



# THE MAGADAN REGION - THE GOLDEN HEART OF RUSSIA

INFORMATION AND PRESENTATIONAL EDITION

Magadan, 2018





## THE MAGADAN REGION

The Magadan region is the place where the morning of Russia begins. It is more than 460 thousand square kilometers of pristine nature, mighty mountains, green forests and fast-moving mountain rivers with clear water.

The Magadan Region is the eastern gate of Great Russia. It is dynamically developing region in the Far North-East of the country. Its potential is significant, there are huge prospects in all sectors of the economy and social sphere.

According to its natural resource potential, the Magadan Region is one of the richest regions in Russia. In the bowels of the region more than 11% of placer and 15% of ore gold are concentrated, about 50% of silver from the total volumes of explored reserves of these metals in Russia.

Our minerals, marine wealth, energy resources, labor, stable socio-political situation contribute to the development of trade and economic relations. In recent years, both in the leading sectors of the economy and in the region as a whole, there has been sustained economic growth, and a solid basis for further development has been created.

Today, the Magadan Region is one of the leaders in the extraction of precious metals in Russia. It occupies the 1st place in silver mining, placer gold mining, in terms of the explored gold reserves and the 2nd place in gold mining. The large companies "Polymetal", "Polyus", "Arlan" are successfully working. Last year, the world's largest gold extraction plant at the Natalka field was launched.

And in the depths there are still many minerals that will benefit the whole world and investors.

An important resource of the territory is recre-

ational and tourist opportunities. Prospectively and in demand is investing in the development of environmental, event, cultural, educational, sporting and adventure, extreme tourism.

The Magadan Region is part of the Far Eastern Federal District, of which major development plans have been announced by federal authorities. Here special attention is paid to creating a favorable investment climate and conditions for doing business. A special economic zone operates in the region, which provides its participants with a preferential tax regime and the status of a free customs zone. For organizations implementing investment projects in the territory of the Magadan Region, there is a special taxation regime for corporate income tax and other preferences.

Kolyma is the land of strong, independent and enthusiastic people. Open for cooperation. Come to our Kolyma, see for yourself! This corner of the Earth is impossible not to love.

*Sergey Nosov*





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## 1.1 GENERAL INFORMATION ABOUT THE MAGADAN REGION

### 1.1.1 Geographical position of the Magadan Region

The Magadan Region is located in the north-east of the Russian Federation, the most eastern part of the Russian Federation, which is the most remote one from the center of Russia. It is part of the Far Eastern Federal District and borders Khabarovsk Krai in the west, the Sakha (Yakutia) Republic – in the north-west, Chukotka Autonomous Okrug – in the north-east, Kamchatka Krai – in the east. The southern border of the Magadan Region runs along the Sea of Okhotsk.

The total area of the Magadan Region, including coastal islands, is 462.4 square kilometers (the 11th place in Russia).

The Magadan Region is about 930 kilometers from north to south and 960 kilometers from west to east.

The extreme points, except for the southern one – Cape Alevina on the Koni Peninsula – are not clearly defined. The northern extreme point is in the upper reaches of the Moustakh River in the Srednekansk Urban District, the western extreme point is in the Susumanskij Urban District in the upper reaches of the Khinike River, and the eastern one in the Severo-Evensky Urban District in the upper reaches of one of the tributaries of the Kegali River.

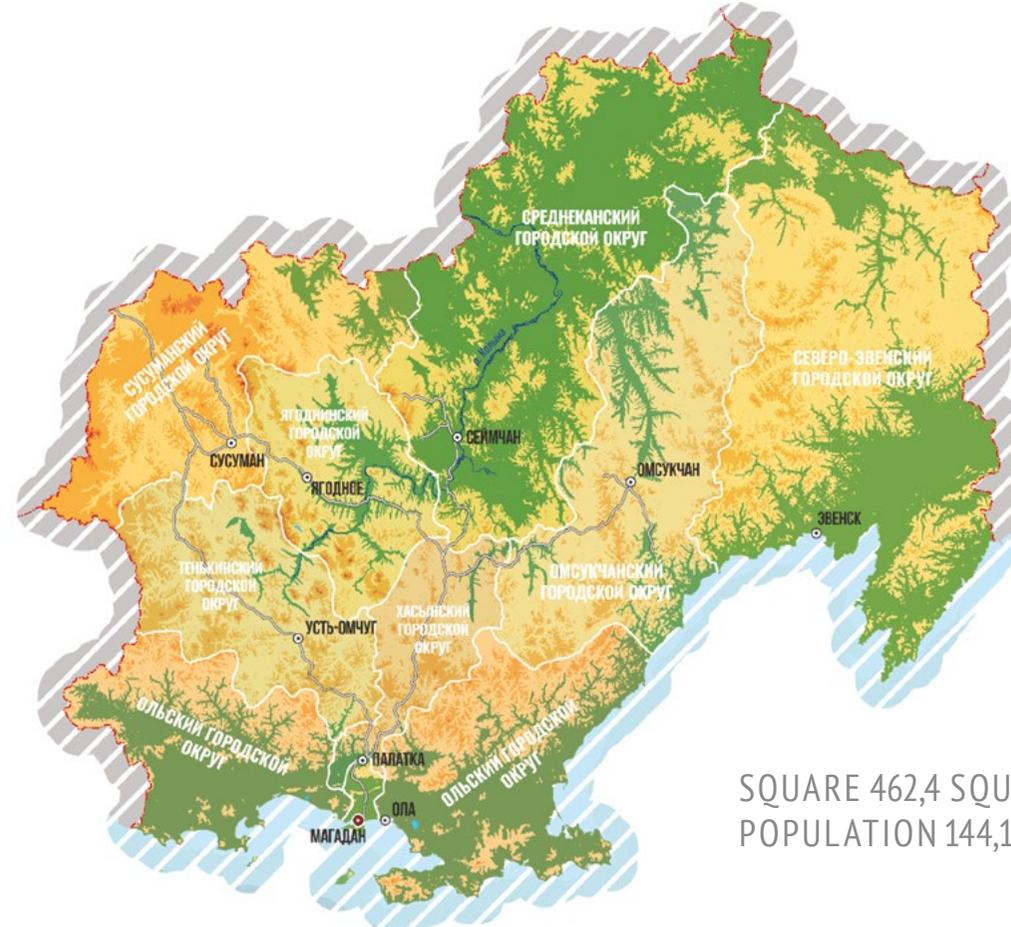
The distance from Moscow to the Magadan Regional center is 7,110 km.

The Magadan Region belongs to the UTC +11 hours time zone. Magadan time is 8 hours ahead of Moscow time.

The population of the Magadan Region as of January 1, 2018 was 144.1 thousand people. The settlement density is 0.32 people per 1 km<sup>2</sup>, which makes the region one of the least populated in Russia.

Of the total population (as of the reporting date), the urban population constitutes 95.4%, and the rural population – 4.6%.

The ethnic composition of the population is diverse – according to the 2010 census, more than 100 nationalities lived in the region. In the structure of the population by nationality, the Russian population predominates constituting about 85% of the total. The Magadan Region is the original settlement territory of the indigenous minority groups of the North of Russia.



SQUARE 462,4 SQUARE KILOMETERS  
POPULATION 144,1 THOUSANDS OF PEOPLE



### 1.1.2 Administrative-territorial system of the Magadan Region

The Magadan Region was established on December 3, 1953, as it was separated from the Khabarovsk Region.

Until June 17, 1992, the Magadan Region included the Chukotka National Okrug, which after that date received the status of an independent entity of the Russian Federation – the Chukotka Autonomous Region.

Currently the Magadan Region includes nine municipal entities, with the status of Urban Districts: the City of Magadan; Olski, Omsukchan, Severo-Evensky, Srednekansk, Susumanskij, Tenkinsky, Khasynsky, Yagodninsky urban districts, which include 24 urban and 53 rural settlements.

The administrative center of the Magadan Region is the city of Magadan, the place of residence for 67% of the region's population. The second major district-forming city in the region is the town of Susuman.

### 1.1.3. Natural and climatic characteristics of the Magadan region.

The Magadan Region occupies a vast territory, located in the high latitudes of Northeast Asia.

The severe and diverse climate conditions of the region are predetermined not only by its geographical position, but also by its surface topography, the proximity of the cold Sea of Okhotsk and the pole of cold of the Northern Hemisphere, which predetermined the division of the territory of the Magadan Region into two climate districts – Kolyma and Okhotsky.

The Kolyma climate district, which covers the basin of the Kolyma River, mountain forest parts of the basins of the Berelekh and Gizha rivers, is characterized by a sharply continental climate, and is influenced by the Verkhoyansk and Oymyakon poles of cold. The mean air temperature is minus 12.5°. Average temperature: the coldest month – January – minus 39°. The warmest – July – plus 14.7°. Winter is long, cold, summer is short, hot (the peak temperatures are plus 30°). The frost-free period lasts on average 70 days. The average amount of precipitation is 275 mm. The average annual wind speed in the inner districts of the area is 2–3 meters per second.

The Okhotsk climate district, which occupies a strip with river systems flowing into the Sea of Okhotsk (excluding the upper reaches of the Gizhiga and Parenya rivers), is affected by the Sea of Okhotsk, as well as by strong northern and north-western winds that prevail in the winter and spring. In the summer, southern and southeastern winds predominate with fog and rain. In the cold season, the speed of winds, especially on the coast, often reaches a hurricane force. There are also strong bora winds, which blow from the continent through the lowering of the Kolyma Range in the Sea of Okhotsk. Strong winter snowstorms are common for the district; they occur about three times more often than in the Kolyma district. The average annual air temperature is minus 5.8°. The average temperature of the coldest month is January – minus 23.2°, the warmest – July – plus 12.2°. The frost-free period lasts on average 80 days. The average amount of precipitation is 330 mm.

Perennial ice (permafrost) is extremely common on most of the territory of the Magadan Region.

The surface of the area is covered with a densely branched river network. All the rivers belong to the basins of the Arctic and Pacific Oceans.

The largest river of the region is the Kolyma, which, in addition to serving as a source of energy, is a transport artery. All the rivers of the Okhotsk Basin are the spawning ground for the Pacific salmon. There are many lakes and boggy lands in the region.

The territory is characterized by mountainous topography (mountains and flatlands with heights from 500 to 2500 m). The main geological objects are the mountainous systems of the Verkhoyansk and Chersky Ranges, and the Kolyma Highlands. In the intermountain region, there are vast boggy lowlands.

The region is located in three terrestrial ecosystems – taiga, forest-tundra and tundra.

The main forest-forming breed is larch. Along the river valleys, grow poplar-chosenia forests with an undergrowth of willow, betula middendorffii, alder, bird cherry. Siberian dwarf pine is very common. Woods are rich in mushrooms, berries and medicinal herbs.

The hunting resources of the Magadan Region include 18 species of game animals and 32 species of birds. The natural reserve fund of the Magadan Region consists of the Magadansky Nature Reserve and four nature reserves.



### 1.1.4. Raw materials potential of the Magadan Region

The Magadan Region is one of the largest regions of Russia with a high potential for mineral resources represented by a wide range of noble, rare, non-ferrous and ferrous metals, and non-metallics.

The mineral resources of the region include over 11% of known alluvial gold resources, 15% of lode gold, and about 50% of silver, of the total volume of these metals in Russia. Predicted resources of noble metals exceed the known reserves by 3–6 times.

At the start of the region’s development gold mining was carried out mainly from alluvial gold placer deposits; the share of primary deposits was little more than 5%.

In recent years, intensive exploration of primary deposits started. The amount of the predicted resources of lode gold exceeds the total volume of gold mining in the past 70 years 1.5–2 times.

Presently, the Yano-Kolyma gold province, located within the borders of the Magadan Region and the Republic of Sakha (Yakutia), is considered to have the highest potential. The province includes 14 deposits with the estimated resources and gold reserves of about 5 thousand tons.

The Magadan Region carries nine deposits of the Yano-Kolyma gold province with 3,750 tons of natural resources potential, and known resources constitute 40% of this potential.

The deposits of the Kolyma-Omolon Province are considered to have a high potential, with gold-silver deposits presumably prevailing in ore bodies.

Among the most important ones are the deposits of the “ancient” gold-silica formation of Shaman-

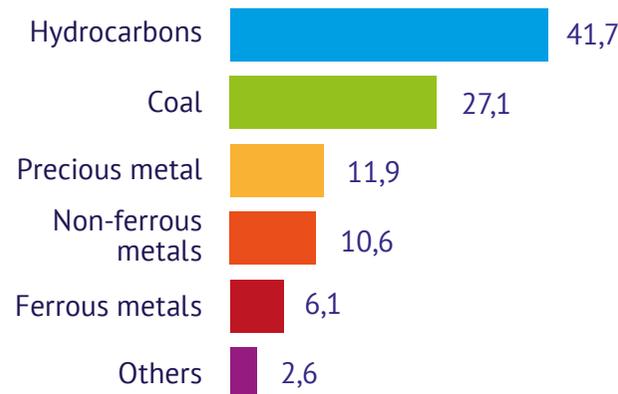
icho-Stolbovskiy and Dzhugadzhak ore districts.

The Magadan Region is the leader in Russia’s silver mining industry. And there is still more silver in the deposits of the silver formation of the Okhotsk-Chukotka metallogenic belt, in the complex gold-silver, silver-metallic, tin-silver deposits of the Kolyma-Omolon Province and the Yano-Kolyma system, as well as in the complex deposits of skarn-polymetallic, porphyry copper-gold and cuprous sandstones.

According to the data on the state reserves of silver, silver mining can be carried out in the amount of 500–600 tons for 30–40 years. Considering the recent findings, silver mining in this amount can be carried out for 100 years.

Besides the traditionally mined gold, silver and tin ore deposits, in the region, there are prospective ore occur-

### STRUCTURE OF THE VALUE OF MINERAL WEALTH IN THE MAGADAN REGION



rences and deposits of tin, copper, polymetals, molybdenum, wolframite, mercury, allemontite, rare metals.

For example, the Oroek metallogenic zone, the projected resources of which are labeled with the P2 category: ore – 511 million tons, copper – 5,219 thousand tons (1–1.98%), lead – 97 thousand tons (0.42%), zinc – 178 thousand tons (0.46%), silver – 1,664 tons (130 g/t); P3 category: ore – 2,120 million tons, copper – 22,295 thousand tons (1–3%), lead – 315 thousand tons (0.42%), zinc – 345 thousand tons (0.46%).



The region has significant reserves of brown and fossil coals. The Lankovo and Melkovodnenskoye deposits of brown coal with the resource potential of at least 2,350 million tons are very important, as well as the anthracites of the Omsukchan coal basin.

The South Omolon iron ore region has been identified separately. The projected resources of the area account for 1,990 million tons of ore, including categories: P1 – 750, P2 – 890, P3 – 350 million tons; for iron 756 million tons, including categories: P1 – 304, P2 – 330; P3 – 122 million tons.

Non-metals and ornamental stones are very common in the Magadan Region: quartz resources of high chemical and mineral purity, barite raw materials, fluor spar, high-quality zeolite raw materials, native sulfur, phosphorites.

Prospective ore occurrences of colour and ornamental stones are confined to volcanogenic - sedimentary formations – this is the Jano-Olskaya agate-bearing zone, with the known resources of agates of high decorative value and ornamental amethyst. There are also abundant resources of jasper and rock crystal of different shades.

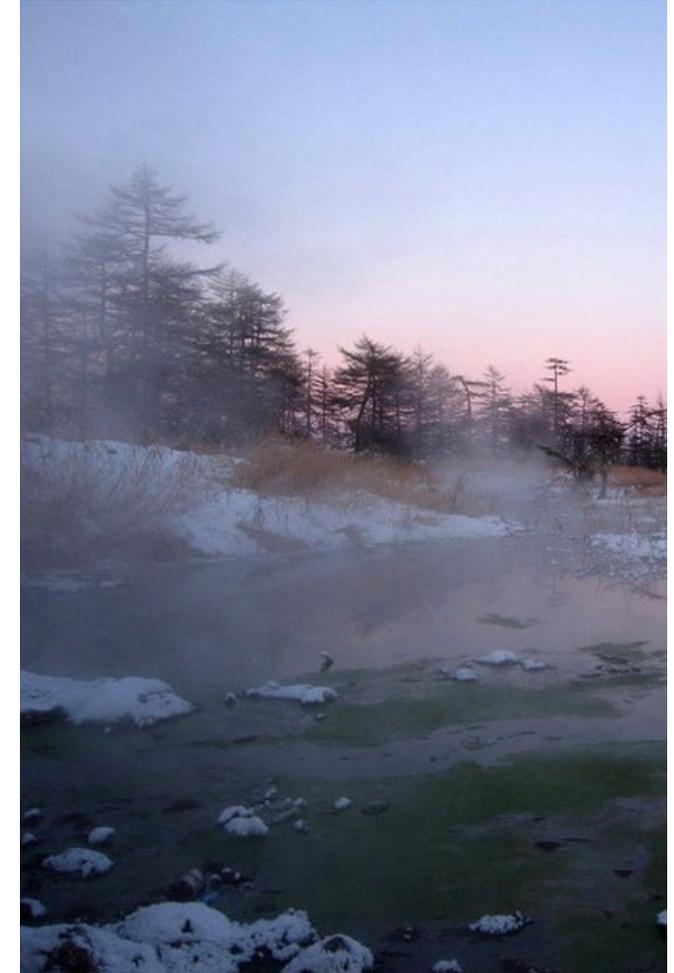


There are several dozen deposits of construction raw materials, such as limestone, sand, gypsum, brick clay, volcanic ash, building stone, shale raw materials; a lot of beautiful building and decorating material: black basalts, brown and greenish white tufa, alunite of different colors and shades.

In the course of the geological and geophysical operations on the Sea of Okhotsk shelf of the Magadan Region, 30 sites were identified, with a high potential for petroleum exploration with the predicted resources of about 3.0 – 4.5 billion tons of reference fuel.

There are about 25 groups of thermomineral sources, mainly chloride, sodium-calcium, with different degrees of mineralization. The total reserves of all known hot balnearies are about 24 thousand m<sup>3</sup> per day.

*Photo by Tatiana Selena*





The land resources of the Magadan Region are estimated at over 46.2 million hectares of land used for a variety of purposes.

Among the region's land resources, forest land prevails encompassing 61.6% of the total region's area. Rated wood cutting areas take up 93.5 thousand m<sup>3</sup>. The naturally and historically predetermined feature of the region's land resources is that 40% of it is taken up by deer pastures. Agriculturally used areas occupy 121.5 thousand hectares, which constitutes 0.3% of the total region's area.

The water area of the northern part of the Sea of Okhotsk, adjoining the territory of the Magadan Region, belongs to the most productive regions of the World Ocean.

The fish fauna of the region is represented by a wide variety of fish species, a big number of which is of commercial importance, such as pollock, herring, cod, capelin, etc.

The rivers of the Okhotsk Sea basin are the largest spawning grounds for the Pacific salmon of the Northeast Asia, such as Siberian salmon, humpback salmon, coho salmon, red salmon.

The list of recourses includes commercial invertebrates, such as crabs, trumpeters, shrimps, squid, sea urchins, and also pinnipeds – there are four species of commercial seals in the Okhotsk Sea. These are ringed seal, bay seal, ribbon seal, bearded seal. According to the aerovisual data, the number of seals in the Sea of Okhotsk is at least 1.3 million.

*Photo by Kirill Uyutnov*





**1.2. SOCIO-ECONOMIC DEVELOPMENT  
OF THE MAGADAN REGION**

**1.2.1 Key indicators of the Magadan Region's socio-economic development**

The key indicators of the Magadan Region's socio-economic development have been considered since 2010 when the region's social and economic development strategy was adopted. It set the targets for the prospective development of the socio-economic system of the Magadan Region until 2025.

**Gross regional product.**

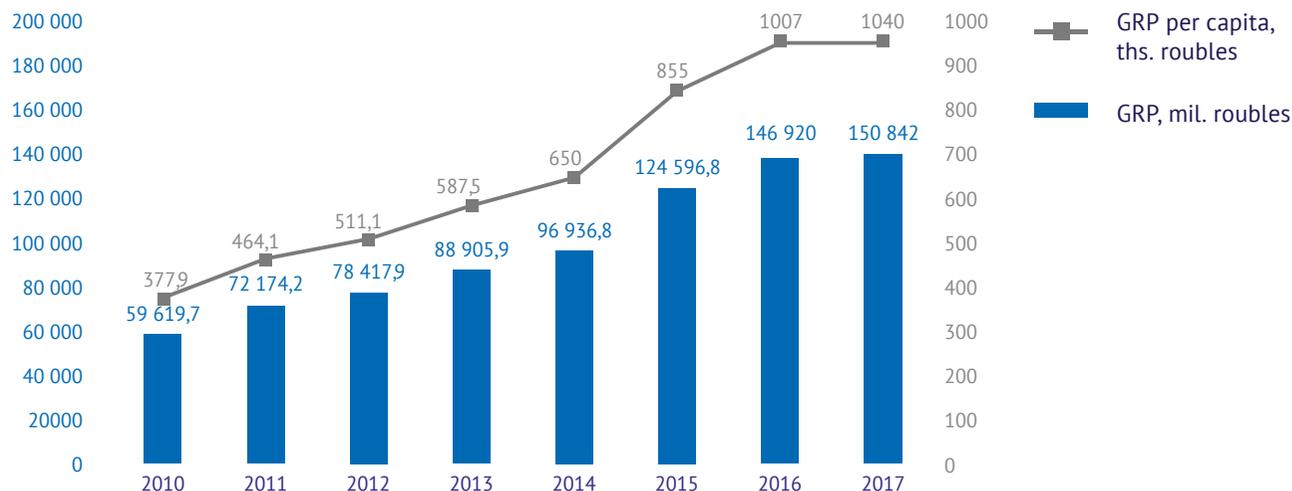
The production of the gross regional product (GRP) is one of the main macroeconomic indicators in assessing the state of the region's economic development.

According to the estimates of 2017, the GRP volume amounted to 150,841.7 million roubles, which is higher than all the previous levels, starting from 2010. The average annual GRP growth rate for the analyzed period was 102.6%. The size of the GRP per capita has increased from 377.9 thousand roubles to 1,040.5 thousand roubles.

DYNAMICS OF THE KEY MACROECONOMIC INDICATORS OF THE MAGADAN REGION

Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Regional Product, mln roubles	59619.7	72174.2	78417.9	88905.9	96936.8	125798.3	146919.5	150841.7	
Gross Regional Product per capita, ths. roubles	377.9	464.1	511.1	587.5	649.7	854.6	1006.6	1040.5	
Index of actual Gross Regional Product's volume to the previous year, %	104.4	102.4	103.6	103.9	103	102.2	98.6	103.0	
Shipping volume of the region's own production in major business activities, mln roubles	40650	55419	73550	68950	77486	98983	125151	129708	
Investment in equity, mln roubles	16809	19061	27571	37879	40722	60666	41798	44184	
Investment in equity per capita, ths. roubles	106.5	122.6	179.7	250.3	272.9	412.1	286.4	304.8	
Gold mining, tons	17.0	18.2	20.7	21.4	24.1	24.5	27.9	32.95	37.1
Silver mining, tons	677.8	777.9	834.7	903.9	961	1127.5	889.2	779.5	665.0

DYNAMICS OF THE GROSS REGIONAL PRODUCT OF THE MAGADAN REGION



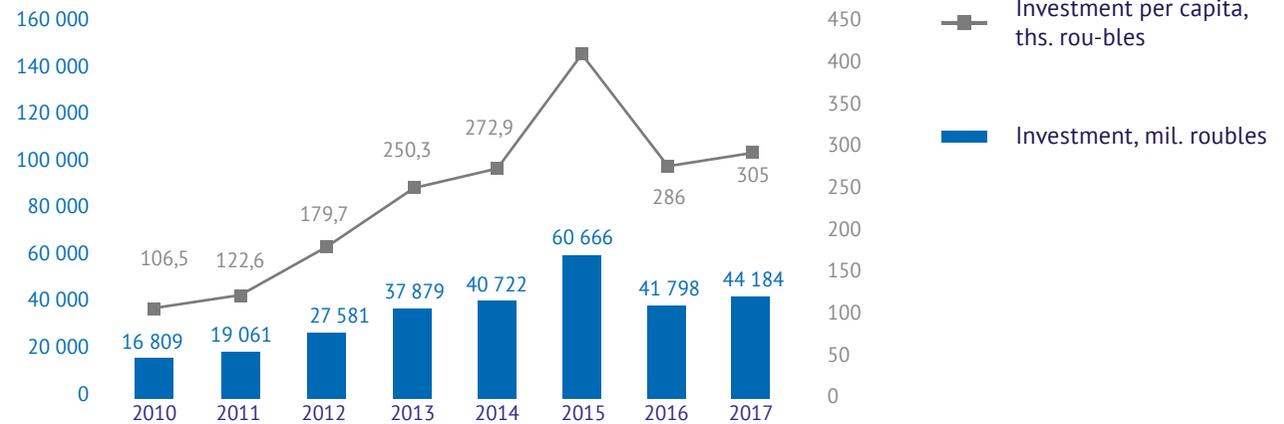


### Investment.

One of the factors influencing the GRP is the volume of capital investment, characterizing the volume of new investments in the economy and the social sphere of the region.

