



“CONSTRUCTION OF A FERTILIZER PLANT”
TO BE HELD AT THE PREMISES OF FEDERAL
GOVERNMENT ENTERPRISE "GORNY"

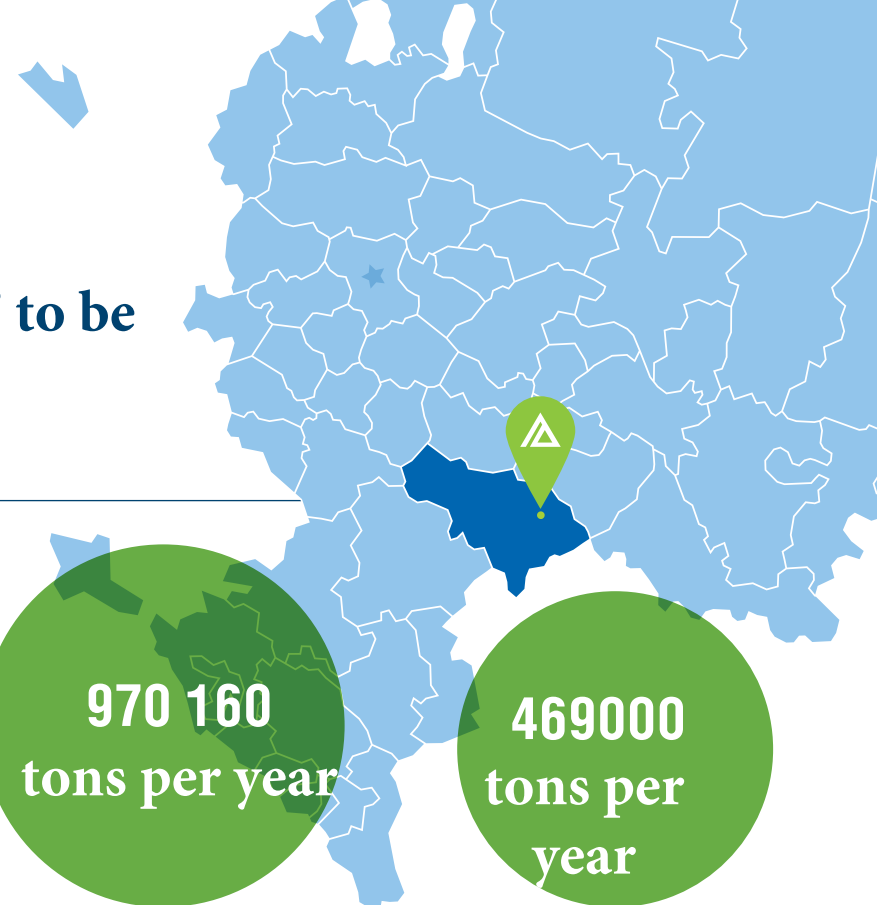
VILLAGE OF GORNY,
KRASNOPARTIZANSKY DISTRICT, SARATOV
REGION

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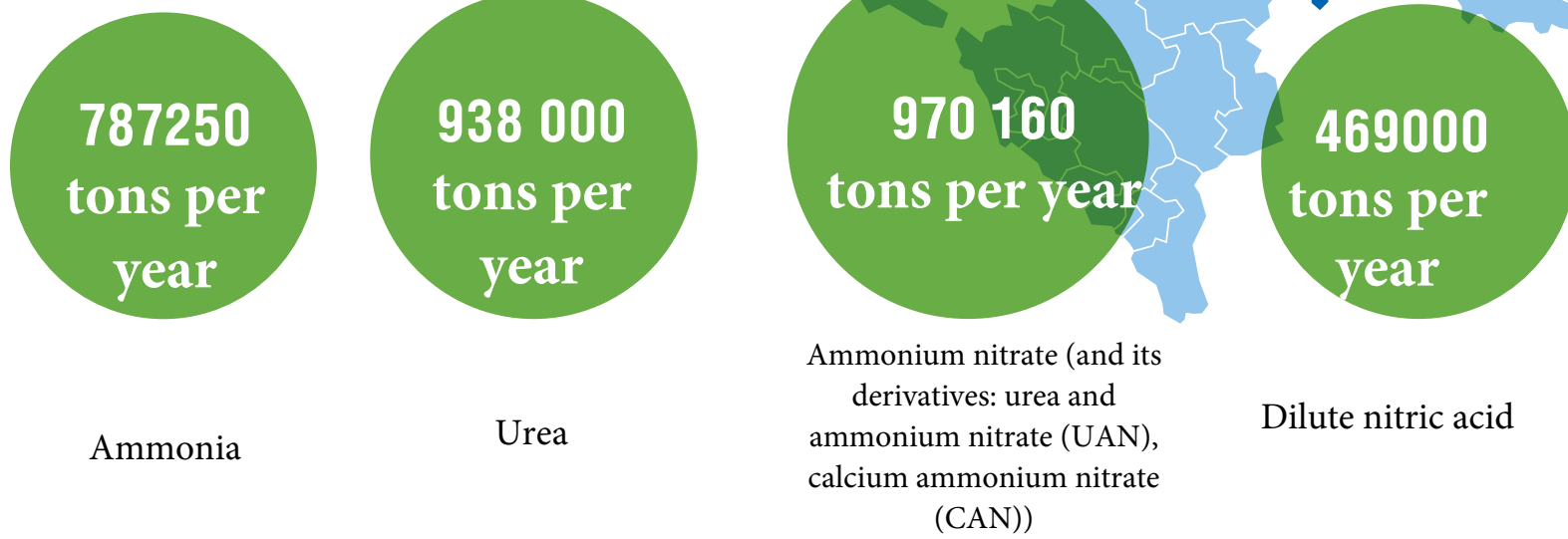
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Project

“Construction of a Fertilizer Plant” to be held at the premises of Federal Government Enterprise "Gorny"



Manufactured products and expected production output



Startup

Required financing

Expected turnover

After-tax profit

Quarter I, 2025

1,419 billion USD

29 382 million roubles

14 104 million roubles

About project

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Target

Investment project “Construction of a Fertilizer Plant” to be held at the premises of Federal Government Enterprise "Gorny" located in village of Gorny, Krasnopartizansky District, Saratov Region (hereinafter referred to as the “Project”) is implemented under the order of the President of the Russian Federation No. Пп-1922 dd. of July 27, 2012 concerning the former chemical weapons destruction facility “Gorny” to be involved in the economic turnover of the Russian Federation and under the support of the Ministry of Industry and Trade of Russia and the Government of Saratov Region.

Development of a highly efficient, export-oriented and competitive fertilizer plant in the Russian Federation.

Project promoters

Scientific and Production Enterprise “Platex”, LLC, a participant of Federal Special Purpose Program “Destruction of Chemical Weapons Stockpiles in the Russian Federation”.

