

Natural resources



European Bank
for Reconstruction and Development

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The natural resources sector is responsible for all oil, gas and mining activities covering production, transportation and refining to distribution. In particular, the team has been expanding into new areas, including environment, health and safety, energy efficiency, climate change and increasingly into gas storage for energy security.

Highlights in 2008 and first quarter of 2009

The EBRD signed 12 projects in 2008 in the natural resources sector, totalling €276 million. The coverage included Mongolia, Russia, Bulgaria, Ukraine, Kazakhstan, Croatia and Albania.



The Bank's involvement spans all activities throughout the oil and gas and mining sectors.

In Central Asia, the EBRD has signed three projects in Mongolia and Kazakhstan. Of the two Mongolian projects, the first was a €15.1 million loan to Imperial Mining for the development of metal ore licences and a feasibility study on the Karakul copper-cobalt mine, including a full environmental impact assessment (EIA). The second project was a combined debt and equity loan of €24.8 million to MT Petrol for the expansion of its retail gas stations. In Kazakhstan, the Bank continued its involvement with a €9.3 million loan to Mangistau Oblast for the construction of a vessel maintenance facility at the Bautino Atash Marine Base.

In Ukraine, the Bank signed two projects, a final contribution of equity of €5.4 million in Cadogan Petroleum from the Bank's original investment in 2007. The second project was a loan of €30.1 million to Ukrtransnafta for the expansion of oil storage facilities and the construction of oil metering stations, which will increase the efficiency, safety and reliability of the oil transportation system.

In Russia, the team has signed four projects totalling €155.6 million across the oil and gas sector. The first project was a €55.4 million equity transaction with Irkutsk Oil Company to enable it to cut greenhouse gas emissions from its east Siberian oilfields by re-injecting associated gas instead of flaring it.

The second project was a convertible debt instrument in North Expedition of €37.7 million to allow the company to purchase and operate a number of new rigs and continue their expansion into the sector. The third was an initial investment to Pechora Energy for €6 million to develop the Luzskoye oilfield in the Timan-Pechora Basin in the Komi Republic. The final project was a loan of €56.5 million to Integra to allow it to purchase new equipment and modernise its existing manufacturing facilities.

In Bulgaria, the team signed a €11.3 million project with Chelopech Mining to enable continued mine upgrade and development. In Albania, the Bank committed to invest up to €6 million in Tirez Resources to support private sector investment in the Albanian mining sector for exploration/drilling purposes in the Mirdita region, where deposits of copper, zinc, gold and silver are assumed.

At a glance

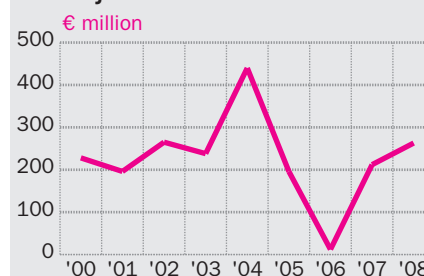
Number of projects
91

Net business volume
€2,334 million

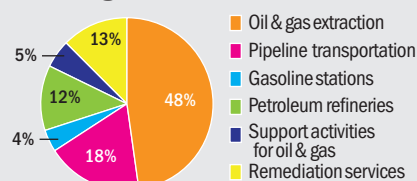
Total project value
€13,880 million

Share in private sector
87 per cent

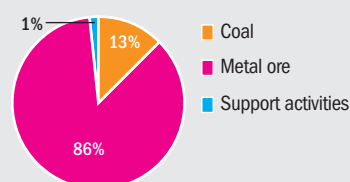
Project volume 2000 - 2008



Oil & gas



Mining



Financial Crisis

Responding to the global economic crisis the Bank is increasing its 2009 business volume by a third to €7 billion. The Bank is supporting viable financial institutions and companies to maintain their activities under the current circumstances. To maintain vital trade flows the Bank is also doubling its Trade Facilitation Programme (TFP) to €1.5 billion.

www.ebrd.com/new/fin_crisis.htm

As of 31 March 2009, the EBRD had signed five projects in the natural resources sector, totalling €263 million in Russia, Mongolia, Romania and the Western Balkans. In Russia the team signed a loan of €90 million to Irkutsk Oil Company to allow the company to develop an oilfield and implement a gas cycling project which will contribute to reducing gas flaring by re-injecting gas into the reservoir.

The second project is in the Western Balkans with Lydian International – an initial €1 million equity investment to support the exploration and development of zinc, lead, silver and gold deposits in the region.

Two further projects have been signed in Mongolia, a loan of €7.7 million to Mongolyn Alt for the company to continue its expansion at the Eldev coal mine and a loan of an initial €14.3 million in a minority equity stake in mining company Energy Resources to help with the establishment of a small-medium sized coal production in South Gobi.

Lastly, in Romania, the Bank has signed a loan of €150 million in a framework environmental programme with Petrom, the leading Romanian Oil & Gas Company. In addition, the Bank is currently mobilising a further €150 million with syndicate banks. The strategic investment programme aims to rehabilitate or enhance environmental and health and safety performance at the corporate level, including pollution clean-up, pipeline replacement, gas flaring reduction, health and safety measures and energy efficiency.



Projects Signed in 2008

Project Name	Country	EBRD Commitments (€ million)
Imperial Mining	Regional (Mongolia/Russia)	15.4
INA Environmental Loan	Croatia	16.3
Irkutsk Oil & Gas (Equity)	Russian Federation	55.4
Cadogan Petroleum	Ukraine	5.7
Chelopech Mining	Bulgaria	11.3
Ukrtransnafta	Ukraine	30.1
North Expedition	Russian Federation	38.3
Bautino II	Kazakhstan	9.7
MT Petrol Stations	Mongolia	24.8
Tirex Resources	Albania	6.0
Pechora Energy	Russian Federation	6.0
Integra	Russian Federation	56.5
Total		275.5

Projects Signed as of 31 March 2009

Project Name	Country	EBRD Commitments (€ million)
Energy Resources	Mongolia	14.3
WBLEF - Lydian International	Western Balkans	1.0
Irkutsk Oil & Gas (Debt)	Russian Federation	90.0
Petrom Environmental Loan	Romania	150.0
Mongolyn Alt (MAK)	Mongolia	7.7
Total		262.9

All US\$ amounts to be converted at euro rate as of 31 March 2009

Project showcase

Integra Group, provider of oilfield services in Russia

The EBRD has raised US\$ 250 million (€188.4 million) A/B loan in long-term funding for Russian oilfield services provider Integra Group in order to restructure its balance sheet. Despite a deepening financial crisis, the EBRD has managed to syndicate a large part of the loan to eight international and local commercial banks. The transaction sets an important benchmark for Russian borrowers and underlines the importance of the EBRD in helping the real sector of the economy overcome the crisis

The loan radically changes Integra's debt profile, and so provides a comprehensive long term capital solution for its continued development. The support from existing and new lenders serves as evidence of the strength of the business model in the current challenging market environment. In addition, the loan will allow the group to buy new equipment and help it launch an energy efficiency programme aimed at achieving energy savings of up to 10 percent at two of its key subsidiaries this year. Integra is also to implement an EBRD-agreed environmental action plan by 2010.

 www.ebrd.com/new/pressrel/2009/090220.htm

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