

**List of Projects included into
The Complex Program «YACONTO»
for Krasnodar Territory**

*(List of Projects dated 03.09.2004
with supplements and specifications as for 09.05.2005)*

The «YACONTO» Ltd. (Russia, Moscow) has developed The Complex Program «YACONTO», consisting of large-scale perspective projects and federal level programs for implementation in Russia and abroad at the expense of attraction of non-governmental investments. The Complex Program is aimed at the social-economic development and providing for defense capability and state security of Russia; at providing for solution of power supply security problems of industrial world; at strengthening of the position of Russia from the point of view of international differentiation of labour; at protection of Southern borders of Russia at the Black Sea shore; at prevention of military threats; at suppression of terrorist acts, illicit transportation of drugs, the weapon and other cargoes. The implementation of The Complex Program «YACONTO» will considerably increase commodities turnover with European, Asian, American and African countries including CIS countries as well as Middle East countries and strengthen cooperation therewith.

To ensure the coordinated economic development of Krasnodar Territory and access of Russia through the Azov-Black Sea basin to necessary overland, sea and ocean transport arteries within the ranks of the unified investment Complex Program «YACONTO» it is proposed to accomplish and implement the complex of interrelated and complementary Projects listed below.

1. The construction in Tuapse Region of Krasnodar Territory of the modern «Commercial Black Sea Port YACONTO» («YACONTO Port») with industrial, transport and social infrastructure to ensure the transshipment of up to 100 mln tons of dry and liquid cargoes annually.

- The «YACONTO Port» is the key enterprise of The Complex Program «YACONTO» for Krasnodar Territory. The mutually beneficial long term economic cooperation with Turkey on accomplishment of The Complex Program and concern of investors will provide for most favorable position of Turkey in solving of questions for passing of cargo vessels of the «YACONTO Port» through Bosphorus Straits.

- The allotment of the plot of land with the area of 8 square kilometers and alienation of beach area of 3600 meters without consideration of necessary

standard sanitary zone between settlements Vesna and Dederkoi with strict conformity to sanitary and ecological norms and regulations is necessary for construction of «YACONTO Port» with infrastructure. The planned out beach area is the hilly and mountainous plot of land mainly covered with undersized bushy vegetation of Mediterranean xerophyte shibliak type which corresponds to the last IV and VA growth classes which means that this area is not of interest from the point of view of rest, recreation and tourism.

- The «YACONTO Port» is designed for trans-shipment through 36 mooring lines of 40 million tons of oil and oil products, 5 million tons of coal, 5 million tons of alumina, 5 tons of mineral fertilizer, 3 million tons of liquefied hydrocarbon gas, 3 million tons of metal, 2 million tons of timber, 5 million tons of manufactured products, 7 million tons of agricultural produce including grain and 2 million containers.

- By 2010 the «YACONTO Port» will ensure the annual trans-shipment of 60 mln tons of cargoes, and by 2015 – 100 mln tons and more. 5 oil tankers with 150 mln tons dead-weight will be able to be simultaneously loaded at the Port.

Such amounts of trans-shipment can be achieved due to the depth of «YACONTO Port» harborage (up to 20 meters), its modern layout and design peculiarities, technological equipment, favorable geographic and climatic conditions, enabling to work 24 hours a day all year round.

- The «YACONTO Port» will process the following amounts of cargo: 45 % - by railway, 40 % - through pipeline, 15 % - by automobile transport (using automobile and train ferryboats).

- The «YACONTO Port», as dual purpose enterprise, will have the frontier point, customs examination post and modern customs terminal as well as the reliable control system for inspection of moving of various cargoes, i.e. radioactive materials, on the basis of technologies elaborated at the R/D Institutes of Academy of Sciences and Federal agency on atomic energy of Russia.

- Not less than 15 000 (fifteen thousand) of personnel will work at the «YACONTO Port» including its infrastructure.

- The Port will operate 24 hours a day all year round.