Special Purpose Company “Gorny”, LLC, a 100% subsidiary company of “Scientific and Production Enterprise “Platex”, LLC started for the investment project implementation.

The way the enterprise to be involved in the economic turnover

The project provides for the transfer of property part of the Federal Fiscal Enterprise "Gorny" complex and land under it for long-term lease with the right of redemption.

Project owner

Special Purpose Company “Gorny”, LLC

In order to implement the project the following Cooperation Agreements have been signed between:



Ministry of Industry and Trade of the Russian Federation



Wuhuan Engineering Co. Ltd acts as the major investor



Government of Saratov Region

Public hearing for project implementation was held in Krasnopartizansky District, Saratov Region. The project got the unanimous support among the local population.

Independent project examination:

Three independent examinations of the investment project were carried out:

- Examination of the project of the Financial University under the Government of the Russian Federation
- Examination of the project of JSC "NIIK" (JSC "Research and Design Institute of Urea and Organic Synthesis Products")
- Examination of the project of JSC "GIAP" (JSC "State Institute of Nitrogen Industry")

All three examinations characterize the project as effective and show the absence of a negative impact on the mineral fertilizers market in the Russian Federation.

Sources of financing:

two-step loan granted by the international investment bank JBIC (Japan)

Wuhuan Engineering Co. Ltd acts as the major investor, attracting 15% of the project cost.

