

Briefing by Deputy Head of the Federal Anti-Monopoly Service Andrei Tsyganov following a meeting of the Government Commission on Monitoring Foreign Investment

Excerpt from the transcript:

Andrei Tsyganov: We have held a regular meeting of the Government Commission on Monitoring Foreign Investment to discuss three major transactions in the sphere of subsoil use.

In the first transaction, the Beijing Gas Group, which is controlled by the Chinese Government, bought a stake in PJSC Verkhnechonskneftegaz (VCNG). It is the first transaction carried out by our Chinese colleagues to enter the share capital of a Rosneft subsidiary. As a result of this major deal, Rosneft will sell a 20 percent stake in VCNG for over \$1 billion, which it will invest in the development of its upstream sectors. The deal has been approved by the Government Commission and will soon be closed. The initial agreement was signed at a high level and approved by the top Russian leadership.

In the second transaction, CIS Mining Development Limited bought the rights allowing it to determine the terms of business operation at the Mikheevskiy GOK mining and processing plant. Mikheevskiy GOK is located in the Chelyabinsk Region and owns large copper ore deposits. Foreign investors have come there to implement a large copper ore mining and processing project at a new plant that will be built there.

In the third transaction, the industrial investment sector of the Otkritie Holding will buy a 100 percent stake in Arkhangelskgeoldobycha (AGD), which holds a diamond production licence for the Grib diamond pipe, the Lomonosov diamond field. It is Russia's second largest diamond field. At present, it is owned by LUKOIL, for which it is a noncore asset. As a result of the deal, it will be turned over to Otkritie Holding's industrial investment sector, which is owned by several Russian business leaders. They plan to invest in the project to increase diamond production. This transaction is worth over \$1 billion.