2. Reconstruction, modernization and erection of new sections of railway lines, yards and Port railway stations for servicing of the Black Sea shore of Krasnodar Territory, from town of Tuapse up to Georgian boarder and ensuring of efficient operation of the «YACONTO Port» with infrastructure.

For this purpose The Complex Program «YACONTO» offers two versions of construction of railway line.

First Version: specifies and proposes turning South East the existing operating railway line passing through Tuapse in the direction of Big Sochi,

18 km from Tuapse near Krivenkovskoye village. The railway line will then take a new straight 20 km route outside the shore zone in the direction of Shepsie village with branch line - to «YACONTO Port». Further the railway line will pass 3 – 11 km from the shore line bypassing the villages Vishnievka, Lazarevskoie, Dagomis, Sochy, Khosta, Adler up to the Georgian boarder.

The realization of the first version of construction of the railway line will ensure all the passenger and cargo transit traffic in the direction of city of Adler bypassing Tuapse. This will enable to encircle and connect the branch line entering «YACONTO Port» from Shepsie village with Tuapse yard. Thus the efficiency of operation of Tuapse railway junction servicing the «YACONTO Port» and its railway complex will drastically rise.

To eliminate the coastal railway branch between Tuapse and Adler, develop the resort area of Big Sochi and considerably increase passenger traffic to the city of Adler **the «GIPROTRANSTEI» research and development institute (Affiliation of «Russia Railway Line» Public Corporation)** has suggested the second version of erecting the railway line. At that, the route will be laid along the pictorial beautiful Krasnodar Territory, which will also contribute to increase of traffic of holiday-makers and tourists to the resort area of Russian Black Sea Shore.

The Second Version: according to this version the railway line is to be laid from Shedok station through Psebai village up to Adler through the tunnel 17 km long under the Main Caucasian mountain ridge.

This version will enable to make the new railway branch line 22 km long between Krivenkovskoie and Shepsei villages to «YACONTO Port» dead end, and connect it with Tuapse transport railway junction.

Both First and Second Versions of the construction of railway line will make it possible to dismantle the old 110 km long railway branch line passing along the Black Sea Shore from Tuapse to Adler and hampering the development of mass recreation and rest industry in the South of Russia as well as the social-economic development of the Krasnodar Territory.

The realization of both versions of construction of the railway line will make it possible to encircle and connect it at the North Caucasian Black Sea Shore along the route: Krivenkovskoie-Shepsie-Adler-Shedok.

3. Reconstruction and expansion of the section of the «Don» Federal highway (M4) and construction of the new modern multilane «YACONTO» freeway. The new highway, including the construction of bridges, tunnels and communications, will consist of three sections passing through Krasnodar Territory from Georgian boarder through Big Sochy, Tuapse Region and up to the boarder of Rostov Region.

First Section: reconstruction and expansion of the section of the «Don» Federal highway (M4) from administrative boarder of Krasnodar Terriitory with Rostov Region up to town of Goriachi Kliutch.

Second Section: the construction of highway section from the town of Goriachi Kliutch through Tuapse Region up to Big Sochy administrative boarder near Magri village.

Third Section: the construction of highway section from Big Sochy administrative boarder near Magri village up to Georgian Boarder parallel to Federal highway Tuapse – Sochy (M 27) bypassing the residential villages.

The second and third sections of the freeway will be built on the commercial basis and will be operated as the new «YACONTO» freeway alternative to the existing Federal highway and local motor roads.

For construction of the «YACONTO» freeway the allotment of the ground area 200 km long and up to 600 m wide is necessary to provide for the safety of the speedy traffic, creation of sanitary zone and for commercial use of the wayside area.

