulation of the "Strategy for the development of the mineral base and mining industry until 2030".

The overarching aim of the strategy will be to foster the sustainable growth of the mining industry and geology, facilitating the efficient exploration, extraction, and management of mineral resources. To achieve this goal, the strategy outlines the following key reforms:

pursuing state policy in the field of geology and geological exploration, priority should be given to identifying important types of mineral raw materials for the development of national industry;

acceleration of geological works on a regional scale as a priority in conducting state policy in the field of geological exploration;

approving the list of mineral raw materials important for the country's industry and value-added creation and updating this list based on new developments, emerging technologies and changing market dynamics;

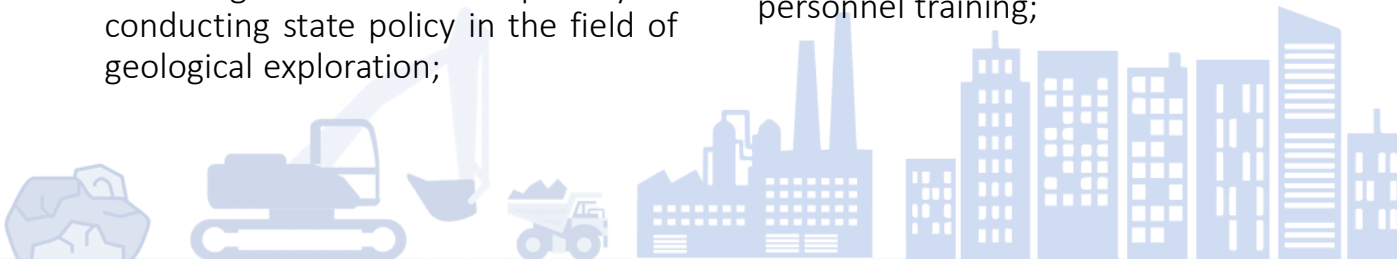
establishing cooperation regarding membership in the Committee for Mineral Reserves International Reporting Standards (CRIRSCO);

Development of the National Code of Uzbekistan on mineral resources, reserves and geology - exploration results;

creation of conditions for the organization of industrial clusters aimed at the production of finished products with added value in the field and the development of their activities;

acceleration of geological exploration of critical minerals, application of innovations in the introduction of mining and beneficiation technology, implementation of modern scientific research;

creation of international level competence in geology and mining industry and increase of the number of persons with competence, expansion of foreign cooperation on development of science and personnel training;





further improvement of the provision of electronic state services in the field of mining and geology, introduction of a digital management system in the design of geological exploration works;

active promotion of investment potential in the field of mining and geology;

improve the investment environment by introducing an attractive and competitive tax regime for investors;

establishment of a system for evaluating the technical performance of mining and metallurgical enterprises in accordance with established norms;

increasing the possibilities of using digital geological information, ensuring its openness and transparency;

introduction of the national system of certification of personnel in the field of mining and geology;

designating a project manager and applying digitization systems in order to support and monitor ongoing investment projects.

development of a targeted program for the development of the technological base of mineral-raw materials necessary for the republic's industry and the organization of production;

continuous improvement of personal skills of employees in ensuring labor safety;

without harming the environment in the use of subsoil, minimize, mitigate its inevitable negative impact and ensuring environmental security through compensation.

Furthermore, the implementation of this Strategy is anticipated to bolster the influx of investors in geological exploration endeavors and amplify the funds allocated for such works. Consequently, it will elevate the overall scrutiny of the republic's territory, enhance the expertise of professionals to meet international standards, foster product diversification through the establishment and enlargement of industrial clusters, and pursue operational efficiency by advancing the digitization levels within industrial enterprises.





5.5 Ongoing major investment projects in 2024

Presently, the Ministry of Mining Industry and Geology has spearheaded the formation of 29 investment projects in geological exploration, collectively valued at \$2.5 billion, dedicated to geological exploration. Looking ahead to 2024, our ambitious agenda aims to absorb \$570 million in direct foreign investment funds within the year. These investments are pivotal for advancing our understanding of geological resources, fostering sustainable development, and attracting international expertise and capital to bolster our mining and geological sectors. By leveraging these investments effectively, we can propel our nation towards greater prosperity and self-sufficiency in natural resource management.

In 2024, a comprehensive investment strategy is set to unfold within the mining sector, totaling \$3 577.2 million, inclusive of \$3 131.2 million in direct foreign investments and loans across 36 pivotal projects. Noteworthy highlights of these investments include:

- JSC “Navoi MMC” anticipates injecting \$1 billion into 12 projects during 2024.
- JSC “Almalyk MMC” is poised to allocate \$2.2 billion across 10 projects, with \$2 billion attributed to foreign investments.

- JSC “Uzbeksteel” is slated to invest \$196 million in six projects, with \$100 million stemming from foreign investments.
- SE “Navoiuranium” plans to utilize \$145 million across eight projects, with \$50 million sourced from foreign investments.