The presence of 15% of the funds from the cost of the project is an interim measure for obtaining a credit tranche.

GENERAL DEVELOPER OF THE PROJECT

Research and Design Institute of Urea and Organic Chemical (JSC "Research and Design Institute of Urea and Organic Chemical")

PROJECT GENERAL CONTRACTORS

Wuhuan Engineering Co. Ltd
Mitsubishi Heavy Industries Ltd. (Japan) and Sojitz Corporation (Japan)
Saipem (Italy)
TKIS (Germany)

TECHNOLOGY LICENSORS

Ammonia production	Haldor Topsoe (Denmark), TKIS
Urea production	Snamprogetti (Saipem), Stamicarbon (Holland)
Production of nitric acid, ammonium nitrate and other products based on the mentioned substances	TKIS
Urea granulation technological process	TKIS

DESCRIPTION OF
THE
CONSTRUCTION
SITE AND
RESOURCING

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The site chosen for the construction has any and all features which enable to create modern, hi-tech full cycle chemical production.

Total
construction area



126 ha with further site extension possible

Gas supply



The Technical conditions for natural gas in the amount of 1 billion m3 per year were received from PJSC Gazprom for the implementation of the Project.

Power supply



Substation “Stepnaya” with a capacity of 32 MW is going to power the fertilizer plant

Water supply



Water necessary for the production needs is going to be supplied from the river B. Irgiz.

Transport



Available railway roads and motorways, direct access to river ports and international logistic channels

Support



Local people encourage the project

JOB

Number of jobs provided

850-1000 work
places.

