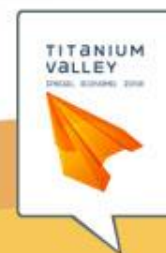


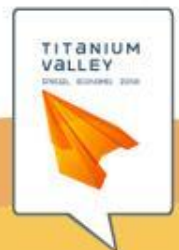
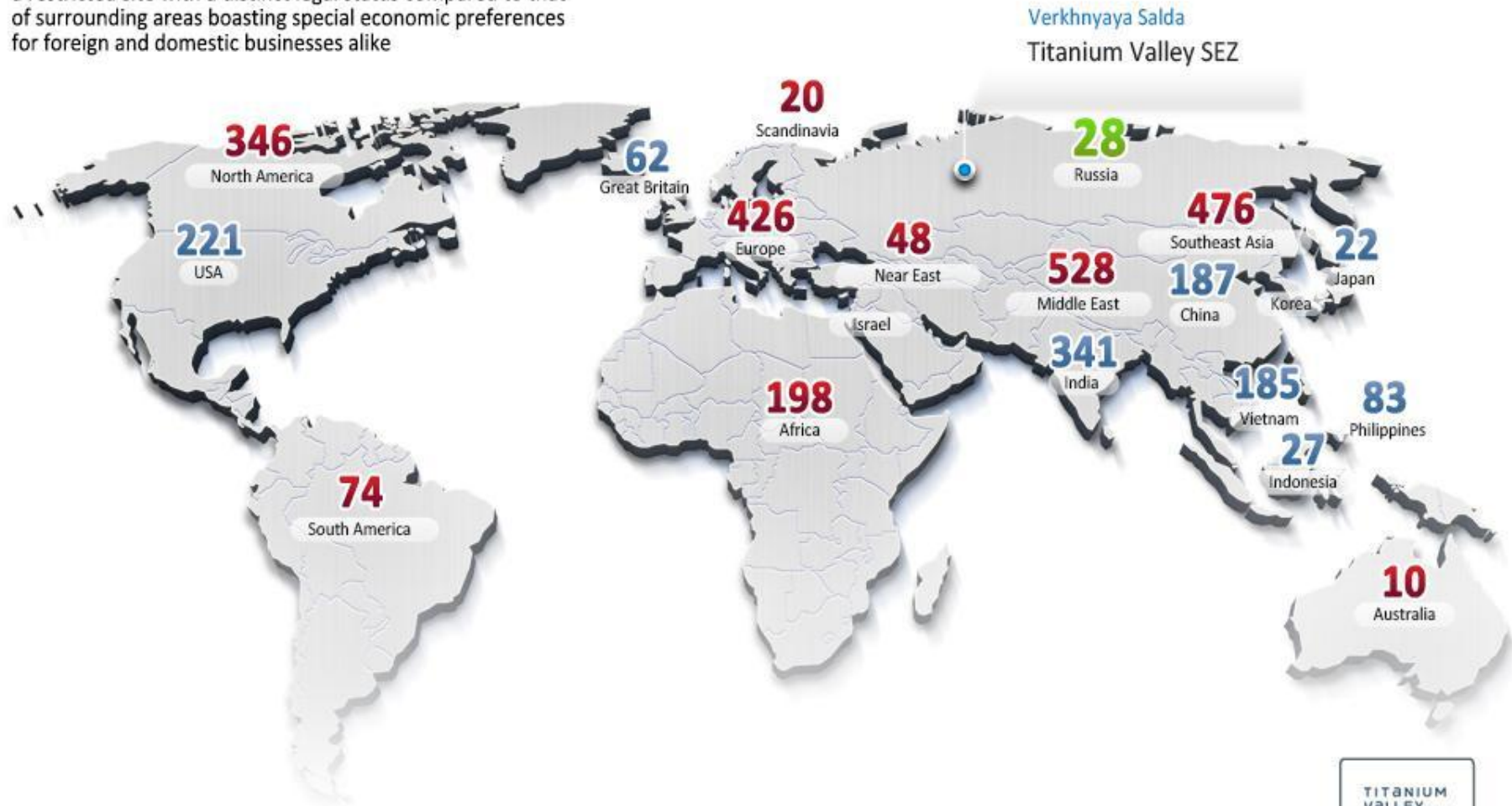