The mountainous section of the freeway will start from Kaverze and Psekups river basins near the town of Goriachi Kliutch, passing the low foothills to the upper reaches of river Chepsie, then the freeway will pass through the tunnel under the main Caucasian mountain ridge around east of Podkhrebtovoye village and enter the Psebe river basin passing to the right of Psebe village. Then the freeway will pass through the upper reaches of Tu and Azugun rivers, Ponejina river valley, Nebug river basin, then through two low mountain, passes north of Agui-Shapsug and Messajai villages. After the Tuapse river the freeway will enter the neogenic planation surfaces in Vtoraia Kashtanovaia Shel river basin. Alongside the right bank of Dederkoi river it is planned to construct a branch of the main freeway up to «YACONTO Port». The main freeway will go further, cross the Shepsie river in Levada tract and quarry at the Almaluk river and enter the planned surfaces between rivers Shepsie and Makopsei. Then the «YACONTO» freeway will go along the sea shore few kilometers away from Big Sochi shore-line up to the Georgian boarder parallel to the new railway line (see point 2).

The «YACONTO» freeway will considerably reduce the distance and travelling time between cities of Krasnodar-Tuapse-Sochy as well as considerably relieve the traffic at the section of the Federal highway between Goriachi Kliutch and Tuapse passing through Jubga village. Thus, the «YACONTO» freeway will take upon itself the transit traffic in the direction of Sochy preserving the favorable ecological situation in the resort area of Tuapse Region thus contributing to the increase of flow of vacationists, tourists and

holiday-makers to the Black Sea Shore of the Krasnodar Territory.

4. The erection of the modern oil processing complexes (OPC) with annual output of 40 mln tons of high quality oil products on the basis of three following projects.

First Project: general reconstruction and modernization of the existing Tuapse Oil Refinery (TOR) and Tuapse Petroleum Storage Depot (TPSD) utilizing modern technologies enabling to ensure the output of export quality products for shipment through «YACONTO Port» in necessary quantities. This Project stipulates for the erection of the new oil trunk pipeline and resettlement of Tuapse citizens to the new comfortable residential areas with full complex of social, domestic infrastructure in the city of Tuapse and in Tuapse Region. The TOR and TPSD should ensure the conformity with all sanitary and ecological norms and regulations and should take part in resettlement of citizens including their working personnel.

Second Project: general reconstruction and modernization of Afipski Oil Refinery (AOR) conforming to all sanitary and ecological norms and regulations with utilization of up-to-date modern technologies, enabling to ensure the output of export quality products for shipment through «YACONTO Port» in necessary quantities. This Project stipulates for the erection of the new oil trunk pipeline and oil products pipeline as well as creation of social-domestic infrastructure for AOR personnel.

Third Project: erection in the Krasnodar Territory of the New Oil Refinery (NOR) conforming to all sanitary and ecological norms and regulations with utilization of up-to-date modern technologies, enabling to ensure the output of export quality products for shipment through «YACONTO Port» in necessary quantities. This Project stipulates for the erection of the new oil trunk pipeline as well as creation of social-domestic infrastructure for AOR personnel.

On the basis of three above mentioned project versions, such version of the oil refining complexes (ORC) will be created, which will ensure the output of high quality products for shipment for export through «YACONTO Port» and for home consumption with total amount more than 40 mln tons per year.

Erection of the modern oil refining complex (ORC) will make it possible:

- to completely eliminate oil and oil products transportation by railway through Tuapse Region and city of Tuapse which will enable to utilize the railway line more rationally and effectively for mass transportation of general cargoes which cannot be transported by pipeline;

- to satisfy the needs of Krasnodar Territory in high quality oil products,

“YACONTO” freeway in particular;

- to restore state monopoly for export of crude oil, and to permit private and mixed capital companies to export oil products only;

- to create most favorable conditions for Russia to join the World Trade Organization (WTO).

5. Construction of the modern combined gas-turbine thermoelectric power station for regular supply of «YACONTO Port» with industrial, transport and social infrastructure as well as the city of Tuapse and Tuapse Region with heat and electric power.

6. Erection of the modern complex for annual production and export through «YACONTO Port» of 3 mln tons of liquefied hydrocarbon gases.

7. Creation of merchant navy registered at the «YACONTO Port», consisting of modern container ships, dry cargo ships, tankers and different purpose (i.e. railway and automobile) ferry boats of various displacement.