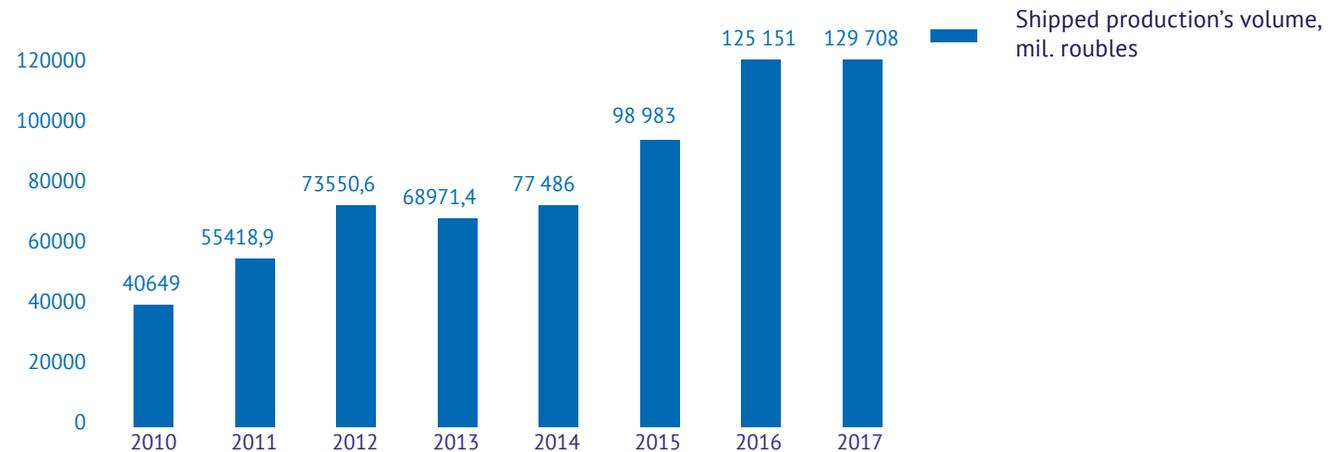
In 2017, the volume of capital investment amounted to 44,183.8 million roubles, which is 2.6 times higher than in 2010. The record for investments was in 2015, when the key investments were made in the development of the material and technical base of new mining enterprises of the region.

### DYNAMICS OF CAPITAL INVESTMENT IN THE MAGADAN REGION



**The indicator of the volume of shipped products,** reflecting the state of the region's own production, reached its peak in the analyzed period: in 2017, in major business activities, production was shipped in the amount of 129.7 billion roubles, which is almost 3 times higher than in 2010.

### DYNAMICS OF THE VOLUME OF SHIPPED GOODS OF OWN PRODUCTION OF THE MAGADAN REGION





### 1.2.2 Basic branches of the economy of the Magadan Region.

#### Industry.

The industry is the main branch of the economy of the Magadan region and combines such economic activities as mining, processing, electric power, water supply, sewerage, waste management and disposal, and the elimination of pollution.

In 2017:

- industrial activities were carried out by 730 enterprises or 15.1% of the total number of enterprises in the region;
- turnover of industrial enterprises amounted to 54.7% of the total volume of production, sales of products, works, services of all enterprises of the region and increased 3.3-fold as compared to 2010;
- the average annual number of employed in industry was 15.9 thousand people.

Extraction of minerals is the basis of industrial production in the Magadan Region.

Currently in demand: gold (ore and placer), silver, lead, for consumption within the region - hard coal, some building materials, surface and groundwater, as well as mineral waters and therapeutic mud.

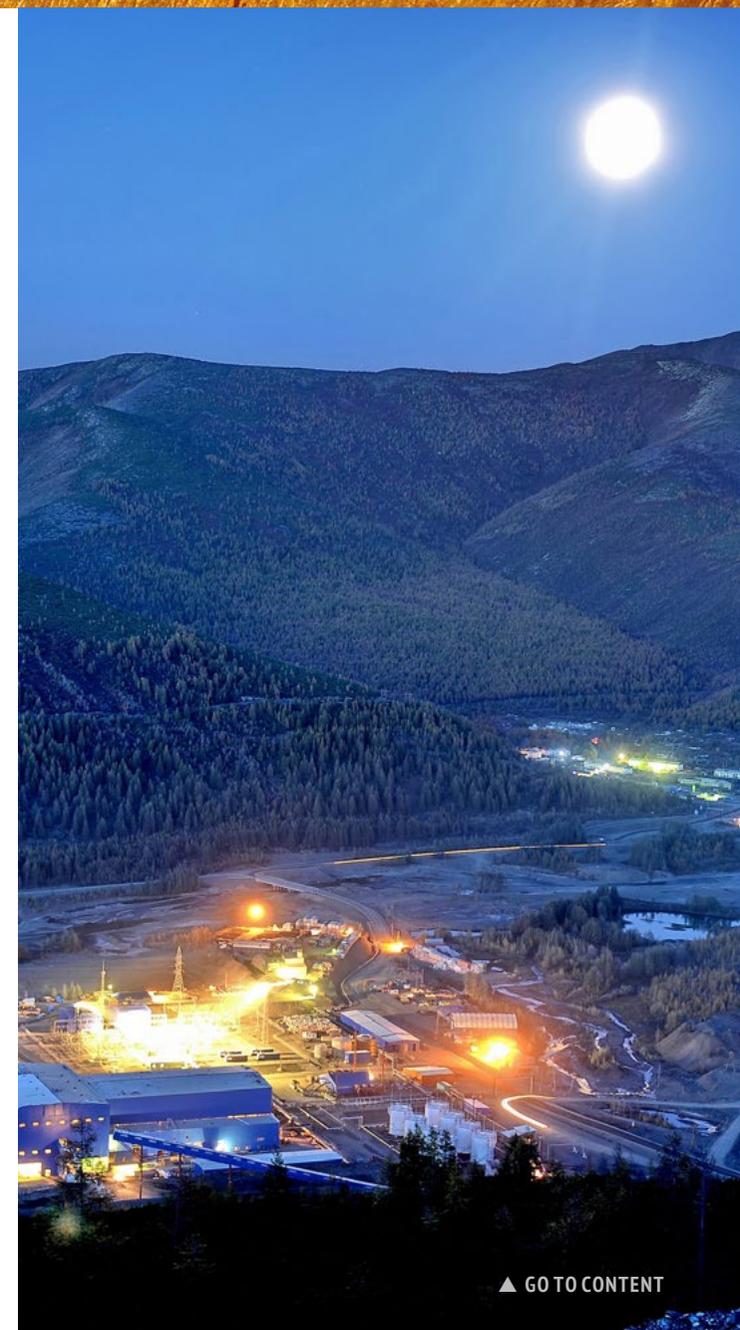
Coal is a traditional mineral extracted from the field, which is used as fuel for boiler houses. The main developers of coal deposits are LLC "Kolyma coal company" and LLC "Association for Business Cooperation". In 2017 330.9 thousand tons of coal had been extracted.

Common mineral resources (mainly sand and gravel mixture) are mined for the construction

needs of the region – in 2017, the volume of OPI production was 1.5 million cubic meters. m.

Since 2013, the Magadan Region has resumed production of one of the non-ferrous metals in the region - lead. In 2017, the processing of lead-silver ores of the Goltsovoye and Dukat deposits, located in the Omsukchan district, processed by JSC "Silver Magadan", was continued. A total of 4.7 thousand tons of lead was received.

In 2017, the implementation of the project for the search for and industrial development of oil and gas deposits of the Magadan shelf zone carried on. In navigation period of 2016 drilling of search and evaluation well Dukchinskaya-1 on the section "Magadan-1" was carried out by LLC "Magadan-morneftegaz". The depth of the well was about 2.6 thousand meters. The project is at the stage of processing and interpreting the data obtained in the navigation period 2013–2017.





### **Power engineering.**

The second most important type of economic activity, related to industrial production, is the production and distribution of electricity and water.

The power system of the Magadan Region is local and does not belong to the unified energy system of Russia. The main electricity producer is the Kolyma HPP, in addition, electricity is produced by Magadanskaya TPP and Arkagalinskaya SDPP. In 2013, the first phase of the Ust-Srednekanskaya HPP with a capacity of 168 MW was commissioned.

In 2017, the generating capacity of the region produced 2,434.0 million kWh of electricity, which is 8.4% higher than in 2010.

### **Processing industries.**

The most developed types of economic activity in the sphere of manufacturing industries include the production of food products, including beverages, metallurgical production and the production of finished metal products.

Among industrial enterprises, the Magadan Mechanical Plant is the oldest enterprise in the Far East producing flushing devices for the extraction of alluvial deposits of gold and platinum, which in 2017 turned 70 years old.

PJSC Magadan Mechanical Plant produces three types of washing equipment for placer gold deposits: scrubber, hydroelevator and industrial devices on the basis of lamellar screens with a capacity of 40 to 100 m<sup>3</sup> / h. Devices are produced as a complete set, ready for operation of the concentrator, and so on. In addition to ready-made complexes, PJSC "MMP" offers a wide range of spare parts for



mining equipment, pumps, foundry products. The equipment supplied by PJSC "MMP" was appraised by many subsoil users of practically all gold mining regions of Russia. The trademark of the plant is easily recognized in the countries of near and far abroad. Magadan devices operate in the Republic of Tajikistan, Kyrgyzstan, Kazakhstan, Mongolia, on the African continent - Ghana, Mali, Zimbabwe.

On the territory of the region there are several dozens of enterprises producing food products, among them one of the oldest enterprises is the "Magadansky" Bakery, which produces about 70 types of bakery and confectionery products.

Another largest and oldest food enterprise in the Magadan Region is the Urals Dairy Factory "Magadansky", which produces milk and dairy products. The range of products includes more

than 90 types of dairy products. During the period of work, the products of DF Magadansky repeatedly became winners and prizewinners at international exhibitions and competitions of the dairy industry in Russia and the CIS countries. Trademarks of the plant "Good Tradition", "Luchik", "Health", "Bifidok", "Slavyansky" are known not only in the territory of the region, but also beyond its borders.



## Agriculture.

Despite extreme climatic conditions in the Magadan Region, agriculture is developing and although only 2% of the total GRP production falls on agriculture, this sector is of great importance, since:

- provides the region with its own fresh food products – milk, eggs, meat, vegetables;
- contributes to the preservation of the traditional for the indigenous small-numbered peoples of the North branch – reindeer breeding;
- provides employment of the rural population.

Livestock in the region is represented by such sectors as dairy cattle breeding, pig breeding, poultry farming, reindeer breeding. In the sectors of crop production, forage is produced on the basis of annual and perennial grasses, vegetables of open and closed soil (cabbage, zucchini, beets, tomatoes and cucumbers), potatoes, green cultures.

Practical guidelines for the development of the industry are defined in the state program of the Magadan Region “Development of Agriculture in the Magadan Region for 2014–2020” and the departmental target program “Development of Poultry and Egg Meat Production in the Magadan Region for 2014–2017.”

## DYNAMICS OF AGRICULTURAL PRODUCTION IN THE MAGADAN REGION

	2010	2011	2012	2013	2014	2015	2016	2017
Production of livestock and poultry for slaughter (live weight), tons	745.8	745.8	760.6	722.8	726.1	784.7	905.4	876.6
Milk production, tons	5706	5805	5892	5895.6	5902	5950	5740	5890
Production of eggs, thousand pieces.	19887.2	20669.1	21084.0	22984.0	24406.6	25420.7	26386.0	27776.5
Potatoes production, thousand tons	15.2	12.7	14.2	11.2	10.2	12.4	12.1	14.5
Vegetables production, thousand tons	5.0	4.1	5.0	3.9	4.1	5.4	5.6	5.7

In 2017, the production of basic types of products in kind, compared with 2010 increased (except potatoes).

The most significant successes have been achieved in poultry farming, an industry that provides the population of the region with dietary food products: chicken eggs and poultry meat.

The main producer of poultry products in the Magadan Region is the poultry farm “Dukchinskaya”, which has an egg-meat direction.

The implementation of the investment project for a large-scale reconstruction of the production facilities of the poultry factory, equipping the newest technological equipment, contributed to the fact that the company currently has a complete cycle of production from incubation to the production of finished chilled poultry meat and sorted eggs. The poultry farm has its own trademark and a network of branded stores.

The largest producer of agricultural products is the Komarova peasant farm, which not only produces fresh milk and meat, but also processes the products,

producing various dairy products and frozen meat semi-finished products and other types of products in its own shop, selling products through its own branded stores .





## THE LEVEL OF SELF-SUFFICIENCY OF THE MAGADAN REGION BY MAIN AGRICULTURAL PRODUCTS (AS A PERCENTAGE OF THE DEMAND)

Name of product	2010	2011	2012	2013	2014	2015	2016	2017
meat	3.6	3.4	3.4	3.2	3.3	4.4	5.0	7.4
milk	15.5	15.7	16.1	14.8	15.1	15.8	15.5	15.7
eggs	61.8	64.3	64.9	68.9	73.7	77.2	80.1	83.2
potatoes	91.6	77.9	84.5	71.3	67.1	80.5	78.3	89.9
vegetables	36.5	29.7	36.2	29.3	28.1	40.6	42.1	44.1

The data in table show that the level of self-sufficiency of the inhabitants of the region by products produced in agriculture in 2017 compared with 2010 increased (with the exception of potatoes).

### Sea-economic complex.

The sea economic complex of the region is represented by enterprises engaged in industrial and coastal fishing, ship and shore processing; private shipowners; Magadan Sea Commercial Port in Magadan and its included fishing port, seaport in the settlement of Evensk in the North-Eveni District; FSUE “Magadan Scientific Research Institute of Fisheries and Oceanography” (FSUE “Magadan-NIRO”), which carries out marine scientific research activities on the water bodies of the Magadan Region and the EEZ of the Russian Federation.

Work on the artificial reproduction of Pacific salmon is carried out by four hatcheries: Olskaya experimental production and acclimatization base, Arma, Yansk and Taui salmon fish farms. The main breeding objects are chum salmon; the production and experimental work on the breeding of other salmon is being carried out: sockeye salmon, coho salmon.

The traditional fishing districts include the water area of the northern part of the Sea of Okhotsk. In the exclusive economic zone of the Russian

Federation, regional enterprises are fishing for herring, pollock, trumpeters, crabs, shrimp. In the catch of coastal fishing, the main production is provided by Pacific salmon and char; as well as herring, pollock, trumpeters and crabs, smelt, navaga, perch, algae and others.

In 2017, 92 organizations engaged in fishing, they shipped their own products for 9.0 billion rubles. Compared to 2010, the number of organizations in the industry increased by 1.5 times, and the products were shipped more than 3.0 times.

In 2016, 101.3 thousand tons of fish and 11.0 thousand tons of other bioresources were produced, which is 1.8 and 1.2 times higher than in the previous year.

The main catch is provided by fishing vessels of the companies “Sea Wolf”, “Magadanryba”, JSC “Tralcom”, LLC “Magadanpromflot”.

In the Magadan region, there are a number of enterprises engaged in deep processing of aquatic biological resources, producing the richest assortment of fish products, products from crabs and invertebrates, and sea kale.





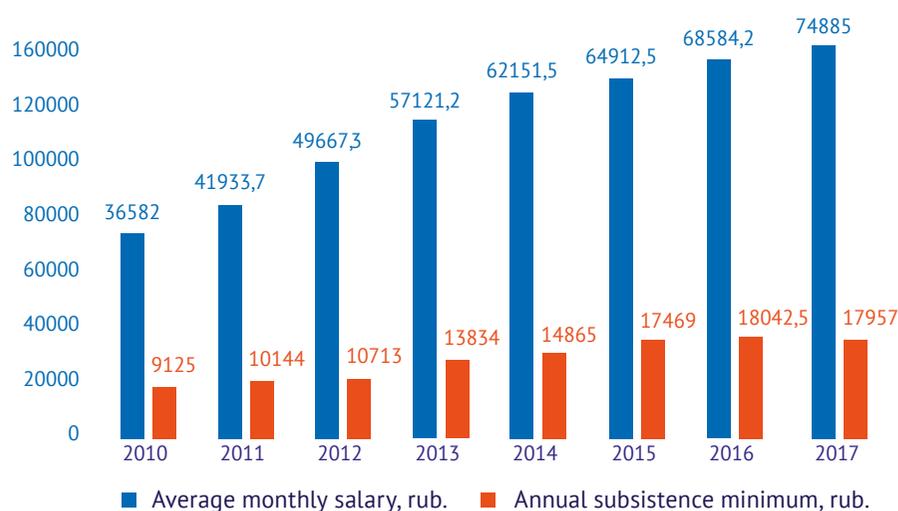
### 1.2.3. Standard of living

Over the past years, one of the main priorities in the work of the Government of the Magadan Region is to improve the quality of life and income growth of the population, ensure the income of the population at least below the subsistence minimum, provide social support and social services for families with children, veterans, disabled and poor citizens. In the Magadan Region, a set of measures is being implemented to support certain categories of citizens. In the region there are 32 state institutions of social support for the population of the Magadan Region; more than 35,000 citizens receive regular social support measures; More than 40 types of social payments are indexed annually.

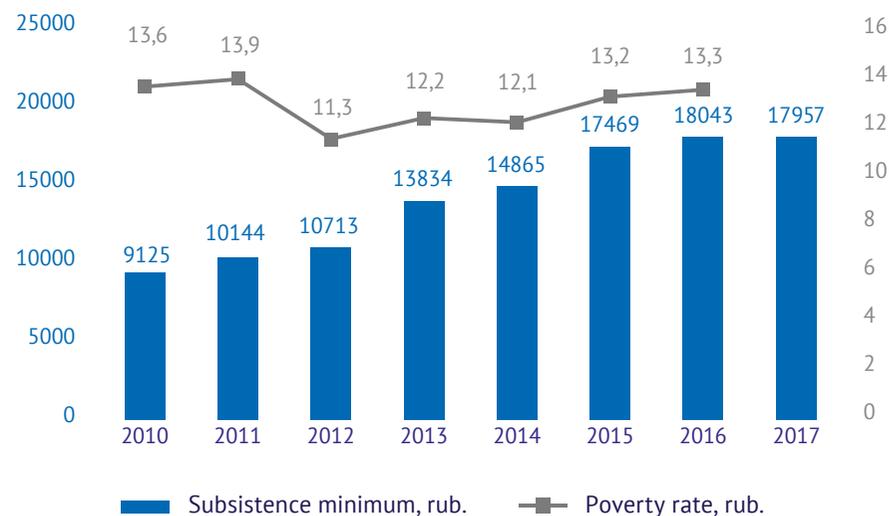
### INDICATORS OF LIVING STANDARDS OF THE POPULATION OF MAGADAN REGION

Indicators of	2010	2011	2012	2013	2014	2015	2016	2017
Average annual number of employed in the economy, thousand people	96.3	97.1	95.7	96.2	91.2	89.3	86.4	86.0
Level of officially registered unemployment,%	2.5	2.0	1.5	1.4	1.5	1.9	1.9	1.4
Average monthly nominal accrued wages, rubles.	36582	41934	49667	57121	62152	64913	68584	74855
Average annual subsistence level, rubles per month	9125	10144	10713	13834	14865	17469	18043	17957
Specific weight of the population with cash incomes below the subsistence minimum,%	13.6	13.9	11.3	12.2	12.1	13.2	13.3	...

### SALARY AND SUBSISTENCE MINIMUM RATIO



### AVERAGE ANNUAL SUBSISTENCE LEVEL





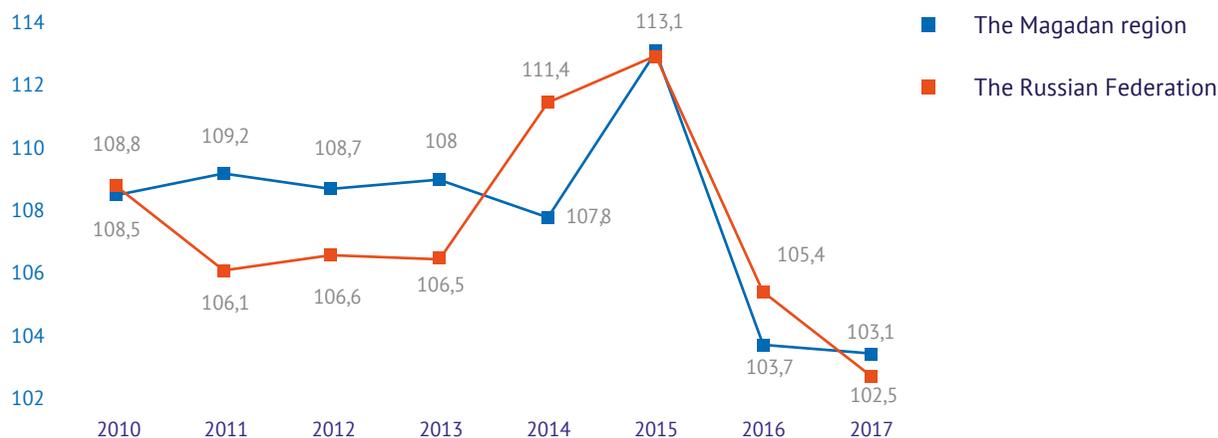
It is important to monitor prices for consumer goods in the region – a feature of the regional consumer market is that it is formed mainly through the importation of consumer goods from other regions and imports, and price changes depend on external causes, but, less, in the Magadan region, some measures are being taken to increase the availability of prices and services for the main population groups:

- the maximum amounts of trade mark-ups for certain socially important consumer goods, medicinal products sold in the region are approved;
- In order to prevent a sharp increase in household payments for utilities, the laws of the Magadan Region have been adopted, according to which for each regulated period, the inter-tariff difference is paid to resource-supplying organizations in order to compensate for lost revenues for providing heat supply, hot water, electricity from diesel power stations, water supply and sanitation to the population at tariffs lower than economically justified.

## CONSUMER PRICE INDEX

	2010	2011	2012	2013	2014	2015	2016	2017
Consumer price index, December in % to December of last year	108.5	109.2	108.7	109.0	107.8	113.1	103.7	103.1
The index of consumer food products, December as % of December last year	110.9	105.4	106.9	111.0	112.8	116.5	106.0	100.7
Consumer price index for non-food products, December as % of December last year	107.5	109.7	110.9	108.1	106.9	110.9	103.3	105.2
The index of consumer prices (tariffs) for paid services to the population, December as % of December last year	106.2	114.4	108.5	108.0	102.8	110.8	100.2	105.3

## CONSUMER PRICE INDEX, IN % TO DECEMBER OF THE LAST YEAR





### 1.2.4 Social and culture spheres.

In the Magadan Region, the education system includes all the levels of general education envisaged: preschool, primary, basic general education, secondary general education.

General education programs are implemented in preschool and general education institutions. Training of qualified workers, employees is carried out by 9 professional educational organizations, and training of specialists of the middle level is carried out by 12 institutions.

Among the higher educational institutions of the region, the leading state budget educational institution of higher professional education “North-Eastern State University” occupies a leading position, which provides training for specialists in 6 faculties in 24 directions.

The population of the Magadan region has the opportunity to receive primary health care, specialized, including high-tech medical care. If necessary, residents are provided with an ambulance, including emergency specialized medical care and palliative care.

Medical activity is carried out by 20 hospital establishments for 1,7 thousand beds; 43 medical out-patient and polyclinic organizations (independent and part of the hospital organizations), 15 medical feldshersko-obstetric points, 9 ambulance stations.

Medical services, along with public services, are provided by private medical institutions.





In the Magadan region, the only balneological resort in the region “Talaya” is functioning. The resort “Talaya” is located 250 km from the regional center in the zone of perennial frozen rocks. The resort is located on the northwestern slope of the Kolyma Range in the Taloy River basin, at an altitude of about 720 m above sea level.

The climatic conditions of the location of the resort, despite their general severity, favorably differ from surrounding districts and are used for medicinal purposes. The beautiful surroundings of the resort, a diverse landscape, convenient for walking and skiing, the silence, cleanliness and clarity of the air have a beneficial effect on the person, soothingly act on the nervous system. Early spring and late autumn in these places give bright sunny days to holidaymakers, and in winter you can ski

on snow-covered valleys. Guests from different parts of the country, once visited this resort, dream of coming back here again for treatment.

The main attraction of the resort is a geothermal source of mineralized water that hits from the ground. Water Tal of the source is unique in the number of chemical elements that make up its composition: it contains a whole complex of substances useful to man. According to the conclusion of the Moscow Institute of Balneology and Physiotherapy, Tal'skaya water has rare healing properties, it activates metabolic processes in the body and promotes cell regeneration. On our planet only two places are known with sources similar in composition: one is located in the Khabarovsk Territory, and the other in France.

For treatment in the sanatorium, primarily silicon nitric thermal-mineral water is used, characterized

by a high content of silicic acid, fluorine, which has selenium, lithium and strontium in its composition. A whole range of procedures is used – various baths (pearl, vortex, underwater shower massage, underwater spinal traction), as well as showers, inhalations. There is a swimming pool with mineral water.

For mud treatment, sapropelic mud is used, which is mined in the vicinity of the resort on the bottom of Lake Nalimnoye. Patients are offered all types of mud treatment, including galvanic mud, electrophoresis of mud squeezing and others. Its uniqueness resort “Talaya” proved decades of successful treatment and favorable impact on a variety of diseases of people. Hundreds of thousands of northerners visited the resort and felt the healing power of the “Northern Pearl”.





In the region there are 332 sports facilities, the one-time capacity of which is about 8,3 thousand people, complex sports and mass events are held; regional events (by sport); All-Russian competitions.

Particular attention is paid to improving sports skills in such sports as: skiing, boxing, ski jumping, swimming, snowboarding and the development of adaptive physical culture and adaptive sports.

Culture is an industry that creates the necessary conditions for the realization of the constitutional rights of citizens of the Magadan Region to freedom of creativity, participation in cultural life.

Cultural institutions: 39 public libraries, 2 theaters, 5 museums, 38 cultural-leisure institutions contribute to the preservation and development of professional and folk artistic creativity, crafts, amateur art, self-education and leisure of citizens.

Culture is an industry that should become the basis of tourist services in the region, already now the region offers a number of interesting events that tell about the history of the region and traditions.





## THE MAGADAN REGION

## SECTION I.

## MODERN ECONOMICS AND DEVELOPMENT STRATEGY OF THE MAGADAN REGION

Starting in 2015, Magadan hosts the annual “Staratelsky Fart”, the only prospecting art festival in Russia. Competitions are of great interest, it is visited not only by Kolyma and visitors from other regions of the country, but also by representatives of Japan, China, South Korea.

**The Golden Festival** is a visiting card of the Magadan region, it has become an important event for the development of inbound tourism in the Magadan region.

The championship on washing sand is a rare adventure, in case of success on it it is possible to receive good compensation. An important condition of the contest is the washing of the breed with the help of a tray, as it was hundreds of years ago, no modern technology. The washing technology is as old as the world. The gold-containing sand is poured into the tray, water is poured in and the prospector, cleaning up the empty rock, collects from the bottom of a grain of precious metal, settled under the influence of gravity. The washing of gold-containing sand by hand, without special equipment, is an exotic, which makes you feel like a prospector from the distant past, a trailblazer of Kolyma.