"TITANIUM VALLEY"
SPECIAL ECONOMIC ZONE



Special economic zones

SPECIAL, FREE OR SPECIALIZED ECONOMIC ZONE — a restricted site with a distinct legal status compared to that of surrounding areas boasting special economic preferences for foreign and domestic businesses alike



Russian industrial-production type SEZ

Lipetsk
Lipetsk SEZ

Saint
Petersburg

Moscow

Yelabuga
Alabuga SEZ

Kazan

Novorossiysk

Togliatti
Togliatti SEZ

Ekaterinburg

Two phases of construction

I phase – 295,4 ha
II phase – 289 ha

Infrastructure for residents:

gas;
water;
drainage;
electricity;
roads.

9 000 qualified jobs

27 000 Jobs at related works

40 new hi-tech production

Budget efficiency index of 2.5
(relative to revenues to the
budget at all levels)

28 SPECIAL ECONOMIC ZONES CURRENTLY
OPERATE IN THE RUSSIAN FEDERATION:

14 tourist
zones

5 innovation
zones

6 industrial-production
zones

3 logistics-port
zones

TITANIUM
VALLEY
2012. 2013. 2014.



Sverdlovsk Region, the Region of Great Resources and Economic Development

Among the Russian regions, Sverdlovsk Region is:

6th

In terms of volume of shipped products

16th

In terms of industrial production area

4 315 000 people

and

36 500 of them looking for a job

- > The managing company undertakes recruitment and training of personnel for every individual investor.
- > In Ural Region, there are dynasties of engineers and technical specialists.
- > Creation of favorable conditions for foreign specialists to reside there.

60% of Russia's resource potential

48 of 103 chemical elements



Withing 500 km from SEZ:



Ural's Share in National Production



98%

TITANIUM



35%

FREIGHT CARS



37%

COPPER



23,6%

STEEL PIPES



22%

FERROUS ALLOYS

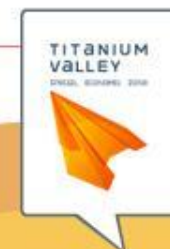


35%

ROLLING-MILL EQUIPMENT

25 ore-bearing deposits

8 copper mines

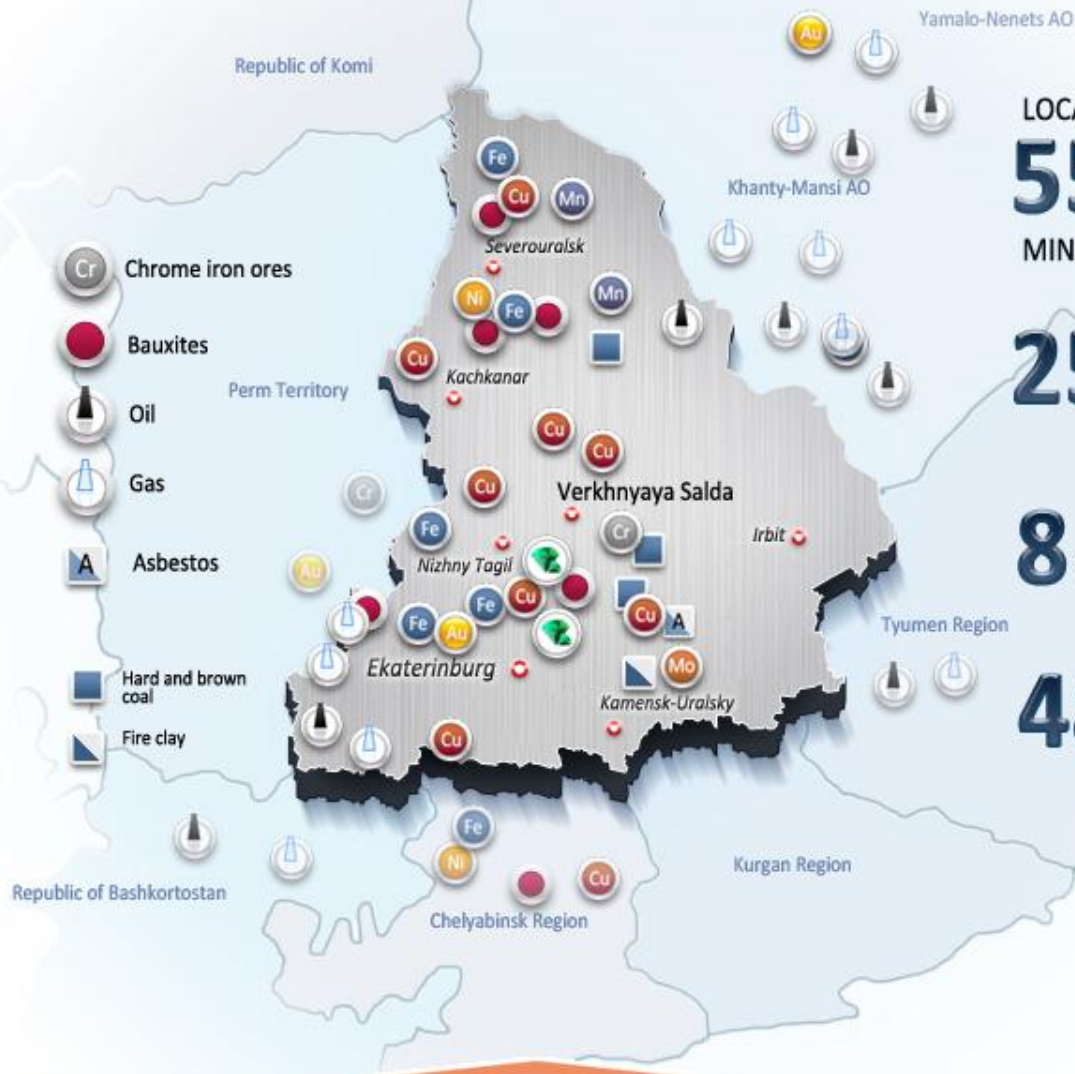


Resource potential of the Ural Federal District

Legend



- Iron ore
- Manganese
- Copper and copper-zinc ores
- Nickel
- Gold
- Chrome iron ores
- Bauxites
- Oil
- Gas
- Asbestos
- Hard and brown coal
- Fire clay
- Precious stones (gems)
- Molybdenum



