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Kremnii Kazakhstan Sold for More Than \$36 Million

BY STAFF REPORT *in BUSINESS* on 5 FEBRUARY 2016

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ASTANA – The Investment Fund of Kazakhstan (IFK), a subsidiary of Baiterek Holding, sold 100 percent of Kremnii Kazakhstan (Silicium Kazakhstan) LLP shares to the Tau-Ken Samruk National Mining Company, Kazakhstanskaya Pravda newspaper reported Jan. 29, referring to the press service of IFK.

Chair of IFK Rinat Sisembayev and Chair of Tau-Ken Samruk Mazhit Turmagambetov signed the contract for the sale.

The value of the deal amounted to 13.6 billion tenge (more than US\$36 million), the newspaper reported. According to the agreement, the amount will be paid over eight years, with the full amount to be paid by 2024. Tau-Ken Samruk has made its first payment in the amount of 5.3 billion tenge (a little over US\$14 million).

“One of the main tasks set for IFK is implementing and recovering troubled projects and as a result, returning investments from some project or another

<http://astanatimes.com/2016/02/kremnii-kazakhstan-sold-for-more-than-36-million/>



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Silicon Metal

back to the state," Sisembayev said. "We prepare all companies of the fund with such a method – asset recovery and implementation. The Silicium factory in Karaganda is one such company."

In 2007, the Silicium Kazakhstan company began building a factory for metallic silicon production in Karaganda. Loans from the Development Bank of Kazakhstan and other financial facilities were drawn to implement the project. After not complying with the terms of the contract with the Development Bank, shareholders halted production and disbanded staff, the newspaper wrote.

In 2013, under a cession agreement, the project was passed from the Development Bank of Kazakhstan to IFK as problematic.

Later, Tau-Ken Samruk, a domestic investor, was involved by IFK to help recover and restart the metallic silicon production, which had stopped in 2012 after working for two years. The new strategic partner invested 1.4 billion tenge (about US\$3.7 million) in initial procedures to recover the enterprise, according to Kazpravda.kz.

In the end of 2013, Tau-Ken Samruk called for a technical audit of production capacity and the development of actions to recover and start silicon production in Kazakhstan.

Work was relaunched after conducting repair and recovery work, the technical audit as well as a partial repair of one furnace in October 2014, the newspaper wrote. Jobs were recovered and major repairs on a second furnace were started that same year.

One repaired furnace is currently working, producing high quality grades of metal: 1,834 tonnes of trade metal was produced in this furnace in 2014 and 6,000 tonnes in 2015, according to Kazpravda.kz. The final product is exported to the U.S., Europe and Russia.

With the starting of the second furnace, the full cycle of repair and recovery work was completed. The enterprise for metal silicon production reached full production capacity, all jobs were recovered, positions were added and 380 people work at the enterprise now, the newspaper said.

A capacity of 25,000 tonnes of metallurgic silicon per year is planned to be accomplished by mid-2016.



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