The Internet broadcast, organized from the place of gold sand washing, allows you to see this event from anywhere in the world.

“Golden Festival” received a special prize in the nomination “Innovative Event Project” at the 5th All-Russian Open Exhibition of Events “Russian open Event Expo”, which was held in November 2016 in the Congress and Exhibition Center Yugra Expo in Khanty-Mansiysk.





Both traditional residents of the region and its guests are interested in traditional holidays of the indigenous peoples of the North, among them the brightest – the Even event of the New Year celebration in the Even people’s calendar – “Habdenek”, which is held in Magadan for almost twenty years. Hebdenek is an ancient Even summer holiday of the summer solstice, the New Year or the New Sun. The title is translated as “fun”, “joy”.

According to Even’s ideas, in the summer time there is a meeting of the New Sun and New Year.

Each year, Hebdenek collects about two thousand Kolyma residents and visitors to the city. The meeting of the New Sun traditionally takes place on a large glade in the mouth of the Dukcha River, not far from the Magadan bay of Gertner. This place is symbolic: the name of the river is translated from Even as “settlement”, “camp”, many years here it was the fairs and festivals of the peoples of the Far North. The holiday begins with the first rays of the sun, at 5 am.

At dawn, the elders of Évenis conduct traditional rituals feeding the river and indulging the Spirit of the Dukcha River. Young men together with the elders light a sacred fire, the guests are watching the dance of worship of the fire “Tog Muranni.”

Before the familiar Kolyma rites, the Dalburger ritual takes place the traditional ritual “Khusil-Lebedi”. Swans for the Even people are sacred birds, they serve as a solar symbol, bind

heaven and earth. With the onset of the New Year, every guest of the holiday can make a wish and tie a ribbon to the thread of Delburg, and all the desires, conceived with a pure heart that night, necessarily come true.

On the clearing break camps, decorated with embroideries and colorful ornaments of beads and fur; each settlement represents a separate Kolyma city district where indigenous peoples of the North live. Guests of the holiday can get acquainted with the decoration of dwellings, taste refreshments familiar to the indigenous inhabitants of the northern region. Each settlement is lit a bonfire, they are preparing a traditional New Year’s dish-ear on a living fire. On the Habdeneke there is also a traditional competition of settlement. On the festive clearing there is a bright and rich exhibition-fair of decorative and applied creativity of the peoples of the North “Nelten” (which means “the sun” from the Even language), where anyone can acquire crafts by craftsmen. In addition, a master class is held on making souvenirs from natural materials.



## THE MAGADAN REGION

## SECTION I.

## MODERN ECONOMICS AND DEVELOPMENT STRATEGY OF THE MAGADAN REGION

On the territory of the Magadan Region is the only reserve of federal significance: the State Natural Reserve “Magadansky”, consisting of the Kava-Chelomdzhinsky, Seimchansky, Olsky, Yamsky island and Yamsky mainland with a total area of 883 thousand hectares. All areas at a great distance from each other are difficult to access, there are no settlements of transport routes on their territory; they differ sharply from each other in relief, climatic conditions, flora and fauna. The central manor of the reserve is located in the regional center - the city of Magadan (100–650 km from the sites).



ГОСУДАРСТВЕННЫЙ ПРИРОДНЫЙ  
ЗАПОВЕДНИК  
МАГАДАНСКИЙ

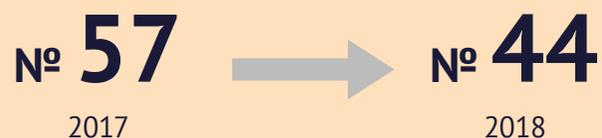


*Photo by Evgeniy Potapov*



## 1.2.5. Позиции Магаданской области

Position of the Magadan Region in national investment climate index



## “PETERBURG POLICY” FUND’S RAITING

The Magadan Region belongs to the group of subjects with the highest stability rate (between 7 and 7,9 pts)

**7,5**  
текущий рейтинг

## PRIZE FOR QUALITY AND SAFETY OF MEDICAL ACTIVITIES

Medicine  
and Quality

2016

## THE MAGADAN REGION’S STRATEGICS OF SOCIAL AND ECONOMIC PROGRESS UP TO 2025

Results of 2010-2017

GROSS REGIONAL  
PRODUCT INCREASED

in 2,5 times

GOLD MINING INCREASED

in 1,9 times

IMPROVEMENT OF THE QUALITY  
OF LIFE, PAY PER EMPLOYEE  
INCREASED

in 2,0 times

AGRICULTURAL PRODUCTION  
VOLUME GROWTH INCREASED

in 1,7 times

## BASED ON THE RESULT OF RAITING AGEN- CIES AND PUBLIC ORGANIZATIONS THE MAGADAN REGION TAKES

### THE 1<sup>st</sup> PLACE

- for the extraction of alluvial gold;
- by the volume of silver mining.
- by the number of medical personnel per 100 thousand population

### THE 2<sup>st</sup> PLACE

- by total gold production
- by the number of seats in the auditoriums of the theaters per 100 thousand people
- by capacity of outpatient clinics
- by infant mortality rate

In December 2016, the 9th All-Russian Scientific and Practical Conference with international participation “Medicine and Quality - 2016” was held, organized by the Federal Service for Supervision of Health. On December 5, 2016, within the framework of the conference “Medicine and Quality - 2016”, six subjects of the Russian Federation were awarded the Roszdravnadzor Prize “For the Quality and Safety of Medical Activity”, including the Magadan Region, which became a laureate of the II degree award.



## ACCORDING TO THE RESULTS OF RAITING AGENCIES AND PUBLIC ORGANIZATIONS, THE MAGADAN IS IN THE TOP TEN (FROM THE 4<sup>th</sup> TO 10<sup>th</sup> PLACE)

the volume of deposits (deposits)  
individuals in banks  
per per capita (3<sup>rd</sup> place)

the availability of places in hospitals  
(the 5<sup>th</sup> place)

The ratio of the monetary incomes of the 20%  
population group with the lowest incomes to  
the cost of a fixed set of consumer goods and  
services (the 7<sup>th</sup> place)

the number of doctors  
per 100 thouthand of population (the 4<sup>th</sup> place)

the total floor area of residential premises, an  
average of 1 resident (the 5<sup>th</sup> place)

the proportion of public hard surface motor  
roads to their total lenght (the 8<sup>th</sup> place)

the availability of facilities for preschool chil-  
dren (the 4<sup>th</sup> place)

Volume of production of goods and services  
per capita  
(the 6<sup>th</sup> place)

earnings of small and micro companies and in-  
dividual entrepreneurs per capita (the 4<sup>th</sup> place)

The volume of investment in fixed assets  
per capita (the 6<sup>th</sup> place)



The Magadan region, which is provided with a significant mineral and raw material base, is interested in developing mineral deposits, as this characterizes the use of the region's resource potential and, naturally, the mining industry, based on the extraction of precious metals, is the basis of the region's industry.

Over the period of development from 1928 to 2016, more than 3,100 tons of gold, 15,000 tons of silver, about 72,500 tons of tin, and more than 85 million tons of coal were extracted from the bowels of the Magadan Region.





The data in table reflect the positive dynamics of the extraction of precious metals. Since 2010, gold production has increased by 15.95 tons, silver by 101.7 tons.

Gold mining is carried out in all districts of the region, but the leaders are the Susumansky, Tenkinsky, Yagodninsky and Severo-Evensky urban districts.

In 2017 Magadan region took second place in Russia for gold mining and first place for silver mining.

Magadan region has retained the first place in Russia for the extraction of alluvial gold. The total amount of precious metals extracted from alluvial deposits in 2017 – 17,8 tons. The leader of placer mining is the joint-stock company “Susumansky ore mining and processing enterprise” Susumananzoloto (“JSC” Susumananzoloto”).

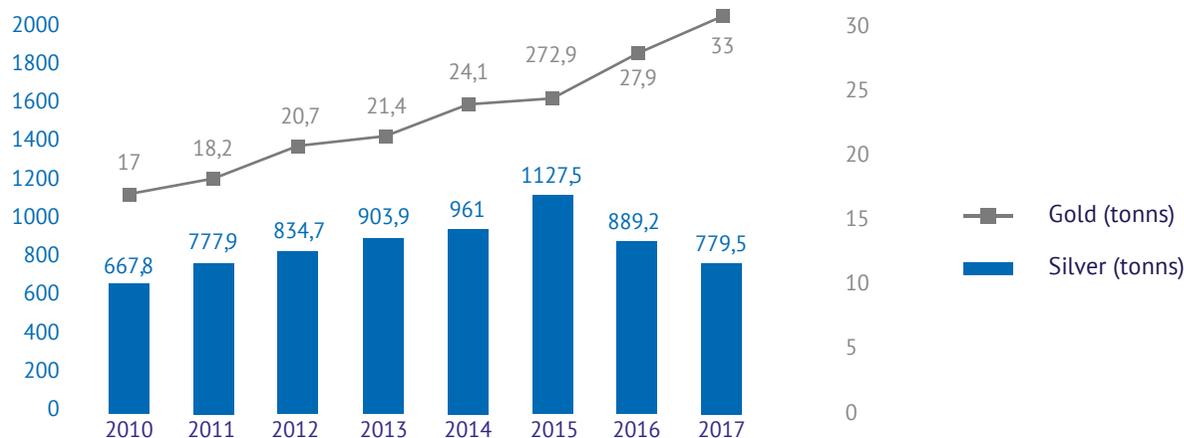
Susumananzoloto is one of the ten largest gold mining companies operating in Russia. It is the largest gold mining enterprise in the Magadan Region, operates placer gold deposits in the territories of the Susuman, Tenkin, Srednekansky, Khasyn and Yagodninsky districts of the Magadan Region. Gold mining is carried out from placer deposits in open and dray ways. At the ore deposit “Vetrenskoye”, located in the Tenkin district, ore is mined underground, and then the ore is enriched at the mill. The enterprise carries out geological prospecting works on placer and ore deposits.

The growth of ore gold mining continues. From 2009 to 2017, the volume of ore gold mining increased by 9.7 tons - from 5.5 tons to 15.2 tons.

### DYNAMICS OF EXTRACTION OF PRECIOUS METALS IN THE MAGADAN REGION (TONS)

	2010	2011	2012	2013	2014	2015	2016	2017
Gold	17.0	18.2	20.7	21.4	24.1	24.5	27.9	33.0
Silver	677.8	777.9	834.7	903.9	961.0	1127.5	889.2	779.5

### DYNAMICS OF EXTRACTION OF PRECIOUS METALS IN THE MAGADAN REGION



At the end of 2017, the leaders in gold mining in the Magadan region included: JSC Polymetal, JSC Susumananzoloto.

The plan for the extraction of minerals in 2018: gold – 37.1 tons, including placer – 16.0 tons, ore – 21.1 tons; silver – 665 tons; lead – 5,4 thousand tons; coal – 345.0 thousand tons; OPI – 1 million m<sup>3</sup>.



### 2.1. Deposits of minerals in the Magadan Region, where minerals are mined.

#### The Pavlik field

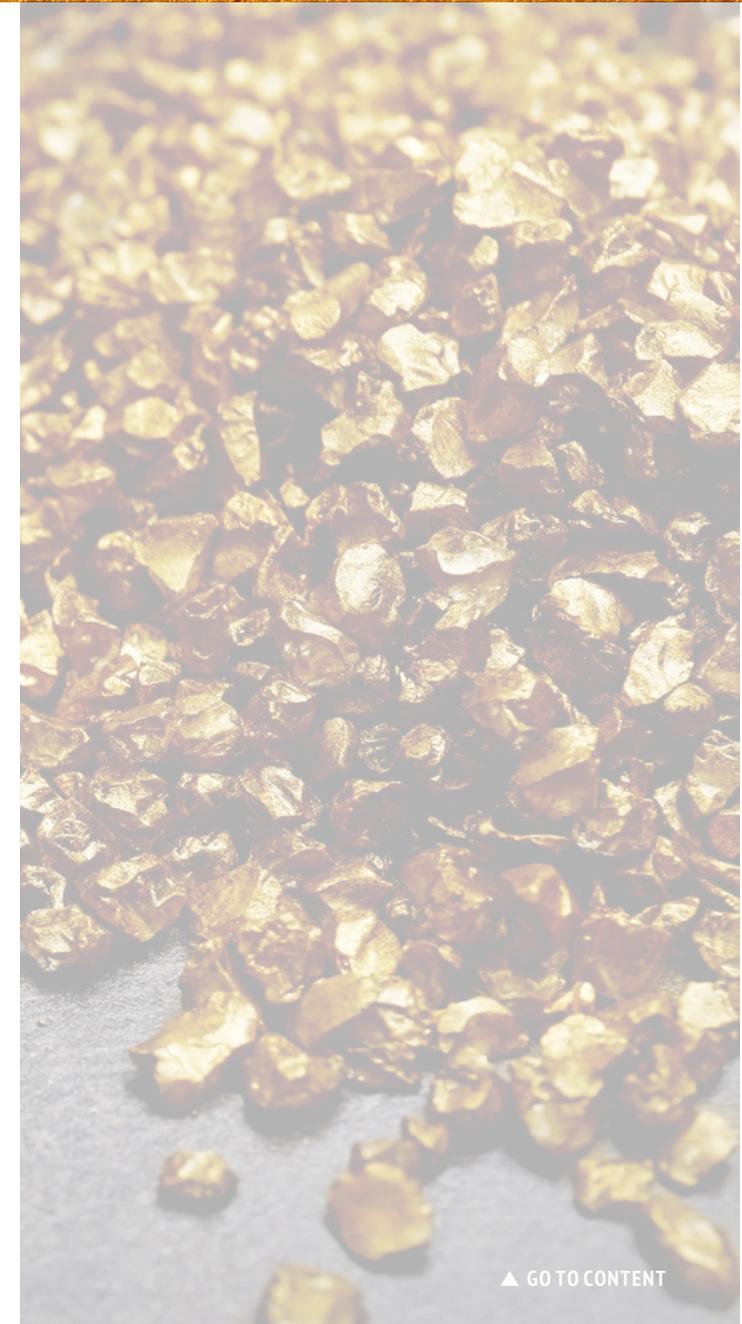
The deposit is located in the Tenkinsky urban district. The balance reserves of the deposit are: Gold – 154 tons, silver – 39.8 tons. The subsoil user is JSC “Gold mining company” Pavlik “, which is a part of IC” ARLAN “.

The deposit is granted for use on the basis of the license of MAG No. 10322 BE for the right to use subsoil for the purpose of exploration and production of gold at the Pavlik gold deposit. The license is valid until 31.12.2046.

The annual design capacity of the first stage of the plant is 3 million tons of ore, 6--7 tons

MPP Pavlik produced in 2015 more than 1 ton of ore gold, in 2016 – 3.8 tons. In 2017 – 6.5 tons. Estimated amount for 2018-6.8 tons of gold.

JSC Pavlik plans to develop the mineral resource base of Pavlik, Pavlik-2 and Rodionovskoye fields with a total reserve growth of up to 250 tons and an annual production of up to 20 tons of gold.





### A group of fields developed by Polymetal UK.

Polymetal International created a business model aimed at improving the efficiency of enterprises, based on the principles followed by the company in developing deposits:

- development of deposits with high levels for open work, except for cases when richer ore justifies underground mining;
- creation of large processing centers (hubs), which makes it possible to minimize the costs of processing and logistics, as well as to achieve efficiency through the creation of ore mining and processing, where we can process raw materials from several sources at once.
- expansion of the resource base.

Based on these principles, enterprises in the Magadan Oblast, which are members of the Polymetal – CJSC “Silver Magadan” and LLC “Omolon-skaya ZRK”, operate in these areas.

**CJSC “Silver Magadan”** carries out gold and silver mining at the Arylakh fields in the Srednekan-sky urban district, Goltsovoe, Dukat and Lunnoye (Dukatsky Hub) in the Omsukchan City District. The Dukat field is the largest in Russia and the third largest deposit in the world in terms of silver reserves and volumes.

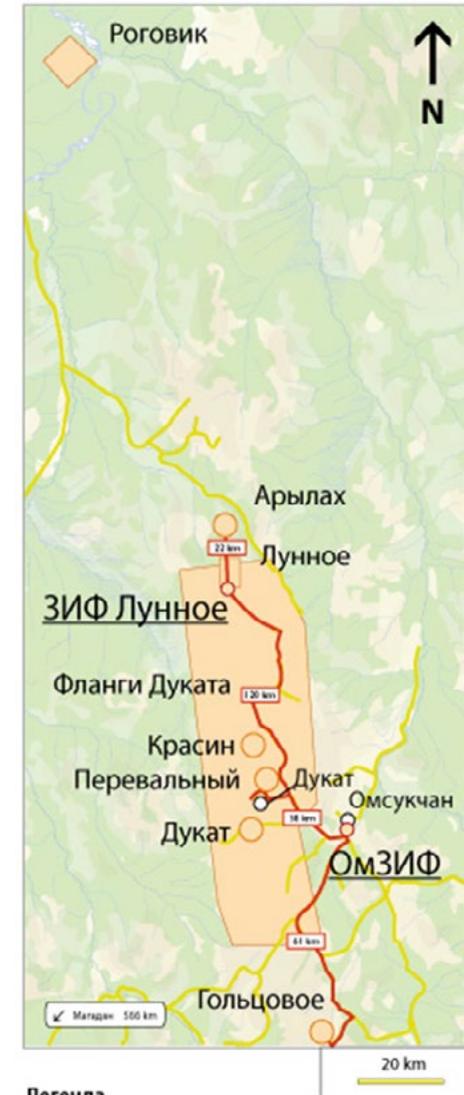
Underground mines have been created at the fields, and the Goltsovoe, Dukat and Lunnoye deposits are technologically connected and managed as a single production facility (Dukat Hub). Ore from these objects are processed at the Omsukchansk concentrator - Dukat Mining and Processing Combine (MPP).

Ore processing is carried out using the technology of flotation enrichment. The obtained concentrate is transported to the factory of the Lunnoye MPP.

The Lunnoye MPP refines the Lunnoye and Arylakh ore deposits, as well as the Dukat concentrate, using the technology of agitation cyanidation in vats and the Merrill-Crow process. The product of processing is zinc concentrate, which is sent to the refining plant to produce ingots of gold and silver.

In 2017 a total amount of 2 439.5 tons of ores had been processed. Number of employees of JSC “Magadan Serebro” was 1935 people at the end of 2017.

JSC “Silver Magadan” performs geological study, prospecting and exploration deposits of gold and silver on the following objects: Perevalnoye, Terem, Khalali..





### “Omolonskaya ZRK” LLC.

The Omolon hub was created in 2009 on the basis of the fields Birkachan, Tsokol, Dalnee, Sopka Kwartsevaya, Oroch, Olcha, where the fields are developed by open and underground mining methods.

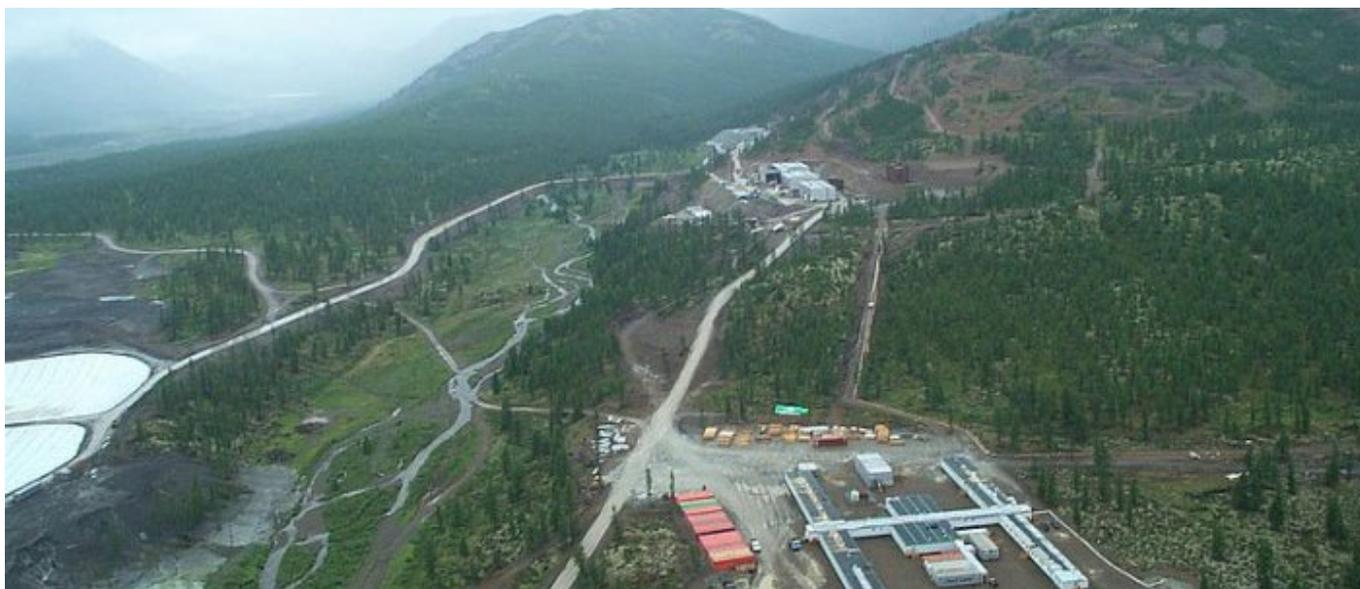
In the investment portfolio there are several projects for the development of deposits of the Omolon massif with rich ore reserves, which have a considerable potential for geological prospecting. The deposits are located around the Kubaka Mill (processing capacity is 850,000 tons per year).

The production at the Dukat and Omolon hubs in 2017 amounted to 6.7 tons of gold and 664.9 tons of silver.



### The field “Juliet”

The “Juliet” field is located in the Omsukchan City District, the extraction of gold-silver ore by underground method is performed by JV “Omsukchanskaya GGC”. In 2017, 0.8 tons of gold and 3.4 tons of silver had been extracted from the deposit.





### **The field “Vetrenskoye”.**

The field “Vetrenskoye” is located in the Tenkinsky urban district, the underground mining is carried out by Electrum Plus LLC. In 2016, the deposit produced 0.4 tons of gold.



### **The fields “Agatovskoe” and “Nyavliga”**

The “Agatovskoe” field is located in the Tenkinsky urban district, underground mining is carried out by Agat LLC

The “Nyavliga” field is located in the Olsky city district, the mining of the ore by underground is carried out by Agath LLC.

Enterprises engaged in development of deposits are part of the “Arbat” concern Total amount of metals extracted in 2017: 0.31 tons of gold and 11.7 tons of silver..



### 2.2. The deposits of minerals in the Magadan Region, where construction of mining sites takes place.

#### The field “Natalka”

The field “Natalka” is one of the largest deposits of the Yano-Kolyma gold province and it is located in the Tenkinsky urban district. The balance reserves of the deposit are: Gold - 1157.2 tons, silver – 323.7 tons. The subsoil user is JSC Matrosov Mine, which is part of PJSC Polyus Gold.

The deposit was granted for use on the basis of the license of MAG No. 11478 BE of the year for the right to use subsoil for the purpose of exploration and production of gold at the Natalka gold deposit. The license is valid until 31.12.2036.

The company JSC “Mine Matrosov Mine” carries out the construction of facilities both for the main production and for the infrastructure of the MPP. Commissioning of the “Natalka” field is scheduled for the second half of 2017. At the expense of the federal budget, the construction of a two-chain HVL 220 kV “Ust-Omchug - Omchak-Novaya” with 220 kV “Omchak-Novaya” is under construction.

Work is underway to develop the infrastructure, which includes the construction of a shift camp and highways.

#### Sturmovskoe ore field.

Sturmovskoe ore field is located in the Yagodninsky urban district. The deposit approved gold reserves in the amount of 14.5 tons, silver - 0.9 tons.

The deposit was granted for use by OJSC “Susumanzoloto” on the basis of the license of MAG No. 03935 BE for the extraction of indigenous gold at the Stormovsky ore field. Issued on January 11, 2007. The license expires on 31.12.2031. The area of the preliminary mining allotment is 26.4 km<sup>2</sup>.

The project of development of the field provides for the establishment of an enterprise with a year-round operating regime and production of gold of about 1 ton per year.

In 2019, it is planned to complete the construction of the factory with the gravity scheme of enrichment and launch the mine into operation. The capacity of the first stage of the gold extraction plant will be 200,000 tons of ore per year, with the potential to increase processing to 400,000 tons of ore per year.

Work is underway to develop the infrastructure, which includes the construction of a shift camp and highways.





### 2.3. Deposits of minerals in the Magadan Region, which are in the stage of geological exploration.

#### The field “Rodionovskaya”.

The field is located in the Tenkinsky urban district, is a part of the Yano-Kolyma gold province.

License MAG No. 04118 BE was issued on March 20, 2008 by Vostok Business LLC for exploration and production of ore gold within the Rodionovskoye ore field. The expiry date is 17.02.2028. The license area is 25 km<sup>2</sup>. The balance reserves in the field are C1 category -189 kg, C2 category – 202 kg. The forecast gold resources are: by category P1 – 18 t, category P2 – 30 t.

A complex of geological exploration works is carried out at the field. As a result of the geological exploration work, it is expected that the reserves and gold resources will increase by the sum of categories C1 + C2 + P1 = 100 tons. The commissioning of the mining enterprise is planned in 2019.



#### The field “Igumenovskoe”.

The field is located in the Tenkinsky urban district, is a part of the Yano-Kolyma gold province.

The license of MAG No. 04505 BR was issued on August 14, 2014 by GeoTsentr OJSC for geological study of mineral resources and gold mining. The license expires on 31.12.2020.

The balance reserves of ore gold in the deposit are at the category of C–2 in the amount of 1038 kg and non-balance C–1 in the amount of 5884 kg.

At the site, geological exploration work is carried out. Within the licensed area there are two ore fields: Igumenovsky (in the northern part of the area and contains the Igumenovsky field) and Klin-Tenistoe (in the southern part).

The commissioning of the mining enterprise is planned in 2020.



#### Degdekan ore field.

The field is located in the Tenkinsky urban district, is a part of the Yano-Kolyma gold province.

License MAG No. 14155 BR issued on July 10, 2007 Magadan Geological Prospecting Enterprise, LLC. for geological study, exploration and production of indigenous gold within the Degdekan ore field. The license expires on 01.06.2030. The license area is 90 km<sup>2</sup>.