LOCATED WITHIN A 500-KM RADIUS
55-60% OF RUSSIA'S TOTAL
 MINERAL AND RAW MATERIAL POTENTIAL

25 ORE-BEARING DEPOSITS

8 COPPER MINES

48 OF THE **103** PERIODIC-TABLE
 ELEMENTS
 ARE CONCENTRATED IN THE AREA



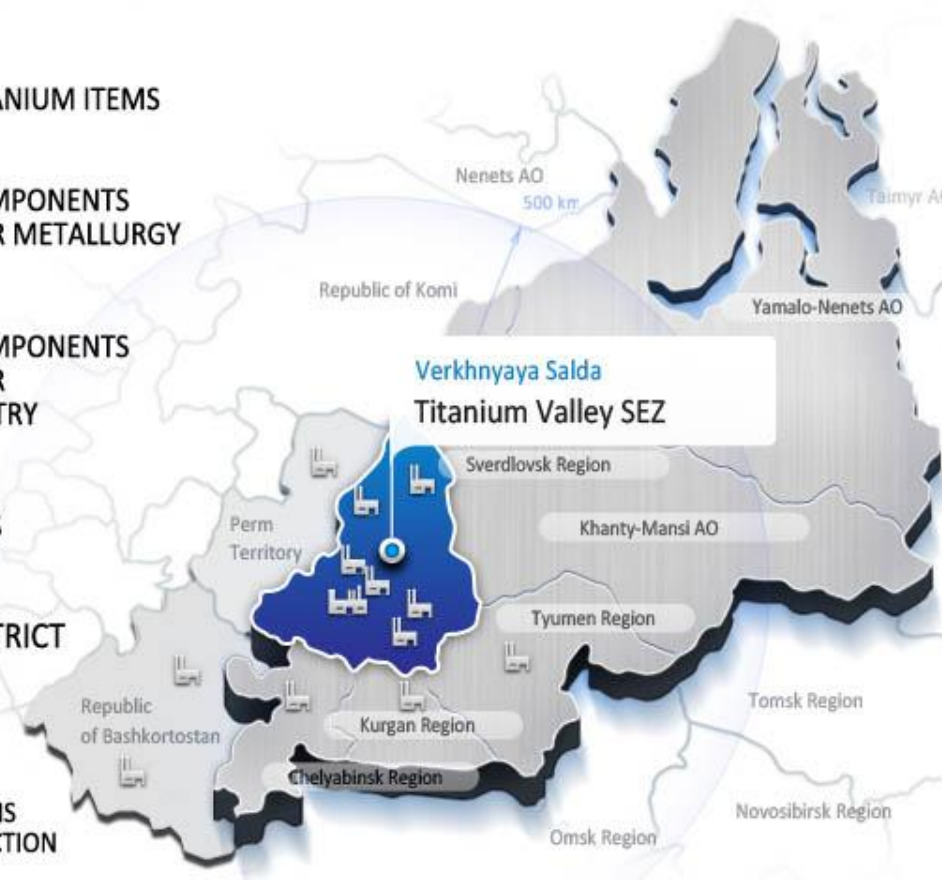
Industrial potential and sectoral focus

1. PRODUCTION OF TITANIUM ITEMS
2. PRODUCTION OF COMPONENTS AND EQUIPMENT FOR METALLURGY
3. PRODUCTION OF COMPONENTS AND EQUIPMENT FOR ENGINEERING INDUSTRY
4. BUILDING MATERIALS

URAL FEDERAL DISTRICT RANKS (2010/11)

2nd

ACROSS RUSSIA IN TERMS OF INDUSTRIAL-PRODUCTION VOLUME



INDUSTRIAL-COMPLEX STRUCTURE, BROKEN-DOWN BY INTERNALLY-PRODUCED GOODS



PILLARS OF THE INDUSTRIAL COMPLEX



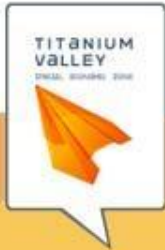
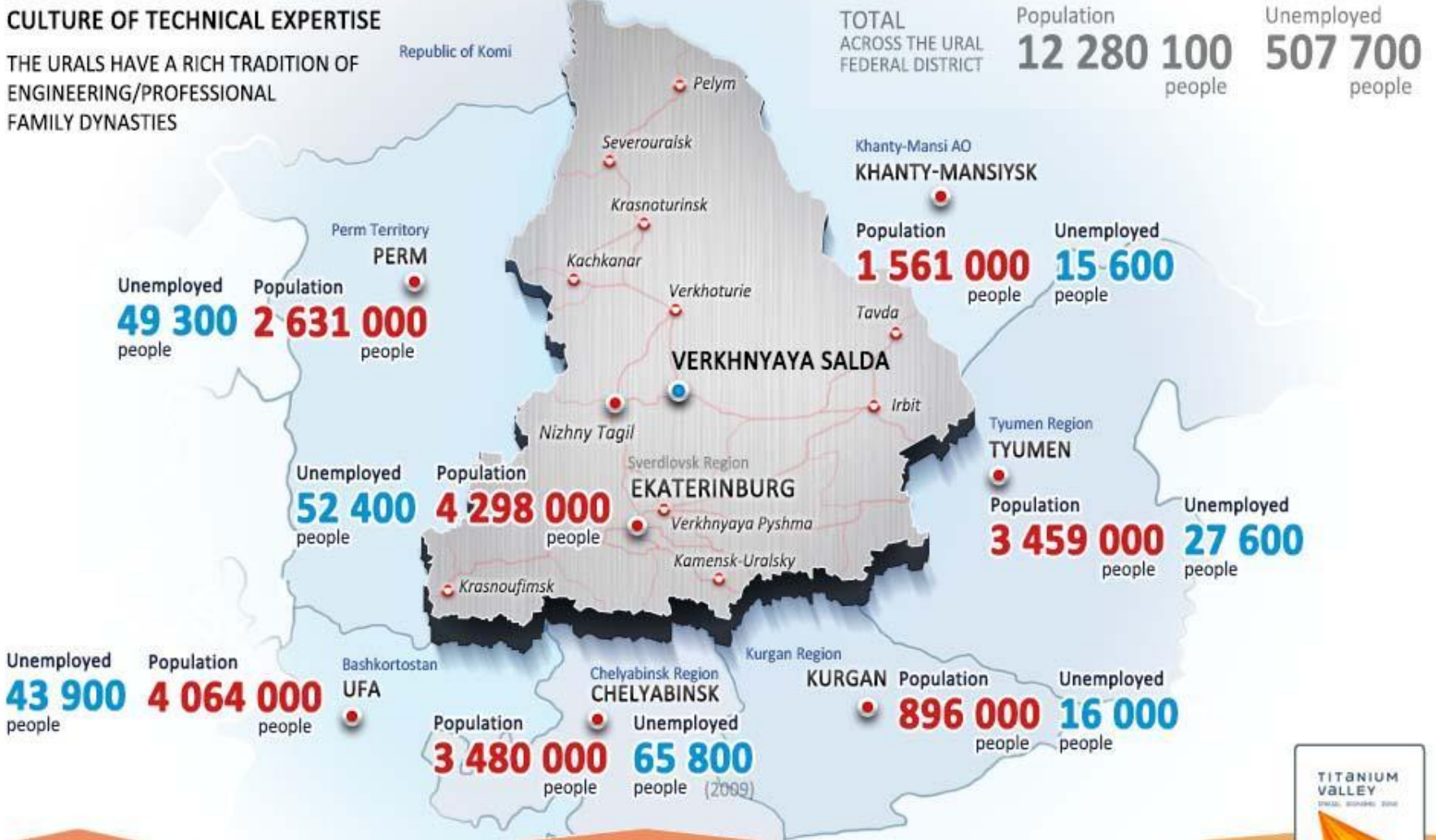
Titanium Valley SEZ