Modern equipment,
comfortable and safe
working environment

Average salary paid at the
plant is

45,000 roubles per
month

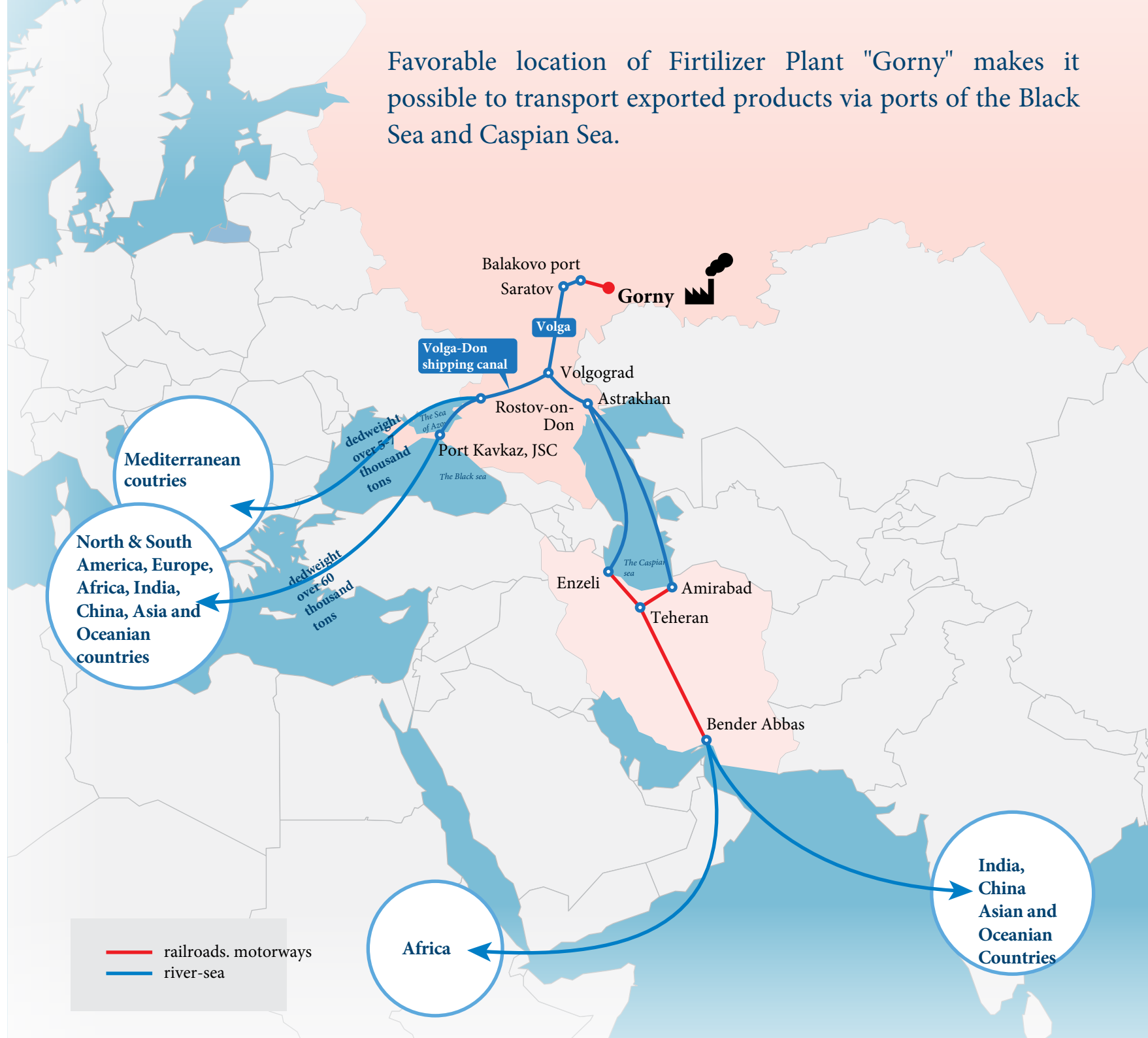
LOGISTICS ADVANTAGES

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LOGISTICS ADVANTAGES PROVIDED BY THE LOCATION OF FERTILIZER PLANT "GORNY"

- Direct access to the river ports (the Volga) with navigation season consisting of 210-230 days per year.
- Freight stations at Privolzhskaya Railway: Rukopol (station code: 62750) and Pugachevsk (station code: 62770)
- Access to the International Transport Corridor: the International North-South Transport Corridor and "Silk Road" which is under preparation to be put in operation
- Port Kavkaz, JSC – harbor vessel transshipment with deadweight exceeding 60,000 tons all-the-year round
- Group of Companies "Azov-Don Shipping Company" expressed interest in transportation of finished products by river transport and transshipment to the Port Kavkaz roadstead.

