

ADDITIONS AND CLARIFICATIONS
to the list of YACONTO Projects from 09.05.2005 included into
the non-state investment YACONTO Integrated Program
of federal and national importance

YACONTO LLC continues working on the implementation of YACONTO Integrated Program which includes major promising projects and programs as per the List of YACONTO projects from 09.05.2005 and intended to be implemented in Russia, attracting extra-budgetary funds and other Russian and foreign investments.

YACONTO Integrated Program proposes the construction of the modern «Commercial Black Sea Port YACONTO» («YACONTO Port») in Tuapse region of Krasnodar Territory for trans-shipment of up to 100 mln tons of dry and liquid cargo annually and the creation of Tuapse Naval Base (TNB) as the basic place of location and maintenance of ships and vessels of the Black Sea Navy of Russia.

«YACONTO Port», TNB and their single production, transport and social infrastructure are planned to be constructed on the mountainous shoreline territory of the Shepsie rural district. Extraction of the rock by means of directed explosions would allow creating an artificial harbor of right size and depth for the water area of TNB, solve the problem of location of the Black Sea Fleet and provide raw material for the construction of the Winter Olympic Games «Sochi-2014».

The rock will be used for:

- expansion of the Black Sea coast of Russia and creation of structures protecting the coast from erosion and destruction;
- creation of artificial islands and coastal areas for the construction of world class sporting, touristic, health and recreation centers of on the Black Sea coast;
- production of cement from marl contained in the rock;
- construction of new highways and relocation of rail transport inland from the Black Sea coast.

YACONTO LLC possesses officially confirmed proposals for complete funding of the non-state investment YACONTO Integrated Program offered by major international organizations and companies on long-term, mutually beneficial terms. It's not the financial guarantees that are needed to start the implementation of YACONTO Integrated Program, but political and administrative support at the highest political level.

1. The core (main) objects of the Complex Program are:

- «Commercial Black Sea Port YACONTO» («YACONTO Port»).
- Tuapse Naval Base (TNB)

2. Associated dual-use objects included in the Complex Program:

• **The new refinery** with a processing capacity of more than 20 million tons per year in the Shepsie rural area of the Tuapse region, 2.5 km from the border of Tuapse city and 5 km away from the coast. Effective today, the “RN-Tuapse Refinery” enterprise is situated in the city center within barely 100 meters from residential buildings and 1.5 km away from the coast, violating environmental regulations.

• **A new, larger store of petroleum products** in the Shepsie rural area of Tuapse region 3.5 km from the border of Tuapse city and 5 km from the coast. Effective today, the company “RN-Tuapsenefteprodukt” is situated in the city center, barely 100 meters from residential buildings and 350 meters from the beach, violating environmental regulations.

• **Cement plant** for the production of more than 6 million tons of high-quality cement per year from marl contained in the rock extracted during the construction of «YACONTO Port» and creation of the artificial harbor for the TNB water area. The cement plant will be built 8 km away from the town of Tuapse, and 5 km away from the coast.

• **Shipyard** for the construction of modern ships and ferries of various types and displacement of the merchant fleet, assigned to the «YACONTO Port», and the construction of warships and military vessels for Russian Black Sea Fleet. Shipbuilding plant will be located in the area of an artificial bay created for the TNB water area.

• **Ship repair yard** for the repair of ships and ferries of merchant fleet, Navy vessels and warships of Black Sea Fleet of Russia. Ship repair plant will be placed in the artificial bay created for the TNB water area.

3. Dual-purpose infrastructural facilities included in the Complex Program:

• **Railway system** designed to service the industrial and economic activity of objects identified in the YACONTO Integrated Program. It proposes construction of new railway lines, bridges, tunnels (including 4 miles between Krivenkovskaya station and «YACONTO Port»), marshalling yards, access roads, as well as expansion and modernization of existing rail facilities.

• **Multilane highway** from the Goryachi Klyuch town to Dederkoi settlement, 60 km long, in addition to the overloaded 120 km long federal highway (M4 and M27 sections) from Goryachi Klyuch town to Dzhubga and Tuapse in the direction of Sochi. The new highway will facilitate the transportation

of goods of «YACONTO Port» and the withdrawal of transit vehicles from the Black Sea coast.

- **Power supply system** designed to completely supply the objects of the YACONTO Integrated Program, residents of Tuapse region and the city of Tuapse with energy and heat. Provides the construction of a combined thermal power and other energy facilities.

- **Oil pipeline** to supply the new refinery with crude oil and for oil transportation via the «YACONTO Port».

- **Gas pipeline**, supplying gas to combined thermal power stations and other objects of the YACONTO Integrated Program, residents of Tuapse region and the city of Tuapse.

- **Water pipe with a pumping station** to provide high quality drinking water supply to the facilities of YACONTO Integrated Program, residents of Tuapse region and the city of Tuapse.

- **Public utilities, administrative and household complex** to provide comfortable housing and infrastructure to the resettled residents of Tuapse region, the city of Tuapse, as well as to the invited specialists, members of armed forces and their families.

- **Sewage treatment plants** for treatment of wastewater of Tuapse region, the city of Tuapse and objects of the YACONTO Integrated Program, including a pumping station for discharge of treated water by pipeline into the Black Sea 2.5 km away from the coast.

- **Waste-processing facility** for recycling and disposal of production and households waste.

- **Enrockment of the Black Sea coast of Russia** for its expansion and creation of structures protecting the coast from erosion and destruction by the use of raw materials extracted from rock during the construction of «YACONTO Port» and creation of an artificial harbor for TNB area.

And other related infrastructure facilities.

The main activities for YACONTO Integrated Program are:

- Dismantling of Tuapse Oil Refinery, located in the centre of Tuapse city 1.5 km away from the Black Sea coast;
- Dismantling of Tuapse Petroleum Storage Depot, located in the centre of Tuapse city 350 meters away from the Black Sea coast;
- Removal of other environmentally hazardous industries from Tuapse city;
- Revegetation of land on the sites of dismantled enterprises;
- Construction of a modern residential complex with infrastructure on the revegetated territories of dismantled enterprises for the resettlement of residents of a dilapidated housing stock of Tuapse city;

- Demolition of the old housing and facilities in Tuapse city and construction of a new residential complex with infrastructure in their place;
- Elimination of the Tuapse Commercial Sea Port and creation of water sports complex with a world-class yacht club on its areas.

Implementation of YACONTO Integrated Program allows to:

- Create jobs and build housing for the residents of Tuapse region, the city of Tuapse and invited specialists.
- Ensure a stable socio-economic development of the Tuapse region, city of Tuapse and Krasnodar Territory as a whole.
- Create conditions for a more intensive development of world-class resort & recreation, sports and tourism industry in the Tuapse region and city of Tuapse.
- Drive all environmentally harmful production out of Tuapse city, solve the city's environmental problems and thereby dramatically reduce the incidence of the Tuapse city inhabitants.
- Expand the Black Sea coastline of Russia and reinforce it with constructions protecting the coast from erosion and destruction.
- Supply the construction of the «Sochi-2014» Winter Olympics with resources and raw materials.
- Create the Tuapse Naval Base as the primary basing and repair point for ships and vessels of the Black Sea Fleet of Russia.
- Bolster and improve the defense and security of Russia in the Azov-Black Sea basin.
- Secure social-economic development of Russia in general.

(The Russian text of this letter is an original.)

President of YACONTO LLC



S.P. YAKUNIN

Contacts:

8 (495) 686-9046, 8 (985) 970-9615

E-mail: Yaonto@mail.ru, website: www.Yaonto.ru