Readily-available workforce throughout the various regions of the Ural Federal District

CULTURE OF TECHNICAL EXPERTISE

THE URALS HAVE A RICH TRADITION OF ENGINEERING/PROFESSIONAL FAMILY DYNASTIES



Readily-available workforce throughout the various regions of the Ural Federal District

Titanium Valley Special Economic Zone

42 km →



Nizny Tagil
Salka Airport
374 500
(206 000)
people

515,15
EURO

11.8%

Verkhnyaya Salda



LOCAL POPULATION
(ECONOMICALLY-ACTIVE
PERCENTAGE THEREOF)

50 100
people
(35 200)

AVERAGE WAGE
IN THE CITY'S
MANUFACTURING SECTOR

501,7
EURO

CITY'S SHARE
OF THE REGIONAL
ECONOMY

1.6%

VERKHNESALDINSKOYE METALLURGICAL PRODUCTION ASSOCIATION

2009

7%

2015

22%



WORKFORCE INFLUX



2 post-secondary
institutions
2 vocational schools



2 600
SPECIALISTS GRADUATE
EVERY YEAR
1 600
WITH POST-SECONDARY DEGREES
1 000
WITH SECONDARY
VOCATIONAL TRAINING

15 post-secondary
institutions
11 vocational schools
and colleges



6 000
SPECIALISTS GRADUATE
EVERY YEAR
4 200
WITH POST-SECONDARY DEGREES
1 800
WITH SECONDARY
VOCATIONAL TRAINING

Ekaterinburg
1 447 817 people

TITANIUM
VALLEY
SPECIAL ECONOMIC ZONE



Industrial site serviced by all essential infrastructure



SEZ resident qualify for:

- ✓ THE ONE STOP SHOP WHEN PROCESSING DOCUMENTATION
- ✓ STAFF TRAINING BY INVESTOR REQUEST AND CREATION OF THE CONDITIONS NECESSARY FOR THE TRANSFER OF FOREIGN SPECIALISTS
- ✓ THE PROVISION OF COMMERCIAL, SOCIAL AND CULTURAL INFRASTRUCTURE
- ✓ SITE CONNECTED TO ALL ESSENTIAL SERVICES (POWER, GAS, HEAT, WATER AND SEWERAGE)

Federal status of the SEZ project guarantees to the SEZ investors:

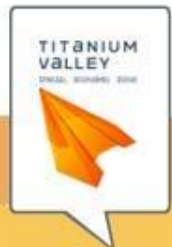
- ✓ PROTECTION AGAINST ANY UNFAVORABLE CHANGES IN TAX LAWS OF THE RUSSIAN FEDERATION FOR THE WHOLE PERIOD OF THE SEZ
- ✓ RECIPROCAL PROTECTION AND PROMOTION OF INVESTMENTS UNDER THE BILATERAL INVESTMENT TREATIES CONCLUDED BETWEEN THE RUSSIAN FEDERATION AND OTHER COUNTRIES