The estimated gold reserves are estimated at a design gold content of 1.3 g/t, by categories P1 – 88 t, P2 – 102 t. According to the license agreement commissioning of the mining enterprise no later than 2020. It is planned to do additional exploration of the deposit and send documents to the State Reserves Committee for the approval of reserves (putting on balance about 70 tons of gold).





### **“Utinskoye” field.**

The deposit is located in the Yagodninsky urban district, it is a part of the Yano-Kolyma gold province.

License MAG No. 03919 BR issued on October 25, 2006. LLC “Reserve” for geological exploration, exploration and production of indigenous gold. The license expires on 31.10.2031.

The area of the site is 38.8 km<sup>2</sup>. Non-balance reserves of gold of category C1 + C2 in quantity of 7324 kg are taken into account at the deposit. The total forecasted resources of gold in the category P1 are estimated at 87 tons. The commissioning of the mining enterprise is planned in 2020. The deposit is in the stage of geological exploration.

### **Chai -Yurinskaya Square**

The deposit is located in the Susumanskiy urban district, it is a part of the Yano-Kolyma gold province.

License MAG No. 13593 BR issued on May 10, 2006 LLC “GRK” Bar Gold “for geological exploration, exploration and production of indigenous gold. The license expires on 20.04.2031. The license area is 216,5 km<sup>2</sup>.

Within the licensed area, one small field (Verkhny Vlasych) and a large number of ore occurrences and mineralization points of gold have been taken into account. Forecast gold resources, approved by TsNIGRI, account for P3 100 tons.

The commissioning of the mining enterprise is planned in 2021. The deposit is in the stage of geological exploration.

### **Stakhanovsky ore field**

The deposit is located in the Susumanskiy urban district, it is a part of the Yano-Kolyma gold province.

The license of MAG No. 04017 BR was issued on 08.05.2007. LLC MAGSEL for geological study, exploration and production of indigenous gold. The license expires on 07.05.2027.

The license area is 73 km<sup>2</sup>. The licensed area of the TsNIGRI has approved the forecasted gold resources for P2 category in the amount of 17 tons with the contents from 2 to 5 g / t.

The deposit is in the stage of geological exploration. Commissioning of the mining enterprise is planned for 2020.

### **ACTIVITIES TO BE INVESTED IN THE FIELD “UTINSKOE”**

**Development of the project and installation of a pilot plant for processing gross samples**



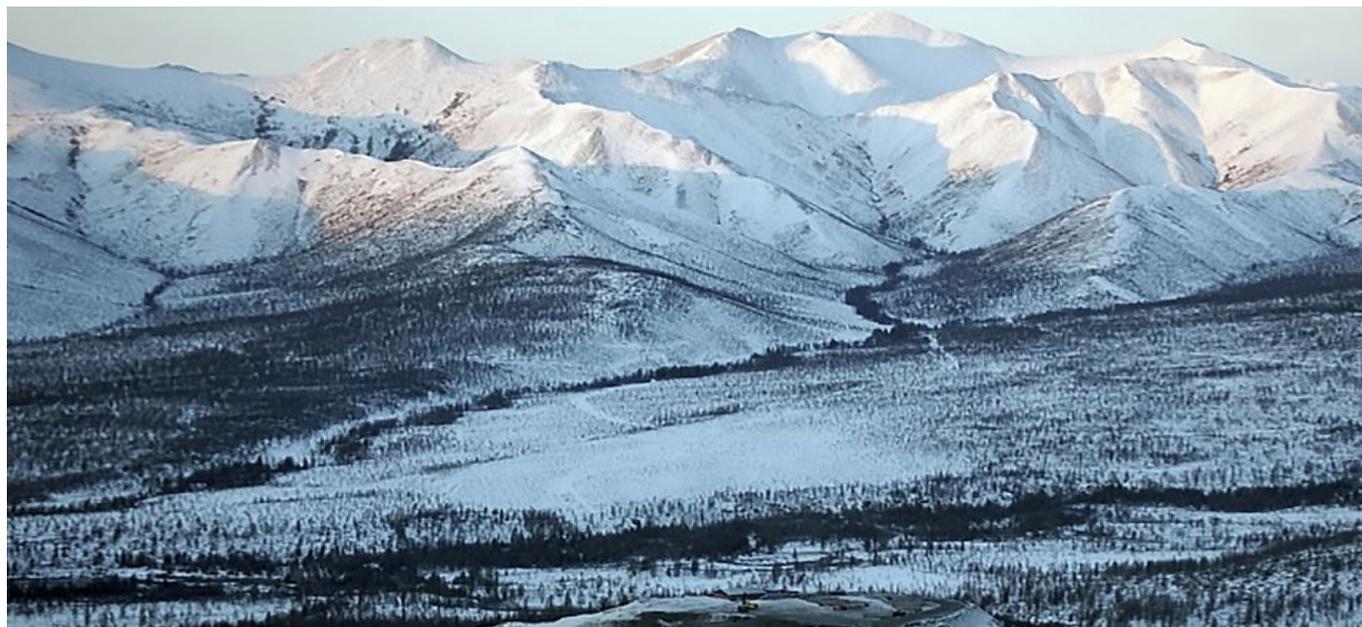
**Conducting an assessment of the reliability of a subsoil block based on the processing of gross samples pilot plant**



**Preparation of the report with calculation of stocks and feasibility study**



**Technical project of field development and factory construction**





### **Chai -Yurinskaya Square**

The field is located in the Susuman district, is part of the Yano-Kolyma gold province.

The license of MAG No. 13593 BR was issued on May 10, 2006 by GRK Bar Gold, LLC (Limited liability company). for geological exploration, exploration and extraction of indigenous gold. The license expires on April 20, 2031. The license area is 216.5 km<sup>2</sup>.

Within the licensed area, one small deposit (Verkhnij Vlasych) and a large number of ore occurrences and mineralization points of gold have been taken into account. Forecast gold resources, approved by Central Geological Research Institute for Nonferrous and Precious Metals, are in the P3 category of 100 tons.

Commissioning of the mining enterprise is planned in 2021. The field is in the stage of geological exploration.



### **The ore occurrence of Butar.**

The field is located in the Hasynsky urban district, it is a part of the Yano-Kolyma gold province.

License MAG No. 04057 BR issued on 20.08.2007. LLC "Gold Mining Corporation" for geological exploration, exploration and production of indigenous gold. The license expires on 04.05.2027.

The area of the subsoil plot is 9.3 km<sup>2</sup>. In 2007-2010, a full range of prospecting and evaluation works was carried out at the ore manifestation, with the calculation of the forecast resources of P1 + P2 in the amount of 41918 kg. The feasibility study of the temporary conditions was carried out with the calculation of balance reserves in categories C1 + C2 in the amount of 3.5 tons of gold.

The deposit is in the stage of geological exploration. Commissioning of the mining enterprise is planned for 2024.

### **Pridneprovskaya prospective area.**

The field is located in the Hasynsky urban district, it is a part of the Yano-Kolyma gold province.

The license of MAG No. 04155 BR was issued on 07.06.2008 by Geosctmet LLC for geological study and extraction of non-ferrous and precious metals (silver, tin, etc.). The license expires on 01.07.2028. The license area is 760 km<sup>2</sup>. The forecast resources are: tin - 2000 tons, silver – 500 tons.

Preliminary calculation of gold reserves for the site Ancient has shown reserves in category C2 (23.2 tons, average gold content 2.11 g/t) and an estimate of the forecast resources of category P1 (26 tons, average gold content 2.0 g/t).

The deposit is in the stage of geological exploration. Commissioning of the mining enterprise is planned for 2022.



### **Matrosovskoe technogenic deposit.**

The deposit is located in the Tenkinsky urban district. The license of MAG 13978 BE was issued on 07.03.2007 by OOO Gepar for the extraction of gold and associated components. The license expires on 01.03.2027.

The license area is 0,21 km<sup>2</sup>. The balance reserves for category C1 are: ore – 2963,0 thousand tons, gold - 4,926 kg; non-balance reserves are: ore – 2231.0 thousand tons, gold – 2060 kg. Gold-containing waste is contaminated with mercury, which can be considered as a passing mineral. Balance and non-balance reserves of mercury are estimated at 7.9 tons with average contents of 1.52 g / t.

The beginning of industrial extraction of minerals in the license area is planned in 2021.

### **Deposit South-eastern part of Burkhalinsky ore field (Ammonalnaya, South zone).**

The deposit is located in the Yagodninsky urban district, it is a part of the Yano-Kolyma gold province.

License MAG 04290 BR issued on July 22, 2011 LLC “Mining Company South” for geological exploration, exploration and production of indigenous gold. The license expires on 20.07.2036.

The forecast gold resources are 15 tons. At the site the complex of survey and assessment work. Commissioning of the mining company is scheduled for 2020.

### **The field “Morning”.**

The field is located in the Olsky urban district.

License MAG 04299 BR issued on 19.07.2011 year OOO Yugo-Zapadnaya Mining Company for geolog-

ical study, exploration and production of antimony and silver. The license expires on 12.09.2036.

The deposit is in the search and evaluation stage of exploration. Commissioning of the mining enterprise is planned for 2022.

### **The field “Senon” and “Serebryany”.**

The field is located in the Olsky urban district.

The license of MAG 04291 BR was issued on 22.07.2011 by OOO Yugo-Zapadnaya Mining Company for geological study, exploration and production of ore silver and gold. The license expires on 20.07.2031.

The deposit is in the search and evaluation stage of exploration. Commissioning of the mining enterprise is planned for 2022.

### **Miaundzhinsky perspective area.**

The deposit is located in the Tenkinsky urban district.

License MAG 04453 BR issued by Agat LLC for the right to use subsoil for the purpose of geological exploration. exploration and extraction of silver and



ore gold. The license is valid until 18.04.2038.

The deposit is in the stage of geological exploration. The forecast gold resources are 30 tons, silver – 10,000 tons.

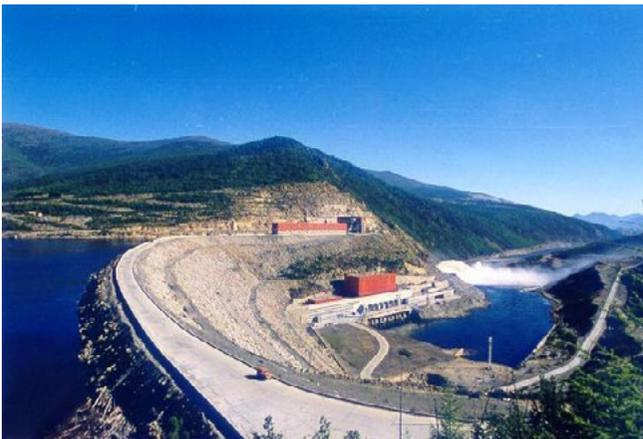




The central power system of the Magadan Region includes two hydroelectric power plants - Kolyma and Ust-Srednekanskaya, which are part of PJSC Kolymaenergo, as well as Magadanskaya TPP and Arkagalinskaya GRES (PJSC Magadanenergo).

The main generating asset of the region is Kolyma HPP, put into operation in 1994, the installed capacity of the station is 900 MW.

In 2013, construction of the first stage of the Ust-Srednekanskaya HPP with a capacity of 168 MW (two hydroelectric units) was completed. The design capacity of the HPP is 570 MW, the average annual output is 2.55 billion kWh. At present, work is under way on the construction of hydroelectric unit No. 3, which should be completed in 2018. The capacity of hydroelectric units of the Ust-Srednekanskaya HPP is provided by the Ust-Srednekanskaya HPP-introduced in 2013, the Ostuk-Srednekanskaya HPP-substation Orotukan.



The Magadan Thermal Power Plant consists of a combined heat and power plant, a hot water boiler, a diesel power plant, main heating networks and is the only source of heat supply for the city of Magadan. The installed capacity of the TPP is 96 MW of electric energy and 495 Gcal / h of heat energy. Operates on organic fuel.

Arkagalinskaya SDPP is a “cold” reserve energy source in the central power unit of PJSC “Magadanenergo” in case of substitution of the main energy source of the Kolyma HPP. The installed capacity is 224 MW of electrical energy and 151 Gcal / h of heat energy.

In 2017, the generating capacity of the region produced 2,434.0 million kWh of electricity.

In the structure of electricity production, the largest share is taken by Kolyma HPP, which produces 76.8% of the total electric power; Ust-Srednekanskaya HPP – 15.6%. Magadan TPP produces 6.5% of the total electricity and 92.1% of the total heat energy.

The existing power transmission lines will be supplemented by the high voltage line 220 kV “Orotukan-Palatka-Tsentralnaya”, the technological connection of which to the networks of “Magadanenergo” and commissioning is planned for 2019.

Despite the construction of new transmission lines, the main problem of the power industry in the Magadan Region is the restriction of power output from the largest generation facilities of Kolyma and Ust-Srednekanskaya hydroelectric power stations due to network restrictions, which results in the effect of “locked capacities” that reduces the efficiency of the energy system as a whole.



To support the process of priority development of energy infrastructure, elimination of infrastructure restrictions and risks of social and economic development of the region, guaranteed satisfaction of the prospective aggregate demand of the economy and the population for energy, it is necessary to implement a number of priority projects:

Construction of a double circuit HVL 220 kV “Ust-Omchug – Omchak Novaya” with a distribution point of 220 kV “Ust-Omchug” and a substation 220 kV “Omchak Nova” with a length of 2x135 km.

The commissioning period is 2019. The project cost is 9.0 billion rubles. The task of the project is to provide electric power to the consumers of the Yano - Kolyma gold province, including the Natalkinskoye, Pavlik, Igumenovskoye deposits, as well as the Rodionovskoe ore field.



Construction of a double circuit HVL 220 kV “Bereh - Omchak Novaya” with 220 kV “Bereh” with a length of 2x164 km.

The period of construction of HVL 2021-2023. The project cost is 11.3 billion rubles.

Construction of a 220 kV “Yagodnoye-Bereh” HVL with a 220 kV “Yagodnoe” substation with a length of 100 km. The project cost is 6,6 billion rubles. The expected commissioning period is 2023-2025.

Construction of a 220 kV HVL “Support No. 58 HVL 220 kV” Ust-Srednekanskaya HPP – Kolyma HPP “- a distribution point” Omsukchan “with a length of 250 km.

The project cost is 9,5 billion rubles. The expected commissioning period is 2021. The construction of the facility will ensure the delivery of the power of the Ust-Srednekanskaya HPP and the technological connection of the Baimsky MPP located in the Chukotka Autonomous Okrug

Construction of HVL 110 kV Orotukan – GPP – Seimchan with a length of 120 km.

The project cost is 6.0 billion rubles. The expected commissioning period is 2021. The implementation of the project will create prerequisites for the transfer of the heat supply system of the settlements of the Srednekansky urban district to electric boiler houses, and will provide an opportunity to connect mining enterprises of the Kunarevskaya prospective area.

The development of energy infrastructure in the Magadan Region will result in:

- increasing the reliability of electricity supply to consumers, as well as the reliability of the transit of electricity and power for the sustainable operation of the power system of the Magadan Region;
- removal of restrictions on the issuance of capacity of large generation facilities and on the accession of new consumers, improvement of the quality of electric power and performance indicators of the network;
- satisfaction of the demand for electric energy and capacity, which will be achieved, among other things, by increasing efficiency and optimizing the structure of the electric power industry, developing distributed generation, taking into account the features and resource potential of the territories of the region.





### 3.2. Transportation system of the Magadan Region

The activity of all branches and spheres of the Magadan region provides automobile, sea, air transport. The peculiarity of the transport communication area is the lack of railways in the region.

The main mode of transport in the region is automobile, which provides practically all freight and passenger transportation within the region.

All the city districts of the region, except for the North - Even, have a year - round regular road connection with the regional center.

The communication with the North-Even District is provided by: in the summer time - by sea transport, in winter - on temporary roads to "winter roads", year-round - by air transport (by "small aircraft" and helicopters).

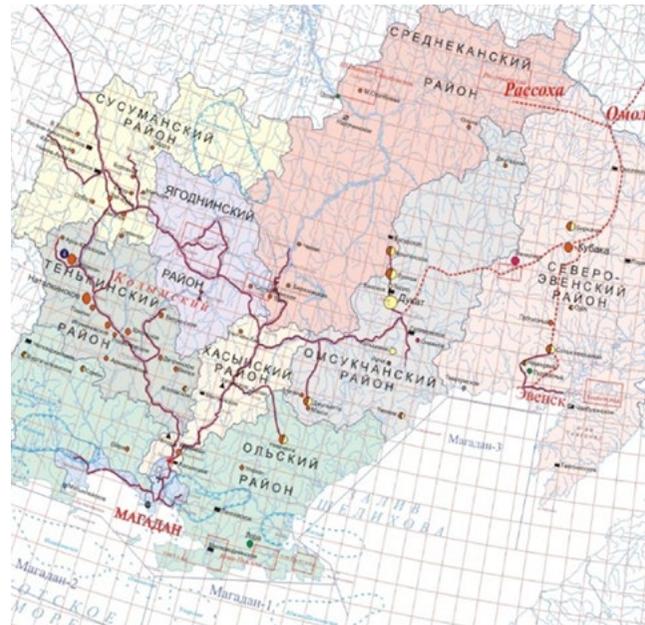
Regular suburban and intermunicipal passenger transportations are carried out by buses.

The length of the network of roads in the territory of Magadan region with a solid type of coverage is 2775 km, including: the length of the federal highway is 838 km, regional and intermunicipal roads - 1,122 km, the length of public roads of local significance is 815 km.

The connection of the Magadan Region with the rest of the regions of the Russian Federation is provided by the federal road P-504 Kolyma, over 2,000 kilometers long, of which 838 km pass through the territory of the Magadan Region (the famous Kolyma track) and over 1200 km in the Republic of Sakha (Yakutia).

Roads of public use of regional or inter-municipal significance include roads:

- Magadan – Balagannoe – Talon, the length of 152 km;
- Sunny – Ola, the length of 32 km;
- Emblem – Omsukchan, the length of 257 km;
- Tent – Kulu – Nexikan, the length of 473 km;
- An entrance to the village of Talay has length of 31 km;
- Avenirich-Seimchan, the length of 66 km;
- Autotransmission to the children’s health center “Green Island” has a length of 6 km;
- Ola – Gadla, the length of 9 km;
- Omsukchan – Dukat, the length of 23 km
- Kolyma – Omsukchan – Omolon – Anadyr, the length of 25 km.



Sea transport is of paramount importance in the transport scheme for the delivery and dispatch of goods to the Magadan Region and beyond, as 90% of cargo is delivered to the region by sea, including 100% of solid, liquid fuel, heavy equipment and building materials.

The main transport connection between Magadan and the seaports of the Far East of Russia and the neighboring countries of the Pacific region is through the Magadan Sea Commercial Port. The seaport of Magadan is located at the junction of two transport highways: the sea transport way and the federal road P–504 Kolyma.

PJSC “Magadan Sea Commercial Port” is the largest stevedoring company, the main activities of which are: Loading and unloading operations, towing and mooring of ships, warehouse cargo handling.





The port operates year-round (there is ice channeling from November to May); It is open for international sea cargo and passenger traffic.

The port is located in the north-eastern part of the Sea of Okhotsk, Nagaev Bay, Veselaya Bay (59 ° 33 'N 150 ° 43' E).

Main technical characteristics of the seaport:

- the area of the territory of the seaport – 21.70 hectares;
- the area of the seaport water area is 17.38 km<sup>2</sup>;
- number of berths – 6 units;
- length of the berthing front of the seaport – 1128 m;
- capacity of cargo terminals: Liquid cargoes – 200 thousand tons per year, dry cargoes – 300 thousand tons per year; containers – 45 thousand TEU per year;
- maximum dimensions of ships entering the seaport: according to the draft – 9.88 m; the length – 162,1 m; the width – 22.86 m;
- the area of open and covered warehouses - 58.0 thousand m<sup>2</sup>.

In 2017, reconstruction of 4 and 5 berths of the Magadan Sea Commercial Port was carried out.



The most important object of transport infrastructure is the international airport “Magadan”, which provides regular air service to the Magadan region with the central regions of Russia, the Kamchatka Territory, the Chukotka Autonomous Okrug.

Magadan Airport is located in the focus of the two main sectors of the Asia-Pacific region, the junction point for many of the shortest routes connecting America to East Asia, Australia, and is the most optimal for intermediate technical landings on these long routes.

Local air communication is provided by three airports of Severo-Evenk, Seimchan, Omsukchan and 17 airfields. Flights are carried out from the regional center in 9 directions to the settlements of the North-Even, Srednekansky, Susumansky, Omsukchan and Olsky districts. Transportation is carried out by An-28, An-24, L-410 and Mi-8T helicopters.



For the development of the road network in the region, work is underway and will continue to repair, repair, and overhaul automobile common use of regional or inter-municipal importance for this purpose in 2017, 2.6 billion rubles were used from the regional and federal budgets.

The development and maintenance of the network of public roads of regional and inter-municipal significance of the Magadan Region in 2018 provides for financing in the amount of 815 million rubles.

The first section of the road “Kolyma-Omsukchan-Omolon-Anadyr” has been completed on the territory (the length of the highway in the Magadan

Region is to be 572 km), which will ensure the road connection of the Magadan Region with the Chukotka Autonomous District and will promote the development of road traffic in the northeast region (the Omsukchan and North - Even districts).

At the expense of the federal budget, under the subprogram “Road economy” of the state program of the Russian Federation “Development of the transport system”, work will continue on repair and overhaul of the federal road P-504 Kolyma.

In order to ensure the development of the airport network and compliance with modern requirements for air transportation services at the expense of the

federal budget, the complex project for the reconstruction of the Sokol airport complex (Magadan) and the reconstruction of the branches of the FCUE Airport of the North will be continued: “Seimchan Airport” and “Severo-Evensk Airport”.

The implementation of projects for the development of the transport system in the Magadan region will contribute to the further social and economic development of the region.



### 3.3 Development of the telecommunication infrastructure of the Magadan region.

According to data provided by the Roskomnadzor Office for the Magadan Region and the Chukotka Autonomous Okrug, as of 01.04.2018 22 operators operate in the territory of the Magadan Region, of which:

- mobile radiotelephone services – 5;
- telematic communication services – 21;
- data communication services, with the exception of data transmission services for the purpose of voice information transfer – 21.

The penetration of modern communication services in the territory of the Magadan Region is an extremely important factor that has a significant impact on the social and economic development of the region.

The implementation of projects for the development of telecommunications infrastructure in the Magadan region is complicated by the low density of settlements, the distance between them is hundreds of kilometers, which makes the cost of establishing and operating communication lines dependent, therefore, telecommunications services in most of the Magadan region are using satellite communication channels.

The Government of the Magadan Region is systematically working to eliminate digital disparities in the region and to increase the availability of high-quality telecommunications services and services, including access to the Internet, fixed telephony and cellular communications services, and digital television.

In May 2016, PJSC “Rostelecom” completed the project to create a submarine fiber-optic communication line “Sakhalin-Magadan”, and operators have taken steps to increase the availability and quality of services in the cities of Magadan, Olsk and Hasynsky urban districts. Prospects for the appearance of more affordable tariff plans for legal entities and individuals and for the expansion of the territory for the provision of high-quality telecommunications services, including high-speed Internet access, are outlined.

Today, PJSC “Rostelecom” has completed the construction of fiber fiber-optic lines to the settlements of Ust-Omchug and Omchak of Tenkinsky urban district. At the moment, the possibility of continuing construction of the main fiber-optic line along the route Omchak-Susuman-Yagodnoye-Palatka is being considered. If the project is implemented, the existing infrastructure will be fault-tolerant. Prerequisites will be created to reduce the cost of communication services due to the emergence of competition among owners of backbone communication channels. With the diversification of transport highways, risks associated with the inability to provide communication services to the population and enterprises of the region will decrease.

The group of companies SPA “Impulse” continues work on the project of laying the fiber-optic communication line Yakutsk-Magadan along the federal highway” Kolyma “. In April 2017, “Impulse” completed the construction of the main land line in the territory of the Republic of Sakha-Yakutia and began to implement this project in the territory of the Magadan region.

To date, the SPA “Impulse” has connected Moyunja village, Susuman, Omchak village, At-Uryakh settlement (road builders’ base) to the fiber optic link, p. Kulu and Ust-Khakchan settlements (subsoil user base), Madoun village, Ust-Omchug village, Tataq village. In 2018 plans to loop the city of Susuman from the village of Orotukan through the village of Yagodnoye.

The construction of the fiber-optic communication line Yakutsk-Magadan is carried out within the framework of the agreement between the Government of the Magadan Region, the Government of the Republic of Sakha-Yakutia and the SPA “Impulse”.

The group of companies “Maglan” carried out works on connecting broadband Internet access through fiber-optic lines to settlements: Atka and Orotukan.

Currently, more than 85% of the residents of the Magadan region already have the opportunity to work through the provided broadband Internet access.



### Strategic directions.

The role of the information and telecommunications industry in the socio-economic development of the region is determined by the following main areas:

1. The formation of a modern information and telecommunications infrastructure, ensuring a high level of its accessibility, the provision on its basis of quality services:

- creation of favorable conditions for mobile operators throughout the federal highway Kolyma;
- information support for the implementation of the concept of disabling analogue television broadcasting and switching to digital broadcasting in the Russian Federation, developed in accordance with paragraph 4 of section II of the protocol of the meeting of the Chairman of the Government of the Russian Federation of 10.07.2012. N°DM-P39-17pr .;
- development of broadband Internet access infrastructure throughout the Magadan region, including in remote urban areas;

2. Improve the quality of education, medical care, social protection of the population, promote the development of culture and the media on the basis of information technology and communication:

- assistance in the connection to the Internet of educational institutions, museums, hospitals, libraries and other socially significant organizations;
- assistance in the implementation of distance education, remote counseling and patient care;
- providing citizens with social services using IT and communications.