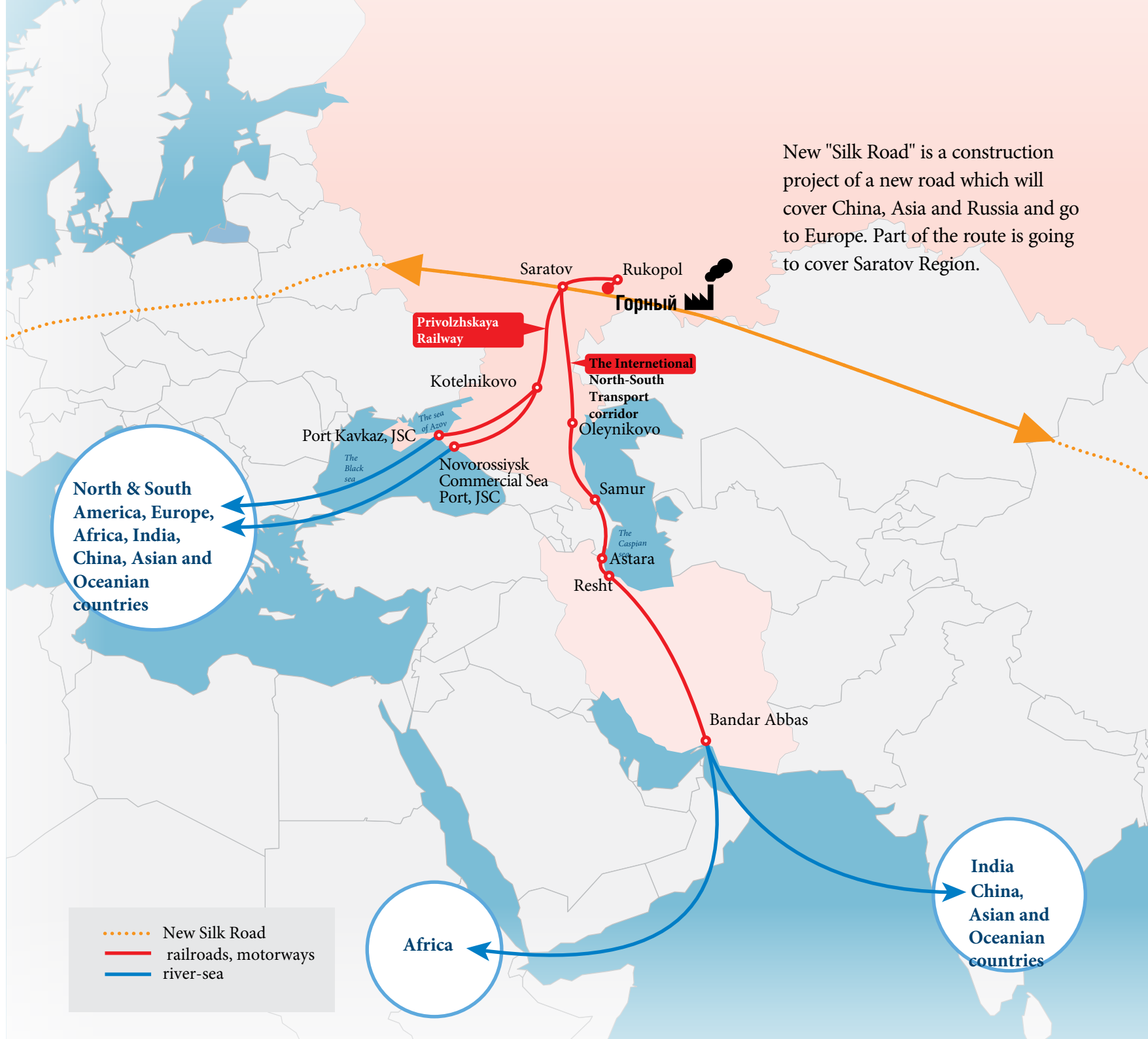
Favorable location of Fertilizer Plant "Gorny" makes it possible to transport exported products via ports of the Black Sea and Caspian Sea.



LOGISTICS ADVANTAGES

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- The train is made up at the site of the fertilizer plant.
- Types of railroad cars:
 - hopper cars (80 c.m.) - 60 tons of urea,
 - open top railroad car with liner bag (80 c.m.),
 - bulk containers.
- Number of railroad cars:
 - railway roller stock comprises 40 railroad cars and more (2400 tons of urea).
- JSC "Russian Railways" confirmed the possibility of transporting finished products in the required volumes.
- PJSC "Novorossiysk Commercial Sea Port" expressed interest in transshipment of finished products.



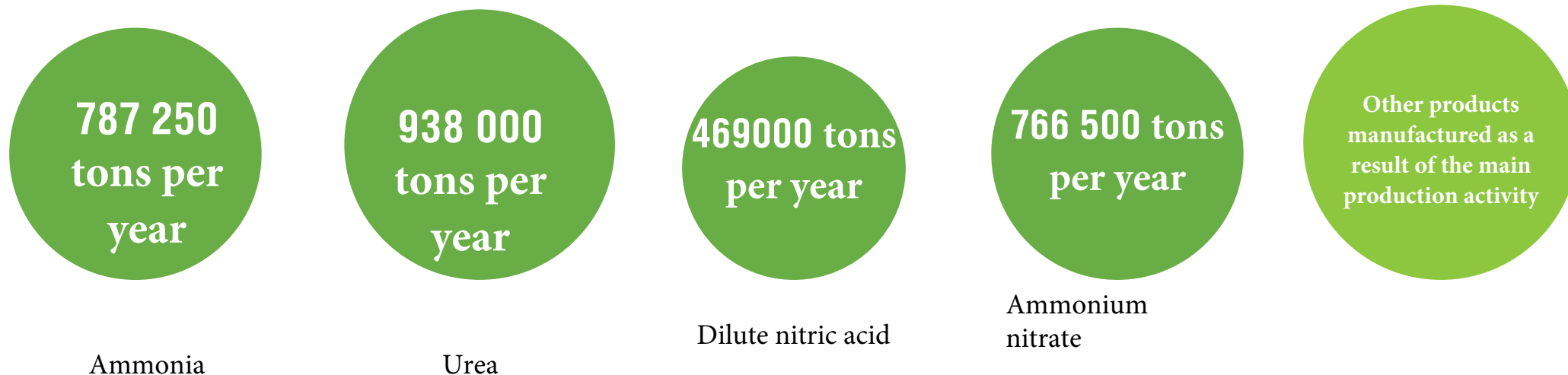
MANUFACTURED PRODUCTS

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The concentration on the production of wide range of mineral fertilizers as the key activity is due to factors as follows:

- worldwide growing demand for nitrogen fertilizers
- Favorable rise in prices for the products of specified group
- International sales market and market majors who have already expressed their interest in long-term deliveries.

EXPECTED PRODUCTION OUTPUT AND VOLUME



The range and production output are determined upon the international market demand whereas the strategic investor's decision is of crucial importance.

The expected final products manufactured by Fertilizer Plant “Gorny” are in demand in all parts of the world related to agricultural industry.

**LARGE COMPANIES WHICH HAVE ALREADY
SHOWN THEIR INTEREST IN LONG-TERM
DELIVERIES ARE LISTED BELOW:**



Ameropa AG
(Swiss)



**Merchandising
company
“Evrokhimservis” (**
Russia)



**Quest Group
DMCC
(United Arab
Emirates)**



**Mekatrade Asia
Ltd
(Singapore)**



KEY ECONOMIC
INDICATORS OF
THE PROJECT

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According to the developed business plan financial and economic figures are expected to follow the project implementation as shown below:

Total project costs (million roubles)

91 951

Turnover (million roubles)

29 382

Profit upon the achievement of expected production capacity in 2022 (million roubles))

14 104

Profits tax allocated to the federal budget (for 15 years in average), million roubles

896

Profits tax allocated to the regional budget, million roubles

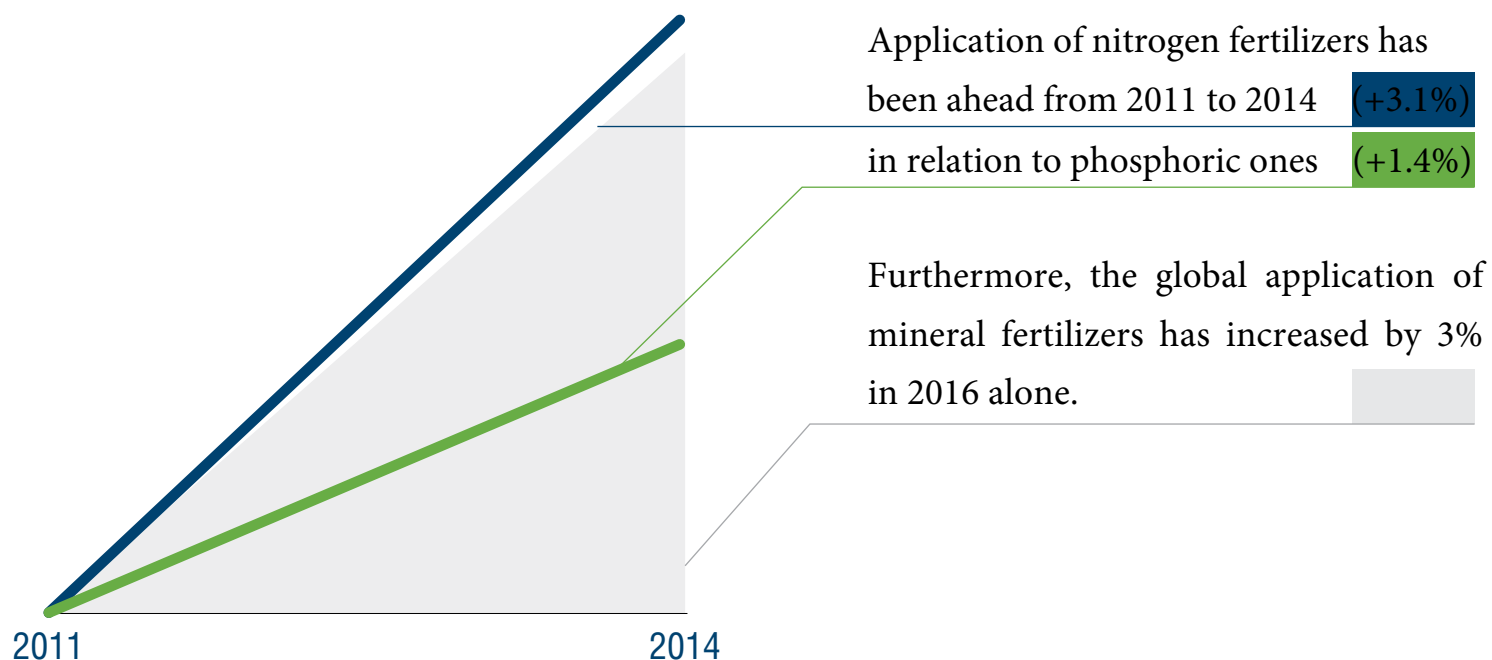
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Global economy tendency to optimize the expenses entails the application of agricultural industry products not only to satisfy the population nutrition needs but to develop alternative fuel as well (bioethanol, biodiesel, etc.).