The cost of land is determined depending on capital investment

from 171 euro/ha
to 342 euro/ha
under lease

1196 euro/ha
under purchase



Stages of project implementation



Preferential customs and tax treatment

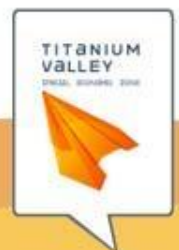
TITANIUM VALLEY SPECIAL ECONOMIC ZONE – a site with a distinct legal status boasting special customs/tax treatment for resident businesses as well as fully-functional industrial, commercial and social infrastructure

TAX %	CORPORATE PROFIT 	PROPERTY 	LAND 	TRANSPORTATION 	IMPORT DUTIES 	VAT 
SPECIAL ECONOMIC ZONE 	 2.0%*	 0%	 0%	 0%	 0%	 0%
Russia today 	20%	2.2%	1.5%	DEPENDS ON ENGINE HORSEPOWER	5% TO 20%	10% TO 18%

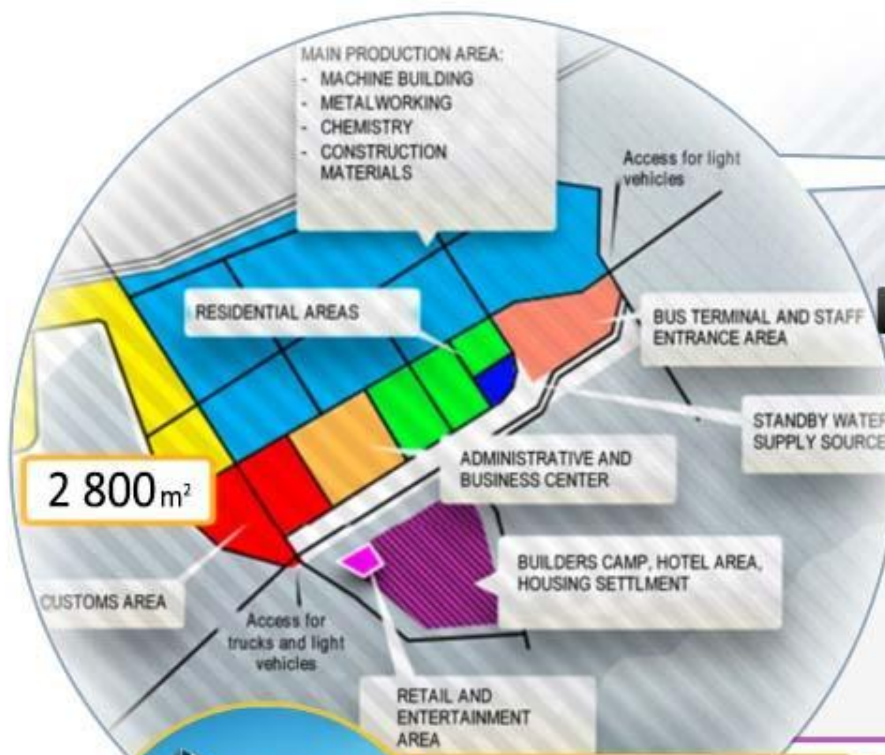
* **2%** - DURING 10 YEARS FROM THE RECEIPT OF THE TAXABLE PROFIT

7% - FROM THE 11TH TO 15TH YEAR

15,5% - FROM THE 16TH YEAR



Providing business and social infrastructures



25,9 ha
 Plot area for residential development
42 692 m²
 Residential development area

1. Hotel area, shopping center, pedestrian area
2. Builders camp - 5-storeyed 2-section resident houses
3. 3-storeyed 1 or 2-section houses for lease
4. Comfort economy-class residential spaces
5. Enhanced comfort business-class residential compound

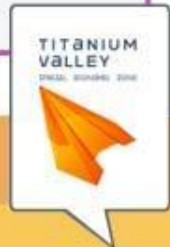


Administrative and business center

11 000 m²

- Two phases of Administrative Center
- Business Incubator
- Exhibition and Training Center

The territory is intended to accommodate a child day-care center as well as sport center