3. Improving the effectiveness of public administration and local self-government, interaction of civil society and commercial organizations with public authorities, the quality and efficiency of providing public services:

- creation on the territory of the region of a single secure data transmission network of state executive authorities and local government bodies in the Magadan Region.
- modernization and development of the technological platform of “e-government”, providing for improving the quality and accessibility of public services, simplifying the procedure and reducing the time for their provision, increasing the transparency of information on the activities of public authorities;
- ensuring effective inter-agency and interregional information exchange;
- increase in the volume and quality of citizens receiving state and municipal services (including those that involve interagency interaction) electronically through the Single Portal of State and Municipal Services.

4. Increasing the level of IT penetration into the everyday life of citizens:

- implementation of projects for training citizens residing in the territory of the Magadan Region, skills of working on the computer and on the Internet;
- organization of informing the public about the benefits of obtaining state and municipal services in electronic form by using a single portal of state and municipal services;

### Targeted vision

Within the framework of achieving the goals and realizing the tasks described in the Program for the Development of the Digital Economy in the Russian Federation until 2035, it is necessary to create a unified information and telecommunications ecosystem of public administration in the territory of the Magadan Region. This will allow creating the conditions for operative interaction of all activities, from health care to education, as well as implementation of the principles of openness of state authorities.

As the economy adapts to the effects of external factors in

2018 – 2019, it is predicted a gradual increase in consumption volumes in the telecommunications industry.

The higher growth of real incomes of the population, in turn, will stimulate the acceleration of growth in the indices of the forecast of the social and economic development of the industry.

One of the results of the development of the telecommunications industry should be the achievement of the target values of the target indicator that determines the level of use of the telecommunications industry products, as well as the quality of the telecommunications infrastructure: share of households with broadband Internet access, in the total number of households (percent).



The formation of a favorable investment climate in the Magadan region is the main condition conducive to attracting investments in the economy and determining the level of the territory's comfort for investment activities.

The institutional environment for attracting investments has been created and is being improved on the territory, the basis of which was the Standard for the Activities of the Executive Authorities of the Subject of the Russian Federation to Ensure a Favorable Investment Climate, introduced in 2013 (hereinafter - the Standard).

Under the Ministry of Economic Development, Investment Policy and Innovations, in April 2017, the

Investment Promotion Agency was created, which should intensify efforts to attract investment in the region.

The Council for Improving the Investment Climate and Development of Competition under the Governor of the Magadan Region, which includes representatives of business structures, scientific institutions, executive and legislative authorities of the Magadan Region, representatives of territorial federal government bodies, is working.

Prospective directions of the investment policy of the Magadan region are defined in the "Investment Strategy of the Magadan Region for the period until 2025". An investment declaration was developed

and adopted, which sets out the principles for the activities of the state authorities in the Magadan Oblast to ensure a favorable investment climate.

The settlement of all information, consulting and organizational issues related to the implementation of investment projects in the territory of the Magadan Region is carried out by the Ministry of Economic Development, Investment Policy and Innovation of the Magadan Region through the "one-stop" system.

Since 2008, the practice of signing agreements on cooperation between the Government of the Magadan Region and investors has been implemented in the region.



## THE MAGADAN REGION

## SECTION IV INVESTMENT ENVIRONMENT

In the Magadan Region, the Investment Portal of the Magadan Region is located, located at:

**[www.magfer.ru](http://www.magfer.ru)**

On the portal it is possible to get acquainted with the normative legal acts, operating in the sphere of investment activity; Regulation on the support of investment projects on the principle of “one window”.

The Internet portal of the non-profit organization “Magadan Regional Fund for Assistance to Entrepreneurship Development” is waiting for subjects of small and medium-sized businesses

**<http://fondmagadan.ru/>**

The portal contains information on the types of state support provided within the framework of the state program of the Magadan Region “Economic Development and Innovative Economy of the Magadan Region for 2014–2020” and the procedure for obtaining it.

As part of the effectiveness of the organizational arrangements for business support, a regulatory legal framework has been developed that ensures the provision of land for the implementation of large-scale investment projects without bidding. The presence of this measure allows to significantly reduce the terms of granting land plots and investor costs.





The documents regulating the provision of financial assistance from the federal and regional budgets to investors in attracting labor resources necessary for the implementation of projects have been developed. These measures are provided within the framework of the state program of the Magadan Region “Increasing the mobility of manpower in the territory of the Magadan Region” for 2015 - 2017 “.

The most important direction of the investment policy is to attract foreign capital. Currently, three investment projects are being implemented in the region, involving investments from China related to the extraction of ore silver and gold, non-ferrous and rare metals.

Investment activity in the territory of the Magadan region is regulated by federal legislation, the Law of the Magadan Region dated December 27, 2013 No. 1681-OZ “On Investment Policy in the Magadan Region” and other regulatory legal acts of the Magadan Region.

The need to develop the territories that are part of the Far Eastern Federal District, the Trans-Baikal Region, the Republic of Buryatia and the Irkutsk Region, coupled with the difficulties in implementing investment projects, necessitated the application of selective state policies, which means special approaches to the implementation of budgetary, tax, tariff and social policies, as well as special mechanisms for direct state participation in the development of the economy, including the creation of special economic zones, state support for the development of the Far Eastern territories by co-financing them at the expense of budgets of various levels and extrabudgetary sources.

SINCE JANUARY 1, 2014, TAX PREFERENCES HAVE COME INTO EFFECT WITH RESPECT TO ORGANIZATIONS THAT INVEST IN THE FAR EASTERN FEDERAL DISTRICT, THE TRANS-BAIKAL TERRITORY, THE REPUBLIC OF BURYATIA AND THE IRKUTSK REGION.

A new category of taxpayers has been introduced – a participant in the regional investment project, i.e. project implemented in the Far Eastern Federal District, the Trans-Baikal Territory, the Republic of Buryatia and the Irkutsk region.

For the participant of the investment project, the application of the profit tax rate in the part credited to the federal budget in the amount of 0% is envisaged as a tax stimulation measure within ten years of the implementation of the investment project. In turn, the Law of the Magadan Region No. 1664-OZ of November 28, 2013 “On Estab-

lishing a Tax Rate for Corporate Profits Tax for Organizations Implementing Regional Investment Projects in the Territory of the Magadan Region”, established a tax rate for corporate income tax subject to transfer to the budget of the Magadan Region for organizations, which are participants in regional investment projects, in the amount of 0 percent for five tax periods and 10 percent for the next five tax periods, starting from the tax period in which the first revenues from the sale of goods produced as a result of the implementation of the regional investment project were received.



INVESTORS IMPLEMENTING OR PLANNING INVESTMENT PROJECTS IN THE TERRITORY OF THE MAGADAN REGION HAVE THE OPPORTUNITY TO GET STATE SUPPORT FOR THE CREATION OF TRANSPORT, ENGINEERING, ENERGY AND (OR) SOCIAL INFRASTRUCTURE NECESSARY FOR THE IMPLEMENTATION OF THE INVESTMENT PROJECT.

To receive state support, it is necessary to pass the selection in accordance with the Resolution of the Government of the Russian Federation of October 16, 2014 No. 1055 “On approving the selection of investment projects planned for implementation in the Far East and Baikal region.”

In 2015, the selection procedure under this resolution passed an investment project, the implementation of which is carried out in the territory of the Magadan Region – “Construction of a mining and processing enterprise based on the Natalka Gold Deposit with a capacity of 8.6 million tonnes of ore per year”, initiated by JSC Matrosov Mine “.

As part of the project, at the expense of the federal budget in the amount of 10.0 billion rubles, the construction of a two-chain 220 kV high-voltage line with a length of 135 km “Ust-Omchug-Omchak with the reconstruction of the 220 kV substation” Omchak “and the construction of a substation 220 kV” Omchak “.

The construction of a new transmission line will contribute to the development of not only the Natalka gold deposit, but also other deposits of minerals in the Yano-Kolyma gold province.

State support is provided to investment projects implemented in the framework of federal and regional government programs, which is an important

factor in the development of industry and economic growth.

Within the framework of the federal target program “Economic and social development of the Far East and the Baikal region until 2018”, which is an integral part of the state program of the Russian Federation “Social and economic development of the Far East and the Baikal region” (approved by the Decree of the Government of the Russian Federation of April 15, 2014 No. 308), the Magadan Region is assisted both in the reconstruction of existing ones and in the creation of new road infrastructure facilities in the region.

Implementation of investment projects aimed at the development of agriculture is promoted by the state program of the Magadan Region “Development of Agriculture in the Magadan Region for 2014-2020”, approved by the Resolution of the Administration of the Magadan Region No. 1143-p of November 20, 2013, which includes 13 subprograms, directed:

- on the development of the subsector of crop production, processing and marketing of crop production; vegetable growing of open and protected soil and seed potato growing;
- on the development of the subsector of animal husbandry, processing and marketing of

livestock products; the development of meat and dairy cattle;

- for technical and technological modernization, innovative development of the industry.

The source of funding for the activities of the program, in addition to the regional budget, is the federal budget funds received in the regional budget in the form of subsidies provided for by the state program of the Russian Federation “Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Foodstuffs for 2013-2020”, approved by Resolution Government of the Russian Federation of July 14, 2012 No. 717.



## THE MAGADAN REGION

## SECTION IV

## INVESTMENT ENVIRONMENT

The Magadan Region is one of the few regions of the Russian Federation where the Special Economic Zone operates - a territory on which a special legal regime of economic activity is established and the customs procedure of the free customs zone is applied.

The activities of the Special Economic Zone are governed by Federal Law No. 104-FZ of May 31, 1999 "On the Special Economic Zone in the Magadan Region" and the Law of the Magadan Region No. 75-OZ of June 29, 1999 "On the Special Economic Zone in the Magadan Region".

The preferential tax regime allows the SEZ participants not to pay the federal share of corporate income tax and the federal share of the mineral extraction tax.

Since 2017 for members of the SEZ there is a preferential procedure for writing off losses of pre-

vious years (100% instead of the generally established 50%).

The preferential customs regime allows importing, placing and using foreign goods in the SEZ territory without payment of customs payments (except for excisable goods).

Goods imported under the SEZ can only be used in the territory of the Special Economic Zone. In the rest of the Magadan Region, outside the SEZ borders, imported goods can be used by SEZ participants for their own production needs related to the extraction of minerals, production, construction, provision of services for the transport of goods, passengers and baggage.

Any enterprise that meets the requirements established by the legislation can become a participant of the SEZ.

THE MAGADAN REGION CONDUCTS AN ACTIVE INTERNATIONAL ACTIVITY. IT IS AN ACTIVE MEMBER OF VARIOUS INTERNATIONAL ORGANIZATIONS



North-Eastern Asia Regional Administrations Association (NEAAA)



Russian-Korean Joint Conference in Economic and Scientific-Technical Cooperation Far-East and Siberia Committee.



Program of Cooperation Between Far-East, Eastern Siberia Regions of RF and North-East of China.



Subcommission in Cooperation Between Government Committee of Trade-Economy and Science-Technic Cooperation Between RF and KPDR.



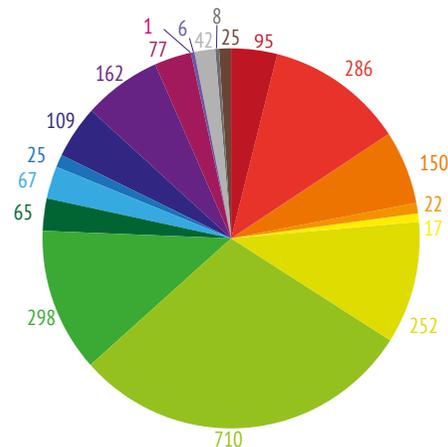
Russian-American Pacific Ocean Partnership (RAPOP)





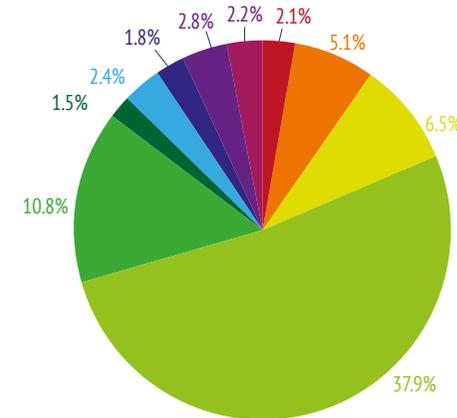
Small and medium-sized business in the Magadan region has a direct impact on the overall state of the economy, the saturation of the market with goods and services, the development of economically justified competition, the formation of a tax base and tax revenues to local and regional budgets, the creation of new jobs and new industries.

THE NUMBER OF SMALL ENTERPRISES (INCLUDING MICROENTERPRISES) BY TYPES OF ECONOMIC ACTIVITY IN THE MAGADAN REGION IN 2017



Section A: Agriculture, hunting and forestry	95
Section B: Mining and quarrying	286
Section C: Manufacturing industries	150
Section D: Providing with electric energy, gas and steam: air conditioning	22
Section E: Water supply, sewage disposal, organization of waste collection and disposal, pollution control activities	17
Section F: Building	252
Section G: Wholesale and retail trade, repair of motor vehicles and motorcycles	710
Section H: Transportation and storage	298
Section I: Activity of hotels and public catering establishments	65
Section J: Information and communication activities	67
Section K: Financial and insurance activities	25
Section L: Real estate activities	109
Section M: Professional, scientific and technical activities	162
Section N: Administrative and related additional services	77
Section O: Public administration and military security: social security	1
Section P: Education	6
Section Q: Activities in the field of health and social services	42
Section R: Activities in the field of culture, variety, leisure and entertainment	8
Section S: Provision of other types of services	25

TURNOVER OF SMALL (TAKING INTO ACCOUNT MICROENTERPRISES) ENTERPRISES BY TYPES OF ECONOMIC ACTIVITY OF THE MAGADAN REGION IN 2017



Section A: Agriculture, hunting and forestry	2,1%
Section B: Mining and quarrying	2,2%
Section C: Manufacturing industries	5,1%
Section D: Providing with electric energy, gas and steam: air conditioning	2,1%
Section E: Water supply, sewage disposal, organization of waste collection and disposal, pollution control activities	1,5%
Section F: Building	6,5%
Section G: Wholesale and retail trade, repair of motor vehicles and motorcycles	37,9%
Section H: Transportation and storage	10,8%
Section I: Activity of hotels and public catering establishments	1,5%
Section J: Information and communication activities	2,4%
Section K: Financial and insurance activities	1,8%
Section L: Real estate activities	1,8%
Section M: Professional, scientific and technical activities	2,8%
Section N: Administrative and related additional services	2,2%



The largest average number of employees (without external part-time workers) in small (micro-sized) enterprises in 2017 was recorded in trade (27.6%) engaged in mining (15.0%) engaged in transport services (12.8%), engaged in construction (7.7%).

According to the Office of the Federal State Statistics Service for the Khabarovsk Territory, Magadan Region, the Jewish Autonomous Region and the Chukotka Autonomous District:

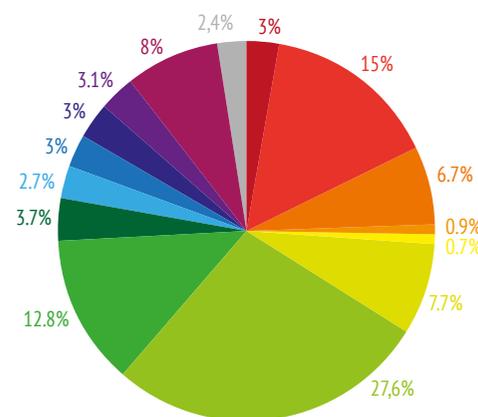
In 2017, the share of small (including microenterprises) and medium-sized enterprises in the turnover of organizations in the region was 31.8%, in the provision of employment – 22.2%;

Turnover of small (including microenterprises) and medium-sized enterprises for 2017 by 2016 increased by 2.9% and amounted to 77686.4 million rubles;

The volume of investment in fixed assets of small and medium-sized enterprises in 2017 is 1633.3 million rubles;

The average monthly nominal accrued wages of workers of small (including microenterprises) in 2017 amounted to 47,609.0 rubles.

AVERAGE NUMBER (WITHOUT EXTERNAL PART-TIME WORKERS) OF SMALL (MICRO-SIZED) ENTERPRISES BY TYPES OF ECONOMIC ACTIVITY IN THE MAGADAN REGION IN 2017



Section A: Agriculture, hunting and forestry	3%
Section B: Mining and quarrying	15%
Section C: Manufacturing industries	6.7%
Section D: Providing with electric energy, gas and steam: air conditioning	0.9%
Section E: Water supply, sewage disposal, organization of waste collection and disposal, pollution control activities	0.7%
Section F: Building	7.7%
Section G: Wholesale and retail trade, repair of motor vehicles and motorcycles	27,6%
Section H: Transportation and storage	12,8%
Section I: Activity of hotels and public catering establishments	3,7%
Section J: Information and communication activities	2,7%
Section K: Financial and insurance activities	3%
Section L: Real estate activities	3%
Section M: Professional, scientific and technical activities	3,1%
Section N: Administrative and related additional services	8%
Section Q: Activities in the field of health and social services	2,4%

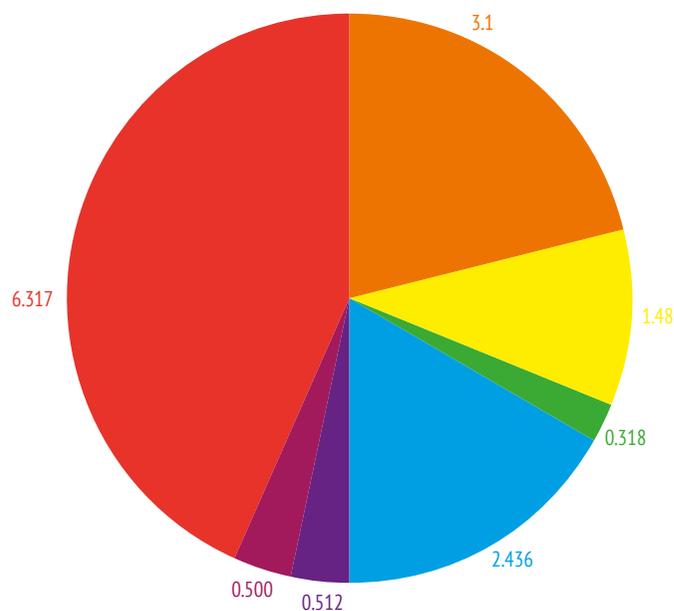
The creation of favorable conditions for the development of small and medium-sized businesses is facilitated by the implementation of the sub-program “Development of small and medium-sized business in the Magadan Region for 2014-2020” of the state program of the Magadan Region “Economic Development and Innovation Economy of the Magadan Region for 2014-2020”.

These measures provide for various types of support for small and medium-sized businesses, including financial and credit, methodical, consulting, property.

The volume of financing of financial and credit activities in 2017 amounted to 27.0 million rubles, including 6.9 million rubles from the federal budget.



MINISTRY OF ECONOMIC DEVELOPMENT OF THE MAGADAN REGION IN 2017, "DIRECT" FINANCIAL SUPPORT IN THE FORM OF SUBSIDIES WAS PROVIDED TO 50 SMALL AND MEDIUM-SIZED ENTERPRISES FOR THE AMOUNT OF 14.7 MILLION RUBLES, INCLUDING:



Reimbursement of part of the costs associated with the acquisition of equipment	3,100
To pay interest on leasing contracts	1,480
Reimbursement of a portion of costs to loans attracted to Russian credit institutions	0,318
Granting of subsidies by individual entrepreneurs to legal entities for the creation of their own business	2,436
Reimbursement of part of the cost of participation in exhibition and fair activities	0,512
Grants for the creation of an innovative company	0,500
Financial support from the regional budget of SMEs within the framework of municipal development programs for SMEs)	6,317

The Enterprise Development Fund provided guarantees (sureties) for the obligations of 8 business entities in the amount of 39.2 million rubles.

With a view to improving the conditions for the development of small and medium-sized businesses to provide property support, the lists of state and municipal property free from the rights of third parties (with the exception of the property rights of small and medium-sized businesses) intended to grant it ownership and (or) use on a long-term basis to small and medium-sized businesses and organizations that form the infrastructure for supporting small and medium-sized businesses. As of December 31, 2017, the list of state property comprised 32 objects, municipal 168 facilities





### LIST OF UNDERTAKEN REGIONAL MEASURES TO CREATE CONDITIONS FOR THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES:

**A** Measures were taken to simplify the access of small enterprises to financial resources: In the field of tax policy in the region there are 7 laws that establish tax incentives and preferences for organizations in the region.

The term of validity of the property tax exemption for organizations owning power transmission lines, as well as facilities that are their integral technological part, was prolonged until the end of 2018. According to the information of the Federal Tax Service of Russia for the Magadan Region, 9 taxpayers, including branches in the PJSC Magadanenergo and PJSC Kolymaenergo, used this tax relief in 2015.

Established in 2016, a preferential tax rate of 3% for certain categories of taxpayers who apply a simplified taxation system and chose income as an object of taxation (for 14 types of economic activity).

A number of laws relieve tax-exempt first-time registered individual entrepreneurs – using a simplified system of taxation and carrying out industrial, social, scientific activities (35 types) or providing household services to the population (18 types of services), as well as for the first time registered individual entrepreneurs applying the patent taxation system and carrying out industrial, social activities (18 types) or providing household services to the population (44 types of services). The laws are valid until the end of 2020.

In total, in 2017, 187 patents were purchased, of which 12 patents were purchased at zero rate. A preferential tax rate for the tax levied in connection with the application of the simplified taxation system was set at 7.5 percent for 14 types of economic activity.

Interaction of the executive authorities of the Magadan Region, the Enterprise Development Fund with SME Corporation, SME Bank and SMEs in the Magadan Region, in the 4th quarter of 2017, it was possible to send 21 priority projects to SMEs requiring financing through the use of a loan guarantee support of JSC “Corporation” SME “and JSC” SME Bank, on 1 project Corporation made a positive decision to provide financial and guarantee support in the amount of 7.4 million rubles;

- a remote workstation of JSC “SME BANK” was created for the purpose of concessional lending to SMEs, including those who develop land in the framework of the “Far Eastern hectare” project;
- agreements on cooperation between the Government of the Magadan Region and JSC “SME Bank”, between the Enterprise Development Fund and JSC “SME Bank”;
- on the official website of the Ministry of Economic Development of the Magadan Region, information on measures of state support for SMEs is provided, including on credit products of JSC SME Corporation, SME BANK, soft loan program 1706, on a permanent basis to SMEs are reported through the media television, radio the current measures of state support;





**B** In order to provide infrastructure support to small and medium-sized enterprises in the Magadan region, an innovative business incubator is operating in the Ministry of Economic Development of the Magadan Region. To create conditions for the development of small and medium-sized businesses, work is constantly being done to attract residents to an innovative business incubator. At present, 6 subjects of SMEs are involved as residents. Work is underway to establish the Magadan Agro-Industrial Park, a technopark.

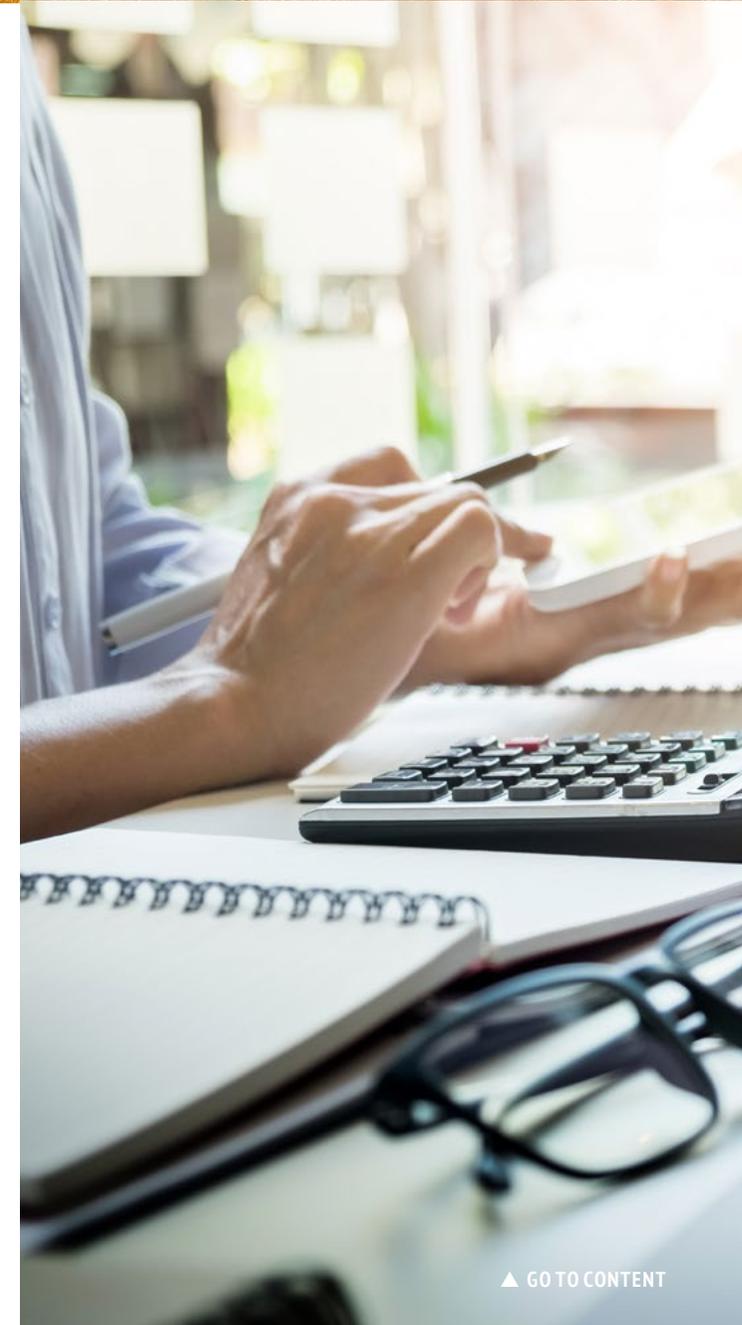
**C** In order to promote the development of the activities of small and medium-sized businesses in 2017, advisory support was provided to 542 small and medium-sized businesses, for the organization and carrying out of which, 5.2 million rubles were allocated;

**D** In order to stimulate demand for products of small and medium-sized businesses, the Ministry of Economic Development of the Magadan Region conducted 4 training seminars. Work was carried out with the largest customers. Since the Magadan region has not identified the largest customers among regional and municipal enterprises, information interaction with branches of non-resident organizations (Rostelecom, PJSC Sberbank, Rosatom, Yakut Airlines, VTB 24) has been established to increase the volume of purchases from SMEs. The JSC SME Corporation JSC sent a list of SMEs - potential producers (suppliers) of goods, works, services in accordance with the specified nomenclature;

**E** In order to implement measures aimed at training small and medium-sized enterprises, 11 events were held to train small and medium-sized businesses under programs developed by JSC SME Corporation, in which 145 people participated (including organizations, individual entrepreneurs and individuals), 4 trainings were held on the module “Business Expert” (52 people attended the seminars), 4 trainings on the module “Financial support” (55 participants), training on the module “Generation of business ideas” (15 people.), training program “Business alphabet” and training program “School of Entrepreneurship” (10 people);

**F** “One window” services to support small and medium-sized businesses and citizens planning to start business are provided by the Magadan Multifunctional Center. The MFC provides about 100 state and municipal services to legal entities and individual entrepreneurs. In 2017, the Government of the Magadan Oblast adopted Decree No. 1118-p of December 29, 2017 “On the organization of a center for rendering services for business in the territory of the Magadan Region”;

**G** In order to facilitate the achievement of various objectives within the framework of entrepreneurship, the agricultural cooperative “Kolyma-Agro” was established, which was provided with financial support in the framework of the sub-program for the development of small and medium-sized businesses in the Magadan Region;





**H** For the purpose of highlighting the problems and opportunities for the development of small business and entrepreneurship in the new economic conditions for the promotion of entrepreneurship in the period from November 15 to November 17, 2017, with the support of the Government of the Magadan Region and the Chamber of Commerce and Industry of the Russian Federation, I held an interregional Forum for entrepreneurs “Big opportunities for small businesses.” The Forum was attended by more than 300 people: subjects of small and medium-sized business, students of educational institutions of secondary and higher professional education, young entrepreneurs, representatives of youth public organizations, other categories of youth, representatives of executive authorities, local governments, mass media, heads of enterprises and organizations, and other citizens.