It is clear that production intensification can be achieved only through the soil fertility improvement, i.e. applying efficient mineral fertilizers.

Nitrogen fertilizers take top position in global trends in demand



Low domestic cost for natural gas being the main source of plant energy supply makes strong competitive advantage for all production range manufactured at Fertilizer Plant “Gorny” which is intended to be exported.

Modern technologies and integrated production model allow to decrease the net price as follows:

ammonia

by over
30%

nitric acid

by over
5,5%

**ammonium
nitrate**

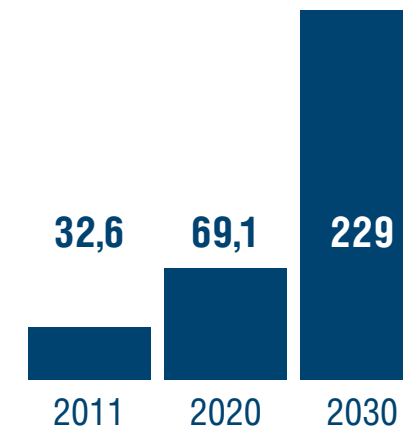
by over
40%

urea

by over
3,3%

(Figures are given in comparison with the net price of products manufactured by other similar plants of Russia and CIS)

According to specialists' research export of chemical products are expected to increase from 32.6 billion USD in 2011 to 69.1 billion USD in 2020 and up to 229 billion USD in 2030



According to the statement made by A.N. Tkachev, Minister of Agriculture, “today more than a half of all sown area in Russia are cropped without any fertilizers” (July, 2016, First Session of Government Commission for Agricultural Sector).

Moreover, as specialists estimate, the amount of applied mineral fertilizers should increase four-fivefold and reach ≥ 10 million tons by 2020 in order to keep crop yield and prevent agricultural lands from their degradation in the Russian Federation.

Mineral fertilizer market demand for the products sold at a reasonable price to the national agricultural manufacturers is the basic principal for the application increase until 2030 at least.

In order to bring mineral fertilizers prices down for national manufacturers it is necessary to use market-based approaches. The main one is the construction of new, modern and highly efficient plants, and Fertilizer Plant “Gorny” is one of them.

Start-up of modern hi-tech fertilizer complex will make it possible to:



fulfill the order of the President of the Russian Federation No. Пп-1922 dd. July 27, 2012



improve investment environment in the Russian Federation



set up a highly efficient, export-oriented, competitive plant in the Russian Federation



increase budget tax revenues



Create jobs up to 1,000 work places and provide average salary in the amount of 45,000 roubles as well as adopt the program for personnel pool training to be employed in high-tech sectors of the national chemical industry.

CONTACT
INFORMATION

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WEB: WWW.GORNYJ.RU

E-MAIL: PLATEX@BK.RU

413540, SARATOV REGION,
THE VILLAGE
MIKHAILOVSKY, STREET
VOZROZDENIYA, HOUSE
16, ROOM 44, FLOOR 2