Resource Supply Provided by Titanium Valley Management Company

RESOURCE SUPPLY

RESOURCES MAY BE INCREASED
UNDER INDIVIDUAL RESIDENT APPROACH

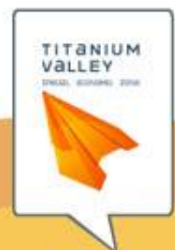
Gas supply	175 mln m ³ /year
Water supply	900,000 m ³ /year
Power supply	160 MW/year
Heat supply	50,000 Gcal/year

TARIFF POLICY

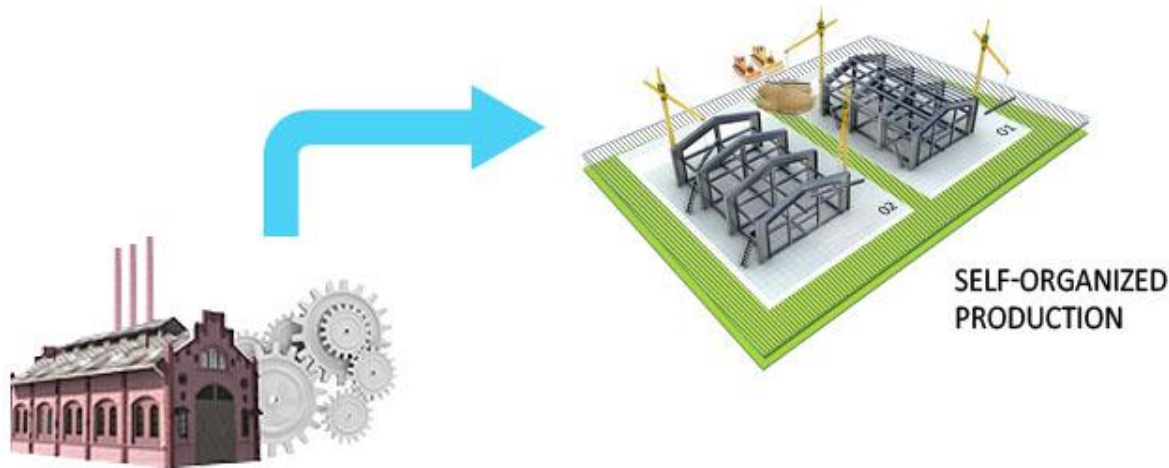
HOOK-UP TO COMMUNICATIONS, POWER, WATER AND
GAS UTILITIES FUNDED BY THE MANAGEMENT COMPANY

Power cost	0,06-0,09 Euro/kWh
Natural gas cost	87,5 Euro / 1000 m ³
Heat supply	35 Euro/Gcal
Cold water supply	0,8 Euro/m ³

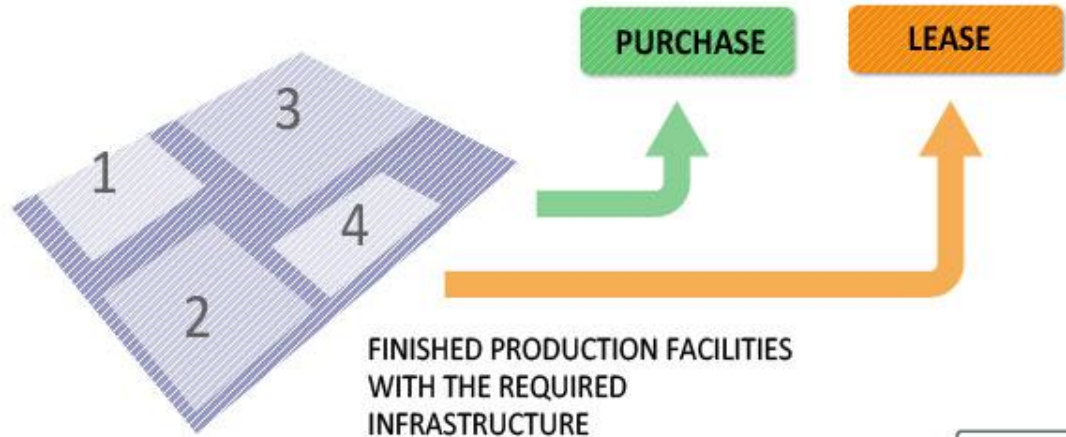
In cases of power shortfalls, the Management Company provides residents with compact power-generating units