Within the framework of the Forum, a round table “Development of youth entrepreneurship in the Magadan region” was held. The moderator was the general director of the ANO Center for Strategic Projects, member of the Youth Public Chamber of Russia Elena Godovoy. The expert of the Office of the Commissioner for the Protection of the Rights of Entrepreneurs, the CIC Business Against Corruption and a member of the Presidential Council for the Development of Civil Society and Human Rights, Irina Aleksandra Reznichenko, the project manager of the Regional Development Department of the Worldwide Union of Russia, young entrepreneurs, told about their experience and business prospects.

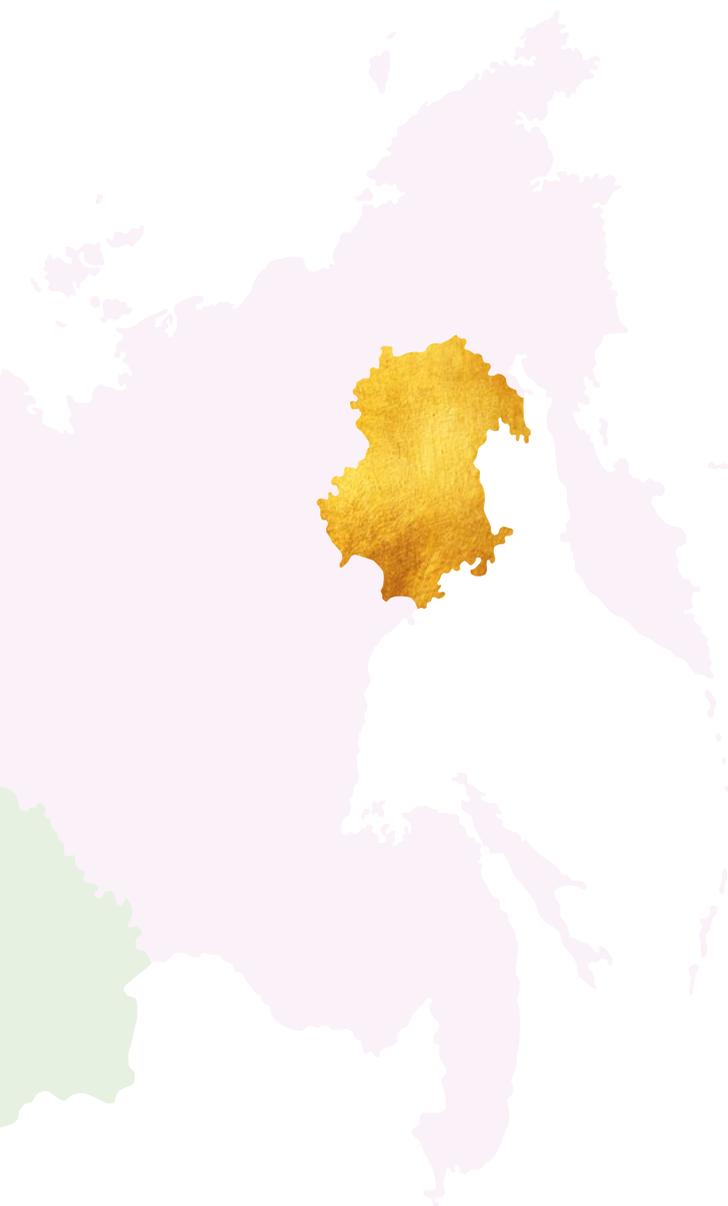
At a round table on the availability of financial resources for business, a presentation of the results

of a study of financial literacy problems of Russian small and medium-sized businesses was presented. The analysis was conducted by the Chamber of Commerce and Industry of the Russian Federation. Business trainer, professional coach of ICF Alexey Korobkov held training for Magadan entrepreneurs “Development of managerial competencies” and “Secrets of successful negotiations”.

In 2017, 72 events were held with the participation of small and medium-sized businesses, the authorized representative for the protection of entrepreneurs’ rights in the Magadan Region, representatives of business communities (meetings of project offices, forums, conferences, round tables, meetings of the Council on Entrepreneurship, climate, training seminars, trainings, consulting seminars).

The Ombudsman for the Protection of the Rights of Entrepreneurs in the Magadan Region conducted 20 consulting seminars for entrepreneurs in conjunction with the Federal Tax Service and 3 meetings of the operational headquarters for the introduction of new models of cash registers (CCPs).

To promote entrepreneurial experience and entrepreneurial initiative among target audiences, JSC “Corporation SME” provides information on 2 best practices and success stories of entrepreneurs engaged in small business in the regio





## MEASURES OF STATE SUPPORT OF INVESTMENT AND ENTREPRENEURIAL ACTIVITY

SUBSIDIES FOR THE ESTABLISHMENT AND (OR) RECONSTRUCTION OF INFRASTRUCTURE OBJECTS, AND  
THE TECHNOLOGICAL CONNECTION OF ENERGY-CONSISTENT DEVICES TO ELECTRIC NETWORKS



**Decree of the Russian Federation  
Government of October 16, 2014 № 1055**

“On approval of the methodology for selection of investment projects planned for implementation in the Far East and Baikal Region”

**The procedure for selecting investment projects to be implemented in the territories of the Far East and Baikal Region, with the attraction of funds from the federal budget.**

Selection of projects is carried out according to the following criteria:

1. The ratio of volume of private investments to the volume of the budgets of the Russian Federation budgetary system expenditures for the implementation of the investment projects, reduced by the time the investment project was selected by discounting. The specific weight of this criterion is 15 percent;
2. The ratio of the private investments volume made to the planned private investments volume, reduced by the time the investment project was selected by discounting. The specific weight of this criterion is 15 percent;
3. The ratio of revenues amount to the budget of the Russian Federation budgetary system during the implementation of the investment project within 10 years after selection to the expenditures volume of the budgets of the Russian Federation budgetary system for the implementation of the investment project by discounting. The specific weight of this criterion is 35 percent;
4. The added value, reduced by the time of the selection of the investment project by discounting, which will be created in the second year after the investment project reaches its designed capacity. The specific weight of this criterion is 35 percent.

**The order of prioritizing investment projects planned for implementation in the Far East and Baikal Region, with a view of financing them at the expense of the Fund for Development of the Far East and the Baikal Region**

1. The objectives of the investment project are consistent with the objectives of the strategic planning documents for socio-economic development of the Russian Federation, the Far East and the Baikal Region and (or) the investment project is aimed at the development of transport, energy and industrial infrastructure;
2. The production of goods, works and (or) the provision of services as a result of implementation of the investment project is carried out in the subjects of the Russian Federation located in the Far East or the Baikal region;
3. The net present value of the investment project is greater than or equal to zero;
4. The total cost of the investment project is more than 250 million rubles;
5. Maximization of the ratio of the volume of private investments in the implementation of the investment project and (or) interrelated investment projects to the volume of the Fund's investments.



### INVESTMENT PROJECTS SELECTION METHOD

#### **The following projects are eligible for selection:**

1. the objectives of the investment project are consistent with the objectives of strategic documents that determine the direction of social and economic development of the Far East and the Baikal region;
2. production of goods, works and (or) provision of services as a result of the implementation of the investment project is carried out in the constituent entities of the Russian Federation located in the Far East and the Baikal region;
3. state support (in the form of budget investments and subsidies) is required for the creation and (or) modernization of infrastructure facilities;
4. the amount of private investment in the framework of the investment project is more than one billion rubles;
5. the net present value of the investment project is negative in the absence of government support (in the form of budget investments and subsidies) of the investment project and is greater than or equal to zero in the case of granting state support in the form of budget investments and subsidies to infrastructure facilities. Analysis of the investment project for compliance with this condition is summarized in the conclusion;
6. the amount of state support (in the form of budget investments and subsidies) for the creation and (or) reconstruction of the infrastructure facility does not exceed 30 percent

- of the declared private investments for the implementation of the investment project;
7. the investor has experience in the implementation of investment projects, including their introduction into a planned payback and ensuring achievement of the planned indicators of economic efficiency;
8. the investor does not have overdue (unsettled) debts on monetary obligations to the Russian Federation, as well as on mandatory payments to the budgets of the budgetary system of the Russian Federation;
9. in respect of the investor in accordance with the legislation of the Russian Federation on insolvency (bankruptcy), proceedings on the insolvency (bankruptcy) case have not been initiated.

#### **The investor shall submit to the authorized federal executive body:**

1. Business plan, financial and economic information, reference-base for infrastructure facilities;
2. Conclusion confirming the validity of calculations of the business plan and the financial and economic model, containing an assessment of the risks of the investment project and its budget activity;
3. justification of budgetary allocations for the implementation of the investment project (passport of the investment project);
4. calculation of the estimated cost of infrastructure facilities;
5. written guarantee of the investor of the investment project on the readiness of signing the investment agreement;
6. documentary evidence from the co-investor (s) of the investment project and (or) credit institutions about the willingness to provide financing to cover that fraction of the full cost of the investment project that is not provided with state support and the investor's own funds of the investment project.



## GRANTING GUARANTEES TO THE MAGADAN REGION ON INVESTMENT PROJECTS.

Ministry of Economic Development, Investment Policy and Innovation of the Magadan Region



### THE PROCEDURE FOR THE COMPETITIVE SELECTION OF INVESTMENT PROJECT FOR THE PURPOSE OF GRANTING STATE GUARANTEES TO THE MAGADAN REGION

**The organizer of the contest is the Ministry of Economic Development of the Magadan Region**

1. Application – an investment project, for which a state guarantee is requested
2. Business plan of the investment project
3. Documents according to the established list

#### **Decree of the Government of the Magadan Region on April 30, 2014 No. 348-pp**

“On approval of the procedure for competitive selection of investment projects for the purpose of granting state guarantees for the Magadan Region on investment projects”

### THE COMPETITIVE SELECTION IS CARRIED OUT BY THE CREATED COMMISSION



**The competitive selection is carried out by the created Commission**

1. Decree of the Government of the Magadan region on granting a state guarantee
2. State guarantee agreement
3. Agreement on securing the fulfillment by the principal of obligations to reimburse the guarantor in the order of regress of the amounts paid by the guarantor in fulfillment of the obligations under the guarantee



**In case of a negative decision, a conclusion is issued that it is impossible to provide state guarantees.**



## MAINTENANCE OF THE INVESTMENT PROJECT ON THE PRINCIPLE OF “ONE WINDOW”

Ministry of Economic Development, Investment Policy and Innovation of the Magadan Region.



**Decree of the Government of the Magadan Region of February 4, 2016 No. 35-pp.**

Regulation on the support of investment projects on the principle of “one window”



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DOCUMENTS SUBMITTED TO THE MINISTRY OF ECONOMIC DEVELOPMENT OF THE MAGADAN REGION

**Statement on the need to accompany an investment project on the principle of “one window”**

*In the form of Annex 1 to the Regulation*



**Information card of the investment project with the application of certified documents:**

According to the form of Appendix No. 2 to the Regulation

1. Business plan or feasibility study of the investment project with the calculation of the payback period (on paper and electronic media)
2. Reference of the tax authority on the absence of overdue debts on payments to the budget system
3. Copies of constituent documents and certificates of state registration of the organization, investment project



ASSISTANCE TO INITIATORS OF INVESTMENT PROJECTS



Compliance with the deadlines for obtaining the necessary approvals and permits required for the implementation of the investment project



Providing state support to the investment project within the framework of legislation



Search for additional extrabudgetary sources of financing for the implementation of the investment project



Placement of information about the investment project on the Investment Portal and Investment Map of the Magadan Region



Compliance with deadlines for consideration of issues arising during the implementation of the investment project



Organization of negotiations, meetings, consultations



Interdepartmental interaction with executive authorities



Preparation of agreements on cooperation between the Government of the Magadan Region and investors

FUNCTIONS OF THE INVESTMENT PROJECTS CURATORS



Inform the initiator of the investment project of their contact details



Request information about the contact person from the initiator of the investment project



Asking for missing information about the investment project



Provide consulting, information and organizational support during the entire period of implementation of the investment project, up to the commissioning of the facility



Provide information on the socio-economic development of the region, the human and investment potential of the region, natural resources, etc.



Proposals on the location of the enterprise in the territory of the Magadan Region are prepared, investment sites are selected



Determine the date of a personal meeting with the initiator of the investment project



Inform about forms of state support for investment activities in the Magadan Region



## PROVISION OF LAND FOR THE IMPLEMENTATION OF LARGE-SCALE INVESTMENT PROJECTS WITHOUT BIDDING

Ministry of Economic Development, Investment Policy and Innovation of the Magadan Region.



**Law of the Magadan Region from 01/04/2015  
No 1876-OZ**

On some issues of granting land plots in the state property of the Magadan Region or municipal property.

PROVISION OF THE LAND FOR THE IMPLEMENTATION OF LARGE-SCALE INVESTMENT PROJECT WITHOUT BIDDING. ALLOWED FOR:

- **Socio-cultural objects**
- **Communal household objects**

THE LAND PLOT IS LEASED TO LEGAL ENTITIES WITHOUT HOLDING TENDERS FOR PLACEMENT IF:

Correspond to the goals and priorities defined in the projections and the socio-economic development program of the Magadan Region and the state programs of the Magadan Region.



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- **Large-scale**
- **investment projects**

Increase the number of jobs on the premises by at least 50 units

Increase the annual tax revenue by at least 3 million rubles



**Order of the Ministry of Economic Development of the Magadan Region from September 28, 2015 No 66.**

The regulation of the work of the Ministry of Economic Development of the Magadan Region in cooperation with the OIW of the Magadan region when considering applications of legal entities on the conformity of social, cultural and community facilities, large scale investment projects to criteria established by the Law of the Magadan Region dated April 1, 2015 No 1876-OZ

DOCUMENTS ARE SUBMITTED WITH THE MINISTRY OF ECONOMIC DEVELOPMENT OF THE MAGADAN REGION

Application for a statement on the compliance of facilities and projects with the criteria established by Art. 2 of the Law of the Magadan Region No 1876-OZ of 01/01/2015 with the indication of the land for the implementation of the project.

1

A document confirming the authority of the person submitting the application

2

Certified copies of TIN, OGRN certificates, constituent document ,extract from the United State Register of Legal Entities, with a limitation period of no more than 30 days.

3

**Project summary**

- description of the project, feasibility of its implementation, the volume and sources of investment being planned
- payback period of the project
- the volume of planned tax and non-tax revenues to budgets of all levels
- information on the planned increase in the number of workplaces on the territory of accommodation
- the terms and stages of the project implementation, the terms of commissioning the facility
- information on the transfer of the project to municipal or state property of the Magadan Region (If planned)
- information on the existence of legal entity experience in the field of project implementation

4



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PROVISION OF LAND WITHOUT BIDDING  
THE PROCEDURE FOR  
REGISTRATION A LAND PLOT  
FOR LEASE WITHOUT BIDDING



It is necessary to apply  
to the following departments

- Responsibility OIV for sectoral facility
- Department of Architecture and Urban Development of the Magadan Region
- Department of Property and Land Relation of the Magadan Region
- Local government of the Magadan Region in the territory of which the project is planned to be implemented

**Resolution**



Order of the Governor of the Magadan Region on the compliance of the project with the established criteria  
Agreement on the provision of a land plot for lease to a legal entity without bidding



Refusal to make a decision on the conformity of an object (project) with the established criteria  
Return of documents to the legal entity with the justification of the reasons and the application of the conclusions of the sectoral OIV and DIZO of the Magadan region.



## PROVISION OF FINANCIAL AND CREDIT SUPPORT TO SMALL AND MEDIUM-SIZED ENTERPRISES

Ministry of Economic Development, Investment Policy and Innovation of the Magadan Region.



[HTTP://ECONOMY.49GOV.RU/](http://economy.49gov.ru/)



### FORMS OF SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES, IMPLEMENTED IN 2017

#### FINANCIAL

- Subsidizing to the subjects of small and medium-sized businesses a part of the costs associated with paying interest on loans
- Subsidizing to the subjects of small and medium-sized businesses a part of the costs associated with the acquisition of equipment
- Granting of subsidies to private entrepreneurs and legal entities to create their own business
- subsidizing to the subjects of small and medium-sized businesses a part of the costs associated with paying interest on leasing contracts
- Support for start-ups and small innovative companies - grants for the creation of an innovative company
- Subsidizing to the subjects of small and medium-sized business of a part of the costs of participation in the exhibition and yoke trade
- Subsidizing to the subjects of small and medium-sized businesses a part of costs - subjects of social entrepreneurship, carrying out socio-orientation activities
- Granting of subsidies to small and medium-sized enterprises of the Magadan Region, carrying out innovative activities

#### CREDIT

Providing guarantees for loans and leasing agreements for small and medium-sized businesses

#### PROPERTY

The transfer of buses as a state preference to small and medium-sized enterprises, which concluded contracts based on the results of competitions for the right to conduct regular intermunicipal bus routes for passengers on socially important routes on a lease basis, with the provision of rental benefits at a rate of 10% of the established amount of rent

#### ADVISORY

Creation and (or) development of an infrastructure of support of subjects of small and average business, directed on rendering of consulting support



### FINANCIAL SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES IN 2017

#### **Decree of the Government of the Magadan Region of November 12, 2014 No. 1146-p**

“On the approval of the program of the Magadan Region” Economic Development and Innovation Economy of the Magadan region for 2014-2020”

#### **Subprogram “Development of small and medium-sized businesses in the Magadan Region for 2014-2020”**

#### **Appendix No. 5 to the Subprogram “Procedure for the Implementation of Certain and Medium Enterprises of the Magadan Region”**

#### **Application for financial and credit support in the form established by sections II-XIV of Appendix No. 5 to the Subprogram depending on the type of support**

#### **Documents submitted personally by the applicant with the application:**

- copies of constituent documents and all amendments thereto
- a copy of the identity document
- documents confirming the compliance of a small and medium-sized business entity with the conditions set forth in Article 4 of Federal Law No.209-FZ
- the balance sheet or the declarations provided by the legislation of the Russian Federation on taxes and fees as of the last reporting date
- other documents depending on the chosen support events (in accordance with sections II-XIV of Appendix No. 5 to the Subprogramme)

#### **Documents submitted on the applicant’s own initiative:**

- a copy of the certificate of state registration of a legal entity
- a copy of the certificate of registration with the tax authority
- an extract from the unified state register of legal entities (the date of issue of which does not exceed one month at the time of submission of documents) – for legal entities
- a copy of the certificate of state registration of an individual entrepreneur
- a copy of the certificate of registration with the tax authority, an extract from the Unified State Register of Individual Entrepreneurs (the date of issue of which does not exceed one month at the time of submission of documents) – for individual entrepreneurs
- a certificate of the tax authority on the absence of arrears in tax and other mandatory payments, the issue date of which does not exceed 10 working days at the time of filing
- certificate of absence of overdue debts in the bodies of the pension fund, the Social Insurance Fund, the date of issue of which does not exceed one month at the time of filing documents



FINANCIAL SUPPORT FOR SMALL  
AND MEDIUM-SIZED BUSINESSES IN 2017



Subsidizing to the subject of small and medium – sized businesses a part of the costs associated with paying interest on loans



Subsidizing to the subject of small and medium – sized businesses a part of the costs associated with acquisition of equipment



Granting of subsidies to individual entrepreneurs and legal entities to create their own business



Subsidizing part of the costs associated with paying interest on leasing contracts

Entrepreneurship Development Fund of  
Magadan region



Ministry of Economic Development,  
Investment Policy and Innovation  
of the Magadan Region



Support for small innovative companies – grants for the creation of an innovative company



Subsidizing part of the cost of participation in the exhibition and yoke business



Subsidizing part of the cost – the subjects of social entrepreneurship, carrying out socially – oriented activities

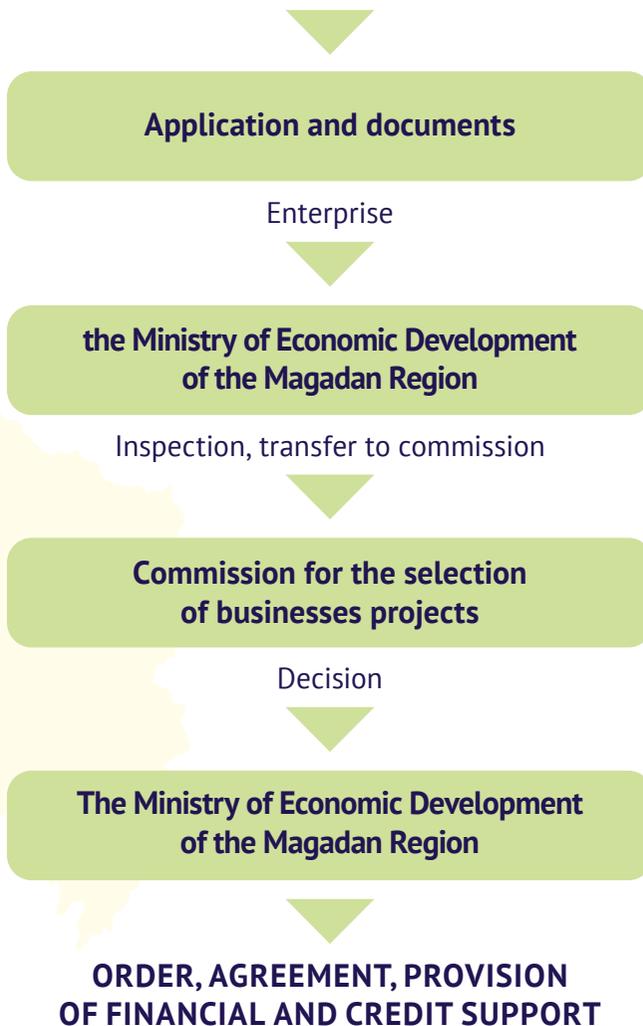


Granting of subsidies to the subjects of small and medium business of the Magadan region, carrying out innovative activity



SCHEME FOR PROVIDING FINANCIAL  
AND CREDIT SUPPORT TO SMALL  
AND MEDIUM-SIZED ENTERPRISES

**APPLICATION AND DOCUMENTS**



MINISTRY OF ECONOMIC DEVELOPEMENT  
OF THE MAGADAN REGION

685000, Magadan, Gorky Sq., 8  
tel: +7 (4132) 60-21-71,  
fax: +7 (4132) 62-62-08

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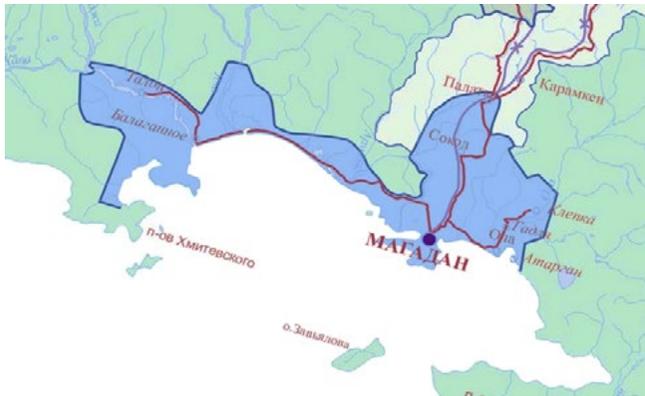
INFORMATION ABOUT THE REGIME  
OF THE SPECIAL ECONOMIC ZONE OF THE MAGADAN REGION.



[HTTP://OEZ.49GOV.RU](http://oez.49gov.ru)



### TAX BREAKS AND CUSTOMS FACILITIES



#### **PREFERENTIAL TREATMENT WITHOUT PAYMENT OF CUSTOMS DUTIES:**

- To import
- To allocate
- To use

#### **Does not apply to excisable goods:**

- Cars
- Motor oils and grease
- Alcohol products.

**THE INCOME TAX** relief is granted from the types of activities carried out throughout the territory of the Magadan Region and listed in the agreement between the participant and the administration of the SEZ.

#### **PREFERENTIAL TAX TREATMENT ALLOWS NOT PAYING TO PARTICIPANTS OF THE SEZ:**

- 40% federal share of mining operations tax
- federal share of corporate income tax 3%

**MINING OPERATIONS TAX** exemption is granted at extraction on the subsoil plots located entirely or partially in the territory of the Magadan Region.