In 2024, the mining sector is set to witness the launch of six projects, collectively valued at a staggering \$6 billion. In particular, significant milestones will be reached with the completion of the first phase of Phase I at the “Yoshlik I” mine, alongside the finalization of the “Construction of the Casting and Rolling Complex.”

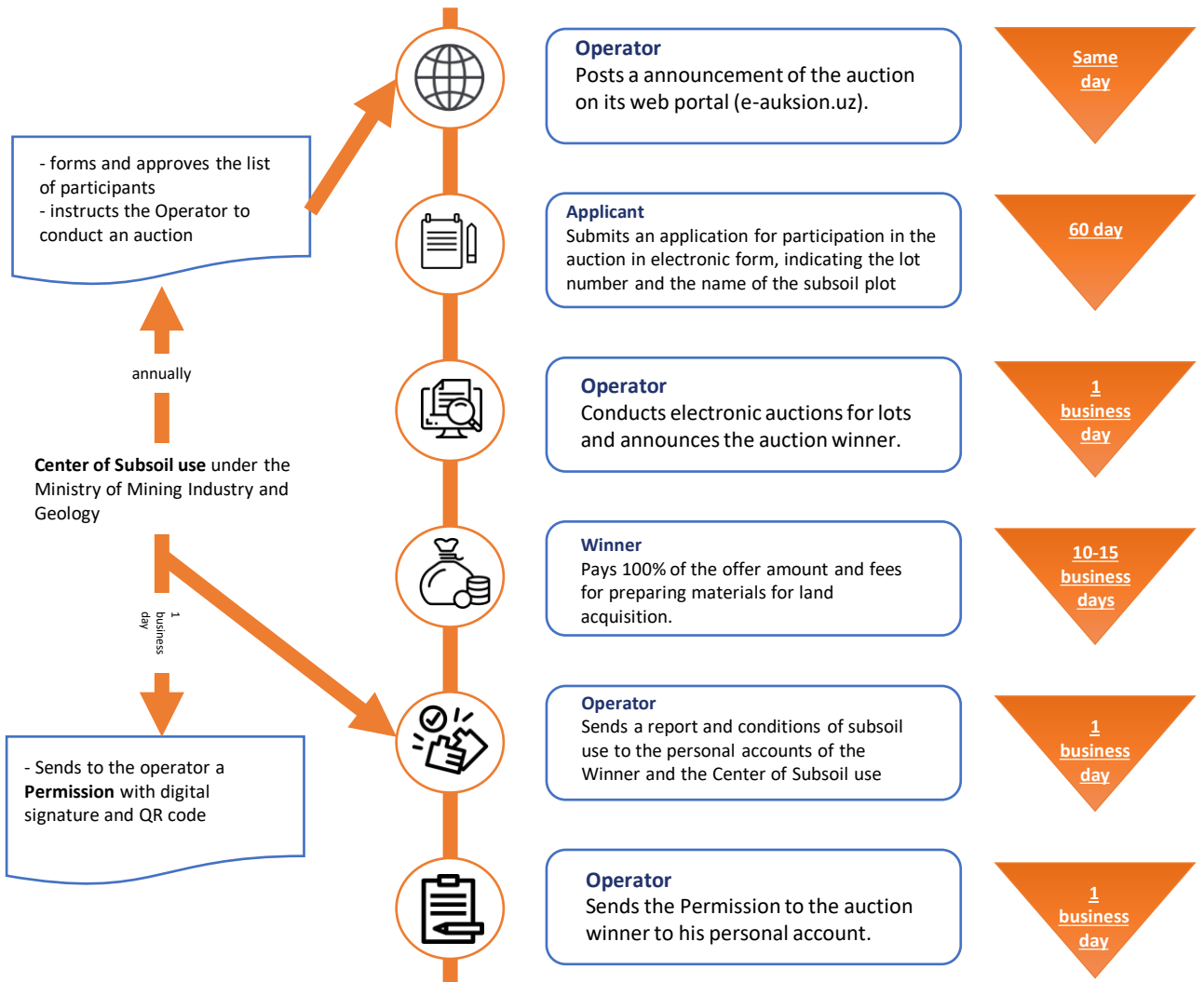
The launch of these projects will not only mark a significant increase in production capacity but also generate substantial employment opportunities. JSC “Navoi MMC” anticipates an additional processing capacity of 9.5 million tons of ore, along with the creation of 3 347 new jobs. Similarly, JSC “Almalyk MMC” foresees a remarkable surge in ore processing, with an additional capacity of 60 million tons, accompanied by the creation of 5 682 new jobs. Additionally, JSC “Uzbeksteel” plans to produce 1 million tons of hot sheet packaging while generating 456 new job opportunities.





Appendix

Scheme of granting a permit to subsoil users:





**MINISTRY
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AND GEOLOGY
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