Options for launching production within the Titanium Valley SEZ



PREPARED SITE WITH INFRASTRUCTURE
AND THE REQUISITE
CONSTRUCTION PERMIT



Algorithm for obtaining SEZ-residency status



Letter of Intent between the Titanium Valley SEZ and the Company, enclosed with a Project Passport



Draft business plan complying with the criteria established by the RF Ministry of Economic Development



Supervisory Board (recommendational)



Registration as a legal resident within Verkhnyaya Salda City District



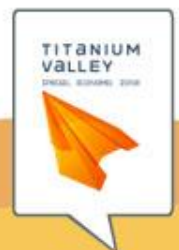
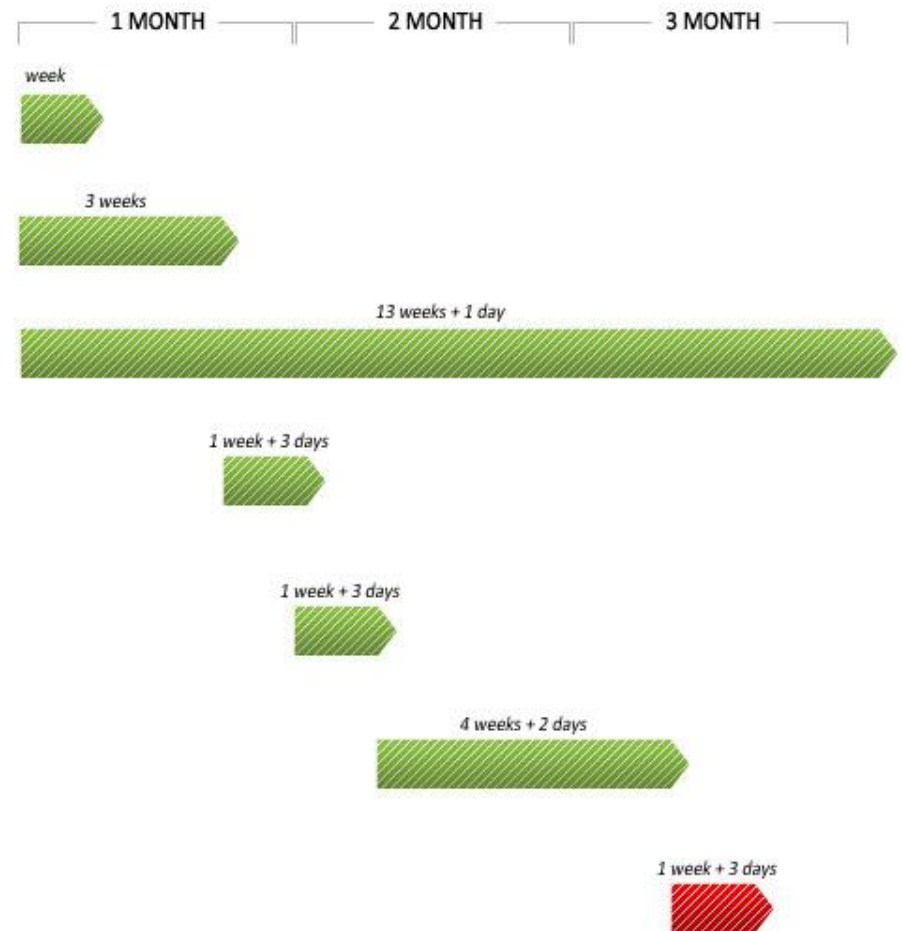
Submission of the application, together with the complete set of project-related documents



Approval by the Expert Council



Conclusion of an agreement on conducting industrial-production operations within the SEZ



Contact information

Titanium Valley SEZ
Verkhnyaya Salda
Sverdlovsk Region
Russian Federation



Governor of Sverdlovsk Region

EVGENIY KUYVASHEV

tel.: +7 (343) 370-54-73, +7 (343) 217-87-01

e-mail: so@midural.ru

Titanium Valley OJSC SEZ in Ekaterinburg

address: 620075, 51, Malysheva str., office 2102

tel.: +7 (343) 283-08-83

e-mail: welcome@titanium-valley.com

General Director

ARTEMIY KYZLASOV

e-mail: kyzlasov@titanium-valley.com

mob.phone: +7 (912) 040 1333