**FROM 2017**, enterprises can reduce the base for income tax to the amount of losses, **not more than 50%**.

#### **THE LIBERATION OF HYDROCARBON RAW MATERIALS AND COMMON MINERAL RESOURCES**

For participants of the SEZ there is a preferential procedure for **writing off losses of previous years 100%**.



### PARTICIPANT OF THE SPECIAL ECONOMIC ZONE

#### Obtaining the status of the SEZ participant.

##### Requirements for the applicant:

- be registered in the Special economic zone;
- be registered with the tax authority;
- to carry out basic economic activity in the territory of the Magadan Region;
- to have on the ownership or other legal basis no less than 75% of fixed assets in the territory of the Magadan Region;
- to present a business plan for the realization of the contract on the implementation of activities;
- to not carry out activities as a credit or insurance organization, nor be a professional participant in the securities market.

#### The Federal Law No 104 of the Russian Federation.

Federal Law on a Special Economic Zone in the Magadan Region.

### PROCEDURE FOR CONCLUDING AN CONTRACT

#### Advantage of the solution. The conclusion is given to the administration of the Special economic zone;

##### Application with attached documents:

- copies of constituent documents (for legal entities),
- a copy of the main document certifying the identity of a citizen of the Russian Federation (for an individual entrepreneur);
- a certificate of fixed assets in the form established by the administration of the SEZ;
- a copy of the certificate of state registration of a legal entity or an individual entrepreneur;
- a copy of the certificate of registration with the tax authority;
- a business plan in the form established by the federal executive body authorized by the Government of the Russian Federation

#### Disadvantages of the conclusion:

The contract can not be directed to the following activities:

- production of crude oil and natural gas,
- provision of services in these areas;
- production and processing of excisable goods (excluding cars and motorcycles);
- wholesale and retail trade;
- provision of personal services;
- production and maintenance of weapons, military and special equipment.

#### THE ADMINISTRATION OF THE SPECIAL ECONOMIC ZONE OF THE MAGADAN REGION

685000 Magadan, Proletarskaya street, building 14  
(left wing, second floor, office № 223)

tel/fax: +7 (4132) 20-02-41

e-mail: [oez@49gov.ru](mailto:oez@49gov.ru)  
[www.oez.49gov.ru](http://www.oez.49gov.ru)



## PROVISION OF PUBLIC SERVICES FOR THE IMPLEMENTATION OF INVESTMENT PROJECTS IN THE AGRO-INDUSTRIAL AND FISHERIES COMPLEXES

PROVISION OF PUBLIC SERVICES FOR THE IMPLEMENTATION OF INVESTMENT PROJECTS IN THE AGRO-INDUSTRIAL AND FISHERIES COMPLEXES



### PROVISION OF PUBLIC SERVICES FOR THE IMPLEMENTATION OF INVESTMENT PROJECTS

**Documents submitted to the Ministry of Agriculture and Fisheries of the Magadan Region:  
Decree of the Administration of the Magadan Region of 20.11.2013. № 1143-pa**

«On the approval of the state program of the Magadan Region “Development of Agriculture in the Magadan Region for 2014-2020 years”»

**Decree of the Government of the Magadan Region of 06.02.2014. №71-nn**

«About arrangements on realization of the state program of the Magadan region “Development of agriculture of the Magadan region for 2014 – 2020 years”»

### THE MAIN ARRANGEMENTS FOR THE PROVISIONS OF PUBLIC SERVICES

**Achivement of target indicators of the regional program in the field of development of small forms of management in the village**

**Provision of technical and technological modernization.**

**Reducing investment costs in the modernization and creation of agroindustrial complex facilities.**



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### PROVISION OF PUBLIC SERVICES IN THE DIRECTION OF «CREATING AND DEVELOPING A PEASANT (FARMING) ECONOMY

#### **Documents submitted to the Ministry of Agriculture and Fisheries of the Magadan Region: Decree of the Administration of the Magadan Region of 20.11.2013. № 1143-pa**

«On the approval of the state program of the Magadan Region “Development of Agriculture in the Magadan Region for 2014-2020 years”»

#### **Decree of the Government of the Magadan Region of 06.02.2014. №71-nn**

«About arrangements on realization of the state program of the Magadan region “Development of agriculture of the Magadan region for 2014 – 2020 years”»

### DOCUMENTS SUBMITTED TO THE MINISTRY OF AGRICULTURE AND FISHERIES OF THE MAGADAN REGION

**A starting farmer** who has passed the competitive selection, submits an application for subsidies to the Ministry of Agriculture and Fisheries within the period up to May 15 (inclusive):

#### **Application for subsidies. Quarterly, Up to the 5th day of month.**

1. Report on the expenditure of grant funds for the creation and development of a peasant (farmer) economy of a beginning farmer.
2. As costs are incurred, but not later than 18 months from the date of receipt of the grant, copies of documents confirming the direction of expenses in accordance with the expenditure plan, certified by the Grantee:
  - contract related to the expenditure of the grant (if there is);
  - bills for payment (if there is);
  - invoices (if there is);
  - commodity waybills and (or) commodity-transport waybills and (or) universal transfer documents and (or) acceptance certificates for work performed, services rendered (if there is);
  - payment documents (at the expense of own funds, involved funds, funds of Grantee).





### PROVISION OF PUBLIC SERVICES IN THE DIRECTION OF “REIMBURSEMENT OF PART OF THE COST OF PURCHASING EQUIPMENT FOR FOOD PROCESSING INDUSTRY ENTERPRISES”

**Documents submitted to the Ministry of Agriculture and Fisheries of the Magadan Region:  
Decree of the Administration of the Magadan Region of 20.11.2013. № 1143-pa**

«On the approval of the state program of the Magadan Region “Development of Agriculture in the Magadan Region for 2014-2020 years”»

**Decree of the Government of the Magadan Region of 06.02.2014. №71-nn**

«About arrangements on realization of the state program of the Magadan region “Development of agriculture of the Magadan region for 2014–2020 years”»

### DOCUMENTS SUBMITTED TO THE MINISTRY OF AGRICULTURE AND FISHERIES OF THE MAGADAN REGION:

**In the form of financial security of costs before April 5 of the current year (inclusive):**

Organizations of the agro-industrial complex, regardless of their organizational and legal form, submit to the Ministry of Agriculture and Fisheries:

1. Application for subsidies.
2. Calculation of the subsidy for the purchase of machinery and equipment.
3. The copies of agreements connected with the acquisition of equipment and equipment certified by the recipients of subsidies

**After the incurred costs before 5 October (inclusive):**

1. Application for subsidies.
2. Calculation of the subsidy for the purchase of machinery and equipment.
3. The copies of the following documents certified by the recipients of the subsidies:
  - contracts related to the purchase of machinery and equipment;
  - bills for payment;
  - payment documents.
4. Report on the achievement of the values of performance indicators.
5. In process of acceptance of equipment, but not later than March 31 of the following year:
  - copies of commodity waybills and (or) commodity-transport waybills and (or) universal transfer documents and (or) certificates of work performed (services rendered) and (or) acceptance of machinery and equipment certified to the recipients of subsidies.





PROVISION OF PUBLIC SERVICES IN THE DIRECTION OF “REIMBURSEMENT OF PART OF THE DIRECT COSTS INCURRED FOR THE CREATION AND MODERNIZATION OF POTATO AND VEGETABLE STORAGE FACILITIES, AS WELL AS THE PURCHASE OF MACHINERY AND EQUIPMENT FOR THE PROVISION OF SUBSIDIES”

**Documents submitted to the Ministry of Agriculture and Fisheries of the Magadan Region: Decree of the Administration of the Magadan Region of 20.11.2013. № 1143-pa**

«On the approval of the state program of the Magadan Region “Development of Agriculture in the Magadan Region for 2014-2020 years”»

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«About arrangements on realization of the state program of the Magadan region “Development of agriculture of the Magadan region for 2014–2020 years”»

DOCUMENTS SUBMITTED TO THE MINISTRY OF AGRICULTURE AND FISHERIES OF THE MAGADAN REGION:

**Agricultural commodity producers after the commissioning of the facility and (or) the acquisition of machinery and equipment for the provision of subsidies are submitted to the Ministry of Agriculture and Fisheries before October 5 of the current year (inclusively):**

1. Application for subsidies.
2. Calculation of the subsidies for the reimbursement of part of the direct costs incurred for the creation and modernization of potato and vegetable storage facilities.
3. The register of direct costs incurred, signed by the head of the recipient of subsidies.

4. The copies of the following documents certified by the recipients of the subsidies:
  - Act of acceptance of the object, certified by the head of the recipient;
  - Permission for commissioning of the facility into operation (in case of construction);
  - Legal documents confirming the ownership of the facilities.
5. The copies of the following documents certified by the recipient of the subsidy after the purchase of machinery and (or) equipment:
  - contracts related to the purchase of machinery and equipment;
  - payment documents;
  - copies of commodity waybills and (or) commodity-transport waybills and (or) universal transfer documents and (or) certificates of work performed (services rendered) and (or) acceptance of machinery and equipment certified to the recipients of subsidies.



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PROVISION OF PUBLIC SERVICES  
IN THE DIRECTION OF “REIMBURSEMENT  
OF PART OF THE DIRECT COSTS INCURRED  
FOR THE CREATION AND MODERNIZATION  
OF GREENHOUSE COMPLEXES OWNED  
BY AGRICULTURAL PRODUCERS,  
AS WELL AS THE PURCHASE  
OF MACHINERY AND EQUIPMENT  
FOR THE PROVISION OF SUBSIDIES”

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THE MINISTRY OF AGRICULTURE, FISHERIES AND FOOD OF THE MAGADAN REGION

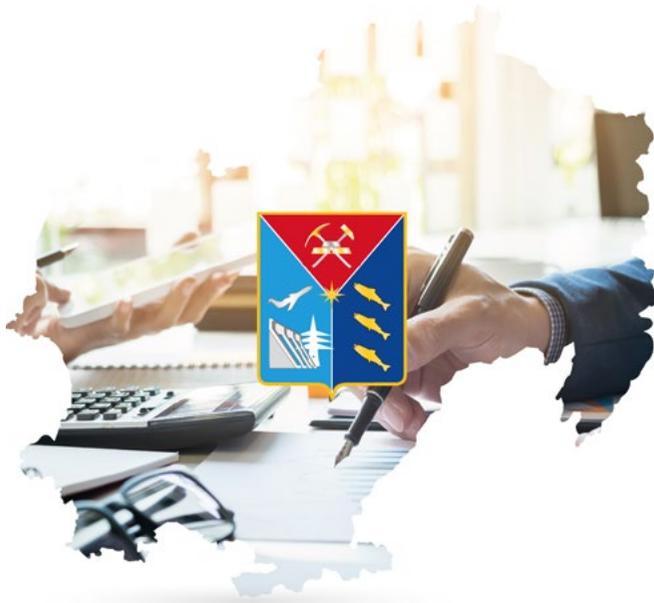
685000 Magadan, Proletarskaya street, building 14  
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## TAX BREAKS



### ZEROING TAX RATE ON INCOME TAX

#### **Federal Law № 267 of September 30, 2013**

“On Amending Part One and Two of the Tax Code of the Russian Federation in Encouragement the Implementation of Regional Investment Projects in the Territories of the Far Eastern Federal District and Certain Subjects of the Russian Federation”.

#### **Law of the Magadan Region of November 28, 2013 № 1664**

“On the establishment of a tax rate for corporate income tax for organizations implementing regional investment projects in the territory of the Magadan Region”.

#### **Law of the Magadan Region of October 20, 2014 № 1795**

“On arrangements to implement certain provisions of Chapter 3.3 of Part One of the Tax Code of the Russian Federation”.

#### **SUBJECTS OF OBTAINING SUPPORT:**

organizations participating in regional investment projects that meet the requirements established by Article 25.9 of the Tax Code of the Russian Federation and the law in the Magadan Region.

#### **CONDITIONS OF ASSISTANCE:**

compliance of the taxpayer participating in regional investment projects with the requirements of Article 25. 9 of the Tax Code.

#### **FORMS AND VOLUMES OF SUPPORT:**

##### **Corporate income tax rate:**

1. in the part credited to the federal budget – 0% during 10 tax periods from the tax period in which, according to the tax accounting data, the first income from the sale of goods produced as a result of the implementation of regional investment projects was recognized;
2. in the part to be credited to the budget of the Magadan Region, – 0% during the first five tax periods beginning from the tax period in which, in accordance with the tax accounting data, the first profit was received from the sale of goods produced as a result of the implementation of regional investment projects in the territory of the Magadan Region, 10% – during the next 5 tax periods.



### PATENT SYSTEM OF TAXATION

**Law of the Magadan Region of October 29,  
2012 №1539**

“On the introduction of the patent system of taxation in the territory of the Magadan Region”

**SUBJECTS OF OBTAINING SUPPORT:**

individual entrepreneurs registered for the first time after the entry into force of this law, applying the patent system of taxation and carrying out entrepreneurial activities in the production and social spheres, as well as in the sphere of personal services to the population.

**FORMS AND VOLUMES OF SUPPORT:**

A tax rate of 0% for taxpayers-individual entrepreneurs registered for the first time after the entry into force of this law, applying the patent system of taxation and carrying out entrepreneurial activities in the production and social spheres, as well as in the sphere of personal services to the population.

**CONDITIONS OF ASSISTANCE:**

the average number of employees for a tax period determined in accordance with the procedure established by the Federal Executive Authority authorized in the field of statistics should not exceed five persons in the case of carrying out entrepreneurial activities with the involvement of wage workers.



## SIMPLIFIED SYSTEM OF TAXATION

### Law of the Magadan Region of June 16, 2015, No. 1909

“On the establishment of a tax rate for the tax levied in connection with the application of a simplified system of taxation for entrepreneurs are registered the first time”

### SUBJECTS OF OBTAINING SUPPORT:

individual entrepreneurs first registered after the entry into force of this law and carrying out entrepreneurial activities in the production, social and scientific spheres, as well as in the sphere of personal services to the population.

### FORMS AND VOLUMES OF SUPPORT:

the tax rate for the tax levied in connection with the application of the simplified taxation system at the rate of about 0 percent from the date of their state registration as individual entrepreneurs in accordance with the requirements of paragraph 4 of Article 346.20 of part two of the Tax Code of the Russian Federation.

### CONDITIONS OF ASSISTANCE:

1. the average number of employees for a tax period determined in accordance with the procedure established by the Federal Executive Authority authorized in the field of statistics should not exceed fifteen persons in the case of carrying out entrepreneurial activities with the involvement of wage workers;
2. the maximum amount of income from sales determined in accordance with Article 249 of Part two of the Tax Code of the Russian Federation received by an individual entrepreneur in implementing of the type of economic activity for which a tax rate of 0% is applied does not exceed:
  - in the first year of entrepreneurial activity – 15 million rubles;
  - in the second year of entrepreneurial activity – 30 million rubles.



SIMPLIFIED SYSTEM OF TAXATION

**Law of the Magadan Region of November 27, 2015 № 1950**

“On the establishment of the tax rate for tax, levied in connection with the application of a Simplified system of taxation for the first time registered entrepreneurs”

**FORMS AND VOLUMES OF SUPPORT:**

the tax rate for the tax levied in connection with the application of the simplified system of taxation in the amount of 3 percent for taxpayers registered in the territory of the Magadan region and choosing as the object of taxation the income for which the relevant tax period not less than 70 percent of the total sales revenue of goods (works, services) amounted to income from the implementation of one of the following types of business activity.

№	The name of the type of economic activity in accordance with the Russian Classification of Economic Activities 029-2014	The code of the type of economic activity in accordance with the Russian Classification of Economic Activities 029-2014
1.1.	Crop and livestock sector, hunting and provision of related services in these areas	01
1.1.1.	Growing vegetables	01.13.1
1.2.	Fishery and fish breeding	03
2.1.	Manufacture of food products	10
2.1.1.	Processing and preserving of meat	10.11
2.1.2.	Processing and preserving of fish	10.20.1
2.1.3.	Production of bread and farinaceous pastry, cakes and not-frozen cakes	10.71
2.1.4.	Production of other food products, not included in other groups	10.89
2.2.1.	Production of soft drinks, production of Mineral Waters and other bottled drinking water	11.07
2.3.1.	Production of kitchen furniture	31.02
3.1.	Providing with electric energy, gas and steam, air conditioning	35
3.1.1.	Electricity production, transmission and distribution	35.1
3.2.	Production, transmission and distribution of steam and hot water, air conditioning	35.3
3.2.1	Production of steam and hot water (thermal energy) by boiler houses	35.30.14
4.1.	Water intake, purification and distribution	36
4.2.	Sewage collection and processing	37
4.3.	Collection, processing and utilization of waste, recycling of secondary raw materials	38
5.1.	Education	85
5.1.1.	Activities of schools for the training of vehicle drivers	85.42.1
6.1.	Health activities	86
6.1.1.	General medical practice	86.21
6.1.2.	Special medical practice	86.22
6.1.3	Dental practice	86.23



SIMPLIFIED SYSTEM OF TAXATION

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№	The name of the type of economic activity in accordance with the Russian Classification of Economic Activities 029-2014	The code of the type of economic activity in accordance with the Russian Classification of Economic Activities 029-2014
	1.1. Crop and livestock sector, hunting and provision of related services in these areas	01
1.1.1.	Growing vegetables	01.13.1
1.1.2.	Growing seedlings	03 01.30
1.1.3.	Breeding of domestic reindeer	01.49.41
	1.2. Forestry and logging	02
1.2.1.	Collection and procurement of food forest resources	02.30.1
	2.1. Manufacture of food products	10
2.1.1.	Processing and preserving of fish	10.20.1
2.1.2.	Processing and preserving of crustaceans and molluscs	10.20.2
2.1.3.	Activity in the processing of seaweed, including sea kale	10.20.5
2.1.4.	Production of bread and farinaceous pastry, cakes and not-frozen cakes	10.71
	2.2. Manufacture of leather and leather products	15
2.2.1.	Tanning and dressing of leather, dressing and dyeing of fur	15.11
	3.1. Development of computer software, consulting services in this field and other related services	62
3.1.1.	Development of computer software	62.01
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CATALOG OF  
INVESTMENT PROJECTS OF THE MAGADAN REGION

2018



LIST OF INVESTMENT PROJECTS  
IN THE MAGADAN REGION

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19	Construction of the passenger terminal of the international airport Magadan (Sokol).
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21	Construction of a covered park of attractions "Galaktika" on the territory of the municipal entity "City of Magadan"



MINING INDUSTRY

Information card № 1



Indicators of the investment project	Content
Name of the project	Modernization / expansion of MPP "Pavlik"
Place of project implementation	Magadan region, Tenkino city district
Objective of the project	The development of the Yano-Kolyma gold ore deposits with the aim of increasing the production of precious metals in the Magadan Region
Description of the project, consumers of products	The project assumes the modernization of existing production facilities with the increase in ore extraction and processing from 5 million tons to 10 million tons JSC "PAVLIK" owns the license for exploration and production of gold at the Pavlik gold deposit. The license is valid until 31.12.2046. The gold deposit "Pavlik" is one of the objects of the Yano - Kolyma gold province. The object is located 110 km to the north-west from the village of Ust-Omchug in the economically developed area. .Commodity production is chemically pure gold in ingots. Products Consumers are Russian commercial banks.
Project capacity	Processing of 10 million tons of ore per year and production of 12 tons of gold per year
Initiator of the project	JSC "PAVLIK"
Industry	Mining
Investment size	\$250 million.
The main stages of the project implementation by years	Construction and operation of the operating Pavlik MPP 2011-2030 Modernization and operation of Pavlik MPP 2018-2034
Current state (idea is implementing)	It is implementing
Presence of the issued decisions concerning the property of the ground areas under construction of investment object	Land lease agreements are concluded
Number of work places created / saved	Creating 1000 work places (in addition to the already created 1000 work places)
Economic indicators (NPV, IRR)	NPV – 1 479 million \$ IRR – 15.1%
Investor (if any)	–
Contact person of the initiator of projects (full name, position, telephone number, e-mail address)	JSC "PAVLIK", General Director Terentyev Sergey Yurievich, Tel. 8 (4132) 650-305, e-mail: info@arlan.ru



MINING INDUSTRY

Information card № 2

Indicators of the investment project	Content
Name	The development of the gold deposit
Utinskoye	Mining
Industry in which the project will be implemented	Mining
Goal	Development of the Yano-Kolyma gold ore deposits with the aim of increasing the extraction of precious metals in the Magadan Region
Cost (million rubles)	8000.0
Initiator	LLC "Reserve", director Troitsky Viktor Vladimirovich
Contact details	685000, Magadan Region, Magadan, Lenin str., 3, mob. 8-914-855-9105
Target indicators	The deposit includes off-balance reserves of gold in the amount of 7,3 tons. The estimated gold reserves are estimated at 87 tons.
Place of implementation	Magadan region, Yagodninsky city district
Short description	License for the purpose of exploration and production of native gold in the deposit of Utinskoye is owned by LLC "Reserve". The license is valid until 31.10.2031. The gold mine of Utinskoye is one of the objects of the Yano-Kolyma gold province. The site is located near the former village of Stan Utyniy, 20 km north of the village of Spornoe, 450 km from the city of Magadan in economically developed area.
Form of implementation	Construction of a mining enterprise, field development
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When gaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share) are granted.
Additional information	The project has the right to support on the principle of "one window"



MINING INDUSTRY

Information card № 3

Indicators of the investment project	Content
Name	The development of the gold deposit Igumenovskiy
Industry in which the project will be implemented	Mining
Goal	Development of the Yano-Kolyma gold ore deposits with the aim of increasing the extraction of precious metals in the Magadan Region
Cost (billion rubles)	5.9 billion rubles, including exploration work - 0.8 billion, construction of a quarry and a factory - 5.1 billion rubles.
Initiator	JSC "GeoCentre", General Director Gaikova Olga Yuryevna
Contact details	Gaikova Olga Yuryevna, General Director of JSC GeoCentre, 685000, Magadan Region, Magadan, Gagarin str. 12, Office 244A, tel.: 8 (4132) 62-25-51, geomag49@mail.ru.
Target indicators	On the deposit there are balance reserves of ore gold in the amount of 1.0 tons and off-balance reserves in the amount of 5.9 tons.
Place of implementation	Magadan region, Tenkino city district
Short description	The deposit of Igumnovskoye is one of the objects of the Yano-Kolyma gold province. It is located 80 km along the highway to the north-west from the village of Ust-Omchug and 345 km to the north-west from the city of Magadan. The facility is located in an area with developed infrastructure, in 8 km is a year-round motorway. The transmission line are supported. The license for the purpose of geological study and gold mining from the gold deposit of Igumnovskoye is owned by GeoTsentr. The license is valid until December 31, 2020. Completion of the geological exploration works complex. Simultaneous with the geological exploration of the deposit; Construction of a gold recovery factory; Additional exploration of the southern part of the license area for the purpose of increment of reserves. Commodity production is chemically pure gold in ingots.
Form of implementation	Geological exploration, construction of a mining enterprise, field development
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When gaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share) are granted.
Additional information	The project has the right to support on the principle of "one window"



MINING INDUSTRY

Information card № 4

Indicators of the investment project	Content
Name	The development of copper deposits within the Oroek ore field
Industry in which the project will be implemented	Mining
Goal	Diversification of the mining industry in the Magadan Region through the development of unused resources of the Oroek metallogenic zone
Cost (billion rubles)	Without investments in infrastructure – 25.5 billion rubles. With investments in infrastructure - 64,8 billion rubles.
Initiator	Dukat Mining and Geological Company JSC,
Contact details	Radchenko Yuri Ivanovich, General Director of Dukat GGC. 685000, Magadan Proletarskaya str., 11, tel. 8 (4132) 62-10-92, mob. tel. 89148518585. E-mail: dggc@online.magadan.su
Target indicators	The total resource potential of the Oroek prospective area is 11 million tons of copper and 16,500 tons of silver.
Place of implementation	Magadan region, Srednekansky city district
Short description	The license for the study of copper, silver and associated components of the ore manifestation Oroek owns JSC "Dukat GGC". The license is valid until 10.03.2022. The facility is located 220 km in a straight line to the north of Seimchan settlement. The Oroek prospect area includes promising areas of Oroek, Luchistoye, Opyt, Zelenyy Plast, Nevidimka. The deposit is in the search and evaluation stage of exploration.
Form of implementation	Further geological exploration at the expense of the subsoil user, construction of a mining enterprise, field development
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When gaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share) are granted.
Additional information	The project has the right to support on the principle of "one window"



MINING INDUSTRY

Information card № 5

Indicators of the investment project	Content
Name	The development of the Oldyaninsky ore cluster
Industry in which the project will be implemented	Mining
Goal	Diversification of the mining industry in the Magadan Region through the development of the unused resources of the Oldyadinsky ore cluster
Cost (million rubles)	No data
Initiator of the project	Ministry of Natural Resources and Ecology of Magadan Oblast
Contact details	Proletarskaya Street, 14, Magadan, 685000 Tel. 8 (4132) 60-71-91, Fax 8 (4132) 60-71-91 <a href="http://www.49gov.ru">http://www.49gov.ru</a> , E-mail: <a href="mailto:minprirod@49gov.ru">minprirod@49gov.ru</a>
Project capacity (target indicators of the project)	Resource potential of the facility: molybdenum – 568 thousand tons, copper – 379 thousand tons, gold – 20.8 tons, rhenium – 19.0 tons.
Place of implementation	Magadan region, North-Evensk city district
Short description	The Oldyaninsky ore cluster is located in the North-Evensk town district of the Magadan Region in the upper reaches of the river Omolon. It includes molybdenum deposit Evening and ore occurrence Crystal. These facilities are located in an economically undeveloped region, in which there are no sources of energy, communications, settlements. In winter time, a permanent winter road Omsukchan – MPP "Kubaka" passes 20 km to the south of the fields. The distance to the industrial site of MPP "Kubaka" by winter road is 100 km. The length of the temporary winter road to the district center is Evensk 320 km .
Form of implementation	Licensing of the objects of the Oldyaninsky ore cluster, geological exploration at the expense of the subsoil user, construction of a mining enterprise, development of the deposit
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When registering a legal entity on the territory of the Special Economic Zone and obtaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share), property tax of organizations are granted.
Additional information	The project has the right to support on the principle of "one window"