8. Creating of motor transport enterprise for uninterrupted servicing of the «YACONTO Port» with infrastructure, consisting of 1500 high tonnage modern motor cars for high speed transportation of cargoes.

9. Creation in city of Tuapse of international aquatics complex, anchorage for sport vessels and yachts, school of divers and Naval School, sports school and stadium, tourist recreation complex and modern recreation beach with aquatic park.

10. Creation in Tuapse Region of the well-equipped beach and consolidation of the Shepsie village shore-line from «YACONTO Port» up to Big Sochy boarder.

11. Construction in Tuapse Region of the plant for utilization and sorting of industrial and domestic wastes and garbage.

12. Construction in Tuapse Region of the modern timber processing complex (TPC) for producing of lumber, wood chipboard and manufactured articles thereof as well as for processing of timber waste. TPC will ensure mass production of Eurostandard pallets from low cost timber for «YACONTO Port» as well as half-finished products from high quality timber to be delivered to furniture factories. Logging and stocking-up of timber for TPC will be followed by reclaiming and artificial revegetation by planting of high quality forestry and land improvement.

13. Construction in Tuapse Region and city of Tuapse of the modern comfortable residential districts with full complex of social-domestic

infrastructure for citizens of Tuapse Region, city of Tuapse, employees and the servicing personnel of «YACONTO Port» and Tuapse naval base (TNB) with their common infrastructure, living at the territory needed for the accomplishment of The Complex Program «YACONTO». For this the new comfortable residential districts will be built, including one in the vicinity of Dederkoy village – for accomodation of 25 000 citizens, another – near Vesna village – for 15 000 citizens, and in the city of Tuapse – for 25 000 and more citizens. To supply the «YACONTO Port» with infrastructure as well as Tuapse Region and city of Tuapse with gas, potable water, sewerage and purification systems, the universal water intake and gas supply system with corresponding ducts and pipe lines, automobile roads and monorail will be erected.

14. Creating within 4 years of the modern Tuapse naval base (TNB) as basic place of location and maintenance of the surface ships and submarines of the Black Sea Navy of Russia including the ships to be evacuated from Ukraine.

The «YACONTO» Ltd. proposes three versions of creating of Tuapse Naval Base (TNB) in Tuapse Region of Krasnodar Territory.

The First Version: The TNB is proposed to be created at the territory of Tuapse Commercial Sea Port (TCSP) and all other enterprises, situated at the beach area of TCSP harborage. The capital reconstruction of existing TCSP into TNB will also help to eliminate lehr effect, thus correcting the mistakes which have been made during TCSP designing in the end of the XIX century. Handing over of the TCSP area to Ministry of Defense of Russia will make it possible to considerably expand the harborage of TNB to be created, which has already been proposed in the «YACONTO» Ltd. Program for construction of Tuapse Base for Russian Navy dated 08.10.2001 as well as in Schematic Diagram for displacement of Russian Naval Base dated 08.10.2001.

It is proposed to hand over additionally to Defense Ministry of Russian Federation the territory of the whole town of Tuapse or part of it, limited by the Federal highway. For all that 30 thousand citizens can be moved and resettled at the new modern comfortable districts with all necessary infrastructure in Tuapsinsky region near settlements Vesna, Dederkoi and Shepsea. The construction of new modern residential districts is more socially and economically justified, than investing big money in repair and reconstruction of the old housing and communal services and Tuapse housing. Besides, the «YACONTO Port» and its infrastructure will provide work for resettled Tuapse citizens.

The Tuapse territory released of civil population will pass under the jurisdiction of Russian Naval Authorities for accomodation of officers, warrant officers, seamen, civilian specialists and their families. The city of Tuapse will

be reconstructed considering the needs of TNB, while the old and unnecessary buildings, houses and enterprises of the town will be demolished.

The Second Version: The TNB is planned to be displaced in Tuapse region of Krasnodar Territory between settlements of Dederkoi and Shepsea from Dederkoi river creek up to Shepsea river creek with alienation of 2350 meters of the beach area.