MINING INDUSTRY

Information card № 6

Indicators of the investment project	Content
Name	The development of the South Omolon Iron Ore Site
Industry in which the project will be implemented	Mining
Goal	Diversification of the mining industry in the Magadan Region through the development of the unused resources of the South Omolon ore cluster
Cost (million rubles)	No data
Initiator	Ministry of Natural Resources and Ecology of Magadan Oblast
Contact details	Proletarskaya Street, 14, Magadan, 685000 Tel. 8 (4132) 60-71-91, Fax 8 (4132) 60-71-91 <a href="http://www.49gov.ru/">http://www.49gov.ru/</a> , E-mail: <a href="mailto:minprirod@49gov.ru">minprirod@49gov.ru</a>
Target indicators	Total resource potential of the facility: 1990 million tons of iron ore with an average of 38% (756 million tons)
Place of implementation	Magadan region, North-Evensk city district
Short description	The facility is located on the territory of the North-Evensk urban district of the Magadan Region. The nearest settlements are the village of Omsukchan, located 170 km to the west and the village of Evensk, 180 km to the south-east. In 10 km to the south of the field there is an autozemnik to the Kubaka field. The South Omolon iron ore junction includes the Upper Omolon deposit, Skarnovoe ore occurrence, the Magnetite ore field, the Innyaginskoye ore field, the Dzheltinskoye ore field, the Silent ore field. The project is focused on the sale of products to the APR countries.
Form of implementation	Licensing of the facilities of the South Omolon Iron Ore Site, geological exploration at the expense of the subsoil user, construction of a mining enterprise, development of the deposit
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When gaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share) are granted.
Additional information	The project has the right to support on the principle of "one window"



MINING INDUSTRY  
Information card № 7

Indicators of the investment project	Content
	The development of the South Omolon iron-ore site
Name	Exploration of placers in the Magadan region with complex mining and geological conditions of occurrence
Industry in which the project will be implemented	Mining
Goal	Involvement of unused potential of placer deposits
Cost (million rubles)	No data
Initiator of the project	Ministry of Natural Resources and Ecology of Magadan Oblast
Contact details	Proletarskaya Street, 14, Magadan, 685000
Tel. 8 (4132) 60-71-91, Fax 8 (4132) 60-71-91 <a href="http://www.49gov.ru/">http://www.49gov.ru/</a> , E-mail: <a href="mailto:minprirod@49gov.ru">minprirod@49gov.ru</a>	Magadan region, North-Eveni city district
Project capacity (target indicators of the project)	Resources placers with complex mining and geological conditions of occurrence in the Susuman district – 4.6 tons, in the Yagodninsky district – 6.6 tons, in the Tenkin district – 3.2 tons, Srednekansky okrug – 0.2 tons.
Place of implementation	Magadan region, Tenkinsky Srednekansky, Susuman and Yagodninsky urban districts
Short description	The plots are located in the economically developed Central Kolyma district. The total number of plots is 12, which includes from 2 to 12 deposits, an average content of 2.5 to 20 g/m <sup>3</sup> , peat thickness from 19 – 65 m.
Form of implementation	Licensing of facilities, exploration work at the expense of subsoil user resources, construction of a mining enterprise, field development
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When gaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share) are granted.
Additional information	The project has the right to support on the principle of "one window"



## MINING INDUSTRY

## Information card № 8

Indicators of the investment project	Content
Name	The development of tin deposits in the Omsukchan City District of the Magadan Region
Industry in which the project will be implemented	Mining
Goal	Diversification of the mining industry in the Magadan Region through the development of tin deposits
Cost (million rubles)	No data
Initiator of the project	Ministry of Natural Resources and Ecology of Magadan Oblast
Contact details	Proletarskaya Street, 14, Magadan, 685000 Tel. 8 (4132) 60-71-91, Fax 8 (4132) 60-71-91 <a href="http://www.49gov.ru/">http://www.49gov.ru/</a> , E-mail: <a href="mailto:minprirod@49gov.ru">minprirod@49gov.ru</a>
Project capacity (target indicators of the project)	The total resource potential of the deposits in the Omsukchan City District is 35,5 tons.
Place of implementation	Magadan Region, Omsukchan City District
Short description	Tin ore deposits are located in the Omsukchan City District of the Magadan Region, are separated from the village of Omsukchan at a distance of 5 to 125 km. The largest deposits are: Galimoye, Industrialnoye-Khataren, Malo-Kenskoye, Nachalnoye, Okhotnichye. Field with less reserves: Verkhne-Topskoye, Ircha, Lesnoye Nevskoye, Novo-Dzhagynskoye, Solnechnoye, Khovovchan.
Form of implementation	Licensing of facilities, exploration work at the expense of subsoil user resources, construction of a mining enterprise, field development
Preferences to the investor (including information on the availability of land)	Tax benefits for the participant of the regional investment project in accordance with the Tax Code of the Russian Federation Part 1 of Art. 25.8 and the Law of the Magadan Region of 28.11.2013 No. 1664-OZ. When gaining the status of a SEZ participant, exemptions from corporate income tax (partly), a mineral extraction tax (in the federal share) are granted.
Additional information	The project has the right to support on the principle of "one window"



INNOVATIONS

Information card № 9

Indicators of the investment project	Content
Name	Establishment of production of sea salt
Goal	Development of food industry in the Magadan region. Organization of production of food and medicinal sea salt with the use of technology of freezing sea water. Use of resources of the Sea of Okhotsk.
Target indicators	800 tons of finished products per year
Initiator	The head of the project is Vladimir Alexandrovich Gonchar
Contact information of the initiator	685000, Magadan, Yakutsk str. 51B, phone / fax: +7 (4132) 601234, e-mail: 612345@inbox.ru
Place of implementation	Magadan Region
Short description	Creation of an industrial complex for the extraction / isolation of sea salt using the technology of freezing sea water.
Form of project implementation	New construction, acquisition and installation of process equipment
The total cost of the project	60 million rubles
Preferences to the investor (including information on the availability of land)	Privileges for income tax in accordance with the current legislation when obtaining the status of a "regional investment project". The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives. Maintenance of the project on the principle of "one window".
Additional information	Scientific and technical support of the project



## INNOVATIONS

## Information card № 10

Indicators of the investment project	Content
Name	Establishment of an enterprise to produce a commodity mussel while cultivating on floating installations
Goal	Development of the marine aquaculture (mariculture) industry in the Magadan Region. Organization of production of marine biological raw materials.
Target indicators	The volume of commercial mussel production for the 2nd year of the project implementation is 16.56 tons; for the 3rd year - 34.06 tons.
Initiator	Institute of Biological Problems of the North FEB RAS. Research Associate Zharnikov Vyacheslav Sergeevich, Ph.D.
Contact details	685000, Magadan, Port str., 18, cab. 502, Tel. 8(4132) 63-45-70, +7914 854-44-88, 1zharnikov@mail.ru
Place of implementation	Magadan Region
Short description	Creation of a manufacturing enterprise for the cultivation of "littoral" mussels on floating installations in the Tauisk Bay of the Sea of Okhotsk. Obtaining an ecologically clean commodity mussel (more than 35 mm) with a shortened cultivation period (1-2 years) according to the technology developed at IBPS FEB RAS
Form of implementation	New construction
Total cost	6,0 million rubles
Preferences to the investor (including information on the availability of land)	The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives.
Additional information	The technology of growing mussels was tested in the Bay of the Merry Sea of Okhotsk during the many years of experimental work carried out in 2010-2014. There are two patents for the invention and utility model. Maintenance of the project on the principle of "one window".



INNOVATIONS

Information card № 11

investment project	Content
Name	Establishment of an industrial enterprise for the integrated processing of larch wood
Goal	Use of forest resources in the Magadan Region. Introduction of new technologies for complex processing of larch wood.
Target indicators	Annual production of natural antioxidants and bioflavonoids: DKV raw, 1100 kg; DKV substance, 1100 kg; Tablets "Dihydroquercetin" № 100, 2000 pack. Arabinogalactan substance, 20 000 kg.
Initiator	Tikhmenev Evgeny Alexandrovich, Head of the Laboratory of Geobotany, IBPS Far Eastern Branch of the Russian Academy of Sciences, Ph.D.
Contact details	685000, Magadan, Port str., 18, tel. 8(4132) 63-53-32, +(914)860-5619
Place of implementation	Magadan
Short description	Creation of a high-tech industrial enterprise for the complex processing of larch wood, growing on the territory of the Magadan Region with the extraction of unique natural antioxidants and bioflavonoids (arabinogalactan and dihydroquercetin), according to the technology developed by the FGBUN Irkutsk Institute of Chemistry named after A.E. Favorsky, as well as products for agriculture. .
Form of implementation	New construction; purchase and installation of equipment
Total cost	235,8 million rubles
Preferences to the investor (including information on the availability of land)	Privileges for income tax in accordance with the current legislation when obtaining the status of a "regional investment project". The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives.
Additional information	Scientific and technical support of the project is possible. A business plan and a feasibility study for the project have been developed. Maintenance of the project on the principle of «one window».



## INNOVATIONS

## Information card № 12

Indicators of investment project	Content
Name	Creation of a nut farm using cedar pine tree
Goal	Involvement of unused forest resources in the Magadan Region.
Target indicators	The annual volume of processing of pine nuts is 4000 kg.
Initiator	Tikhmenev Evgeny Alexandrovich, Head of the Laboratory of Geobotany, IBPS Far Eastern Branch of the Russian Academy of Sciences, Ph.D.
Contact details	685000, Magadan, Port str., 18, tel. 8(4132) 63-53-32, +7(914)860-5619
Place of implementation	Magadan
Short description	Creation of a nut farm and organization of production of valuable food and technical raw materials in the region (peeled pine nuts, nut milk and butter).
Form of implementation	Creation of a production base for walnut farming and organization of processing of cedar pine nuts.
Total cost	10,9 million rubles
Preferences to the investor (including information on the availability of land)	The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives.
Additional information	The project envisages the use of cedar pine or pine pine (Latin <i>Pinus pumila</i> ), one of the renewable forest resources in the region. Scientific and technical support of the project Maintenance of the project on the principle of "one window".



INNOVATIONS

Information card № 13

Indicators of the investment project	Content
Name	Construction of a tourist base in the city of Magadan in Staraya Veseloy district
Goal	Development of recreational infrastructure, sports leisure, tourism and entertainment on the territory of the municipal entity "City of Magadan"
Target indicators	The capacity of the tourist base is 110 people per day
Initiator	Committee for Physical Culture, Sports and Tourism of the Magadan City Hall
Contact information of the initiator	City of Magadan, st. Parkovaya, 9/12, phone: (4132) 627-307, e-mail: gsk@maglan.ru
Place of implementation	Magadan
Short description	Construction of a complex of buildings and structures of a tourist base, including cottages (24 places); hotel (36 places); Bathhouse – 10 seats; parking for cars – 30 cars; commercial pavilion – 50 m <sup>2</sup> -
Form of project implementation	New construction
The total cost of the project	60,0 million rubles
Preferences to the investor (including information on the availability of land)	Provision of benefits for land tax and land rent. The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives. The territory for construction is defined.
Additional information	Administrative support of the project



TOURISM

Information card № 14

Indicators of investment project	Content
Name	Construction of a sea tourist club in the city of Magadan
Goal	Development of yacht tourism as a new alternative destination for domestic and inbound tourism
Target indicators	The share of tourists in the "yacht tourism" direction is not less than 0.5% of the regional tourist flow
Initiator	Committee for Physical Culture, Sports and Tourism of the Magadan City Hall
Contact details	City of Magadan, st. Parkovaya, 9/12, phone: (4132) 627-307, e-mail: gsk@maglan.ru
Place of implementation	City of Magadan, st. Primorsky
Short description	The project involves the construction of a complex of buildings and structures of a marine tourist club on the shore of the Nagaev Bay of the Sea of Okhotsk: - construction of a yacht berth (50 floating parking places); - construction of a yacht and boat maintenance complex; - landscaping; - construction of service points for tourists (common areas, cafe/restaurant)
Form of implementation	New construction
Total cost	119,0 million rubles
Preferences to the investor (including information on the availability of land)	Provision of benefits for land tax and land rent. The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives. The territory for construction is defined.
Additional information	Administrative support of the project



## TOURISM

## Information card № 15

Indicators of investment project	Content
Name	Construction of the all-season sports and tourist complex "Sunny Magadan"
Goal	Development of sports and tourist infrastructure of the Magadan Region, creating conditions for the development of winter types of outdoor activities, domestic and inbound tourism
Target indicators	Attendance of the complex is 430 thousand people a year. The number of work places created is 100
Initiator	Committee for Physical Culture, Sports and Tourism of the Magadan City Hall
Contact details	City of Magadan, st. Parkovaya, 9/12, phone: (4132) 627-307, e-mail: gsk@maglan.ru
Place of implementation	The city of Magadan, the micro-district of Sunny
Short description	The project provides for: - construction of 7 ski slopes; - installation of 4 lifts of different types; - construction of an open ice rink; - construction of a hotel for 162 places; - construction of a service center for the provision of rental of sports equipment and equipment; for the provision of trade services and catering services; storage services and other services - construction of car parking lots for 456 seats; - construction of service buildings and structures;- the organization of trails and trails for the organization of various types of active entertainment.
Form of implementation	New construction
Total cost	4,9 billion rubles
Preferences to the investor (including information on the availability of land)	The territory for the construction of the complex is 29 and 59 hectares.The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives.Provision of benefits for land tax and land rent. Administrative support of the project
Additional information	A master plan for the investment project was developed. Advantages for the project: - proximity to the regional center (10 km from the city center); - developed infrastructure - transport, road, energy; - labor market.



TOURISM

Information card № 16



Indicators of the investment project	Content
Name	Development of a tourist and recreational complex on the basis of the sanatorium «Talaya»
Goal	The aim of the project is to create a center for medical and health tourism using recreational and recreational opportunities for the sanatorium "Talaya"
Target indicators	It is planned to increase the capacity of the sanatorium from 200 to 500 places.
Initiator	Ministry of Health and Demographic Policy of Magadan Oblast
Contact information of the initiator	Proletarskaya Street, 14, Magadan, 685000 Tel. 8 (4132) 63-90-41, Fax 8 (4132) 62-43-66 <a href="http://www.49gov.ru/">http://www.49gov.ru/</a> , E-mail: LarinalE@49gov.ru
Place of implementation	Sanatorium "Talaya" is located in Talaya settlement of Hasynsky urban district of Magadan region at a distance of 276 km from the city of Magadan and 220 km from the airport "Magadan".
Description	Sanatorium "Talaya" refers to the sanatorium-resort institutions of the balneotherapeutic profile. The mineral water deposit Talaya, in its characteristics, refers to nitrogenous, slightly mineralized siliceous thermal waters characterized by a high content of silicic acid, fluorine, which contains elements such as selenium, tellurium, lithium, strontium. It should be noted that tellurium is still not found in any of the previously known mineral waters. The composition of mineral water is constant and does not depend on the time of year. The water reserves of the Talskoye deposit are 0,82 thousand cubic meters. meters per day. The annual consumption of the Talaya sanatorium is 0,3 cu. meter per day. The most active factors are the high temperature of natural foci of discharge of nitrogen term and the presence of biologically active components – silicic acid, radon. Used in the sanatorium "Talaya" therapeutic mud refers to the sapropelic genetic group. The therapeutic importance of sapropelic mud is determined primarily by high thermal properties (sapropels in this respect surpass even therapeutic peat), the presence of a large number of organic substances – humic, water-soluble (hemicellulose), bitumen, and biostimulators – vitamins, enzymes, hormones. Reserves of water and mud deposits are sufficient for 100 years of work of the sanatorium. The sanatorium is successfully treated: gynecological diseases; problems of the musculoskeletal system; diseases of the respiratory and digestive organs; kidney pathologies; skin diseases; neurological diseases; cardiovascular diseases; endocrine disorders; infertility; problems from excess weight and obesity; treatment of children of different ages; Special programs for clients of the older age category (from 50 years). The project is aimed at creating a tourist infrastructure to increase the attractiveness of a sanatorium as a tourist facility and to increase the efficiency of using recreational and recreational resources of the sanatorium. The project assumes several stages of implementation: reconstruction of the sanatorium "Talaya", creation of energy and transport infrastructure, creation of tourist infrastructure.



TOURISM

Information card № 16



Form of project implementation	Concession agreement between the investor and the Government of the Magadan Region
The total cost of the project	8,52 billion rubles
Preferences to the investor (including information on the availability of land)	Land is available. The sanatorium has a guaranteed state task for the improvement of socially unprotected categories of citizens. Creation of transport and energy infrastructure at the expense of public funds. The possibility of creating a territory for outpacing socio-economic development is considered one of the projects of which is the project "Development of a tourist and recreational complex on the basis of the Talaya sanatorium"
Additional information	Creation of a tourist and recreational zone on the basis of the resort "Talai" will make it possible to implement a large investment project, which includes a number of functionally, organizationally and financially interconnected projects for individual capital construction projects in the tourist sector. On the territory of the tourist and recreational zone "Talaya" it is planned to create a hotel for tourists by completing the unfinished construction on the territory of the sanatorium – a seven-storey building, medical and recreational facilities, a rehabilitation center for athletes, tourist-cognitive and sports-entertainment zones, a water park, fitness and bowling center. Later on, in the territory of Talaya settlement, it is possible to open an enterprise for the production of bottled therapeutic mineral water "Talskaya" with subsequent implementation for the population.



## TOURISM

## Information card № 17

Name of the investment project	Construction of the "Center for Ethnic Culture of the Peoples of the Northeast" Nelten Heduken "in Magadan
Objective of the project	The purpose of this project is the creation of a multifunctional complex that meets modern technical and organizational requirements, activates domestic and inbound tourism, and develops event tourism
Target indicators	Attendance is 13 200 people a year.
Initiator of the project	Ministry of Culture and Tourism of the Magadan Region
Contact details	Chindina Marina Yuryevna, Head of the Department of MTB and State Procurement of the Ministry of Culture and Tourism, Tel.: (4132) 607-276, e-mail: ChindinaMU@49gov.ru
Place of project implementation	Magadan, the mouth of the river Dukcha
Short description	Ethnocultural park represents the national ethno-cultural traditions of the indigenous peoples of the North, where myths and legends, national clothes and utensils, national cuisine, music, dances and songs, sports and games, crafts and handicrafts, exclusive souvenirs will be presented. At the same time, tourists can take direct part in the events held. Ethnocultural park will be located on the territory of more than 2 hectares, the zone of prospective development in the city, in the bay of Gertner. The idea of creating an ethnocultural park is based on the existence of a national color of indigenous peoples, in connection with the facts of the history of the region, the cultural traditions and needs of the modern population of the Magadan region and its guests.
Form of project implementation	Public private partnership
The total cost of the project	132,0 million rubles
Preferences to the investor (including information on the availability of land)	There is allocation of a land plot. The design and estimate documentation has been developed. - Providing privileges for regional taxes and fees, lowering corporate income tax rates in accordance with the Tax Code of the Russian Federation. Administrative support of the project
Additional information	It is necessary to build an overhead power line, asphaltting the road (2 km) from the Gorniak recreation area, including parking, landscaping



HOUSING AND COMMUNAL SERVICES,  
AGRICULTURE, SERVICES

**Information card № 18**

Indicators of investment project	Content
Name	Construction of a multi-level covered car parking in the city of Magadan
Goal	Development of the transport infrastructure of the city of Magadan
Target indicators	100–150 parking places
Initiator	Department of Construction, Architecture, Technical and Environmental Control of the Magadan City Hall
Contact details	City of Magadan, Karl Marx ave., 62a tel.: (4132) 652-434; e-mail: satek@maglan.ru
Place of implementation	The city of Magadan, district Marchekanskoe highway
Short description	Construction of a covered car parking for temporary storage of individual vehicles of city residents. The proposed number of storeys is 2 floors.
Form of implementation	New construction
Total cost	125,0 million rubles
Preferences to the investor (including information on the availability of land)	1. The territory and area of the investment site – 0,33 hectares were determined. 2. Benefits for income tax in accordance with regional and regional legislation when obtaining the status of "regional investment project". 3. The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives. 4. Provision of benefits for land tax and land rent. 5. Administrative support of the project
Additional information	The territory of the proposed construction is located in the zone of medium-storey residential development



HOUSING AND COMMUNAL SERVICES,  
AGRICULTURE, SERVICES

Information card № 19



Indicators of the investment project	Content
Name	Construction of the passenger terminal of the international airport Magadan (Sokol) with a capacity of 600 passengers per hour
Goal	Ensuring the compliance of the international airport of Magadan with modern requirements for passenger air transportation services
Target indicators	The total area of the terminal is at least 2000 square meters; capacity up to 600 passengers per day.
Initiator	Ministry of Roads, Transport and Communications of the Magadan Region. Minister of Road Economy, Transport and Communication of the Magadan Region Sycheva Natalya Mikhailovna
Contact details	685000, Magadan, Proletarskaya str., house 14. phone: 8 (4132) 639382 e-mail: mintrans@49gov.ru
Place of implementation	Magadan Region, Sokol, north of the city of Magadan
Brief description of the project	Construction of a passenger terminal for the introduction of modern technological schemes for servicing passengers and baggage, providing an increase in the airport's capacity and the possibility of using transfer technologies. In the building of the airport terminal of the international airport "Sokol" it is planned to place: <ul style="list-style-type: none"> <li>- representative offices of airlines;</li> <li>- passenger transportation services;</li> <li>- security services;</li> <li>- baggage service;</li> <li>- border, immigration and customs control services;</li> <li>- various organizations and enterprises whose activities are related to food, recreation, entertainment, etc. restaurants and cafes, points of trade in periodicals and souvenirs, shops (including Duty Free).</li> </ul>
Form of implementation	New construction
Total cost	2903, 0 million rubles
Preferences to the investor (including information on the availability of land)	There is a land lease agreement. The opportunity to become a member of the Special Economic Zone of the Magadan Region with the provision of established customs and tax incentives.
Additional information	Maintenance of the project on the principle of "one window".



HOUSING AND COMMUNAL SERVICES,  
AGRICULTURE, SERVICES

Information card № 20



Indicators of the investment project	Content
Name of the project	Creation and development of agro-industrial park in the territory of Magadan region
Place of project implementation	Magadan Region,
Objective of the project	Year-round provision of the population's needs in fresh vegetables
Description of the project, consumers of products	This investment project envisages the construction of an agricultural cluster that will provide the population of the Magadan region
Project capacity	Kinds of made production: - high-quality pork (1406.4 tons / year), - turkey (514.8 tons / year), - fresh cucumbers, tomatoes, salad (630.1 tons / year, 300.06 tons / year, 115.2 tons / year, respectively); - acceptance for storage in the vegetable store, followed by the sale of potatoes, cabbage, beets, carrots (1100 tons / year, 800 tons / year, 50 tons / year, 50 tons / year, respectively).
Initiator of the project	LLC "Agro-industrial park" Magadansky "
Industry	Agriculture
Investment size	2.3 billion rubles.
The main stages of the project implementation by years	With sufficient financing of the project, the following calendar plan: Commissioning of agro-park facilities and production of finished products: - greenhouse - November 2019 - vegetable store - August 2021 - turkey farm - September 2021 - pig farm - April 2022
Current state (idea is implementing)	At present, a business plan, a financial model of the project, a topography on one of the plots (construction of greenhouses) has been drawn up. At the moment, the project is looking for a co-investor who has the opportunity to finance design and survey work. The initiator of the project will consider all possible options for dealing with co-investors. An agreement on cooperation with the Government of the Magadan Region was concluded. The project is included in the state program of the Russian Federation "Social and Economic Development of the Far East and Baikal Region"



HOUSING AND COMMUNAL SERVICES,  
AGRICULTURE, SERVICES

**Information card № 20**



Presence of the issued decisions concerning the property of the ground areas under construction of investment object	Land plots of 15 hectares in long-term lease for 49 years
Number of work places created / saved	172
Economic indicators (NPV, IRR)	NPV - 1 996 196 843 rubles., IRR – 24,7%
Investor (if any)	GK Department LLC
Contact person of the initiator of project	Konovalov Sergey Victorovich, director. Tel.: 8 964 457 80 69, e-mail: Konovalov_sv@mile.ru



HOUSING AND COMMUNAL SERVICES,  
AGRICULTURE, SERVICES

**Information card № 21**

Indicators of the investment project	Content
Name of the project	Construction of a covered park of attractions "Galaktika" on the territory of the municipal entity "City of Magadan"
Place of project implementation	Magadan region, the city of Magadan
Objective of the project	Providing residents of the city of Magadan and the Magadan Region with the services of a year-round, multifunctional, cultural and educational and sports and entertainment complex
Description of the project, consumers of products	Construction of an amusement park "Galaktika" is planned on the site located in the center of the city, in the Kolyma highway area. Within the construction of the complex on the first floor will appear: – indoor amusement park with a roller coaster; – carting center; – a cinema with a premiere room of the IMAX format and 3 small rooms. – prize redemption centre. The second floor is made in the form of mezzanine overlooking the atrium zone with a restaurant and banquet halls on it for the celebrations. The amusement park is open from 11:00 to 22:00. Potential audience of amusement park is residents of the city of Magadan and Magadan region
Project capacity	The total area of the amusement park is 9600 m <sup>2</sup> Attractions and slot machines for 384 seats. 4 cinemas for 586 seats.
Initiator of the project	MAUK of the city of Magadan "City Park"
Industry	Culture
Investment size	879 million rubles
The main stages of the project implementation by years	Construction: 2019–2021 Operation since 2022
Current state (idea is implementing)	The land for construction has been formed. A master plan was developed. Research is in progress
Presence of the issued decisions concerning the property of the ground areas under construction of investment object	The agreement of 16.07.2018 № 4 gratuitous use of the land. Land plot of 2 hectares
Number of work places created / saved	74 work places are created
Economic indicators (NPV, IRR)	NPV – 307 million rubles IRR – 12,8%
Investor (if any)	No
Contact person of the initiator of projects	Titkov Alexander Alexandrovich. Director of the MAUK of the city of Magadan "City Park". Address: 685000, the city of Magadan, Lenin Avenue, 21-A. Telephones: +7-4132-62-58-58; +7-900-413-64-44; +7-902-508-28-26. E-mail: parkmagadan@mail.ru