The Third Version: The TNB is planned to be displaced in Tuapse and Big Sochi regions between settlements of Shepsea and Vishnevka (including Magri) from Shepsea river creek up to Shuiuk river creek with alienation of 3850 meters of the beach area.

To implement the second and the third version of TNB displacement the non-developed hilly beach areas unsuitable for rest and recreation similar in their characteristics will be needed to those proposed for construction of «YACONTO Port». The above mentioned hilly beach areas are mainly covered with undersized vegetation of Mediterranean xerophyte shibliak type referring to IV and VA growth classes, that's why these areas are considered unsuitable for mass recreation and tourism. It is also noteworthy that this version will need the resettlement only of a few hundreds of local inhabitants to new comfortable residential districts with all necessary infrastructure in Tuapse region near Vesna, Dederkoi and Shepsea villages.

In usual social and economic and military-political conditions in the Azov-Black Sea pool at an available real opportunity to involve under The Complex Program «YACONTO» necessary means, resources, modern technologies and the equipment in the officially confirmed volume more than 20 (twenty) billion US dollars, it is expedient to unit the second and third variants of construction of TNB in Tuapse Region. It will give significant economy of material resources and financial assets at creation of large water area for advanced TNB, and if necessary will allow to transfer in short terms from territory of Ukraine on reserved water area the basic forces of the Black Sea Navy of Russia, including the large surface ships and submarines.

The «YACONTO Port» with infrastructure will supply the TNB with electric power, heat, gas, drinking water, lubricants as well as accommodation and work for resettled citizens of Tuapse, Tuapse region and Magri settlement, attracted specialists and military personnel transferred to reserve or retired due to the reform of the Armed Forces of Russia.

The TNB will become the integral part of the structure of the Black Sea Navy of Russia and will become the advanced post of Russia at the Black Sea Shore of Northern Caucasus, capable to assist special services and law machinery in their struggle against terrorism and elimination of illegal traffic of

arms, narcotics and smuggling in Azov-Black Sea basin.

The fulfillment of The Complex Program «YACONTO» will ensure the efficient solution of a number of most important problems of defense security of Russia considering the unique and favorable conditions of displacement of the Black Sea Navy of the South of Russia. The non-standard approach elaborated by the «YACONTO» Ltd. enables to optimally combine the solution of social-economic and military tasks, promptly react to development of different geopolitical factors and considerably facilitate the solution of problems facing the Ministry of Defense of Russia.

The Versions of construction of advanced TNB with infrastructure, proposed by the «YACONTO» Ltd. instead of alternative variants of creation of naval bases on other sites of the Black Sea and Azov coast of Russia (including city of Novorossisk and cape Kadosh), are the most effective and acceptable by social and economic, strategic, operational and tactical, climatic, ecological, natural and other criteria will demand the least expenses of material and time, conform to legal norms and regulations, provide for all-inclusive development, solution of top-priority problems and efficient utilization of opportunities of financing.

The beach rocks and mountains blown up and moved to the sea will serve as building material for The «YACONTO Port» and TNB body while the planed ground of the beach area will serve as the territory of the «YACONTO Port» with infrastructure where the port railway lines, communications, technological equipment, transport, production capacities, consignment warehouses, administrative buildings, services etc will be displaced.

15. Construction of modern military bases and strong points for the Ministry of Defense of Russia for displacement of special chasseur brigades.

The military bases with helicopter landing grounds, necessary communications and motor roads are proposed to be displaced in the mountains near villages of Shepsea and Adler.

16. Erection of modern stations for displacement of Russian frontier troops and guard patrol boats and ships in water areas of city of Tuapse and TNB.

17. Construction in the city of Adler (in Big Sochi) of the modern international airport with infrastructure.

18. Realization of the «Apsheronk Valley» Program.

The «Apsheronk Valley» Program envisages the construction of habitation and creation of workplaces in Apsheronk Region of Krasnodar Territory for

more than 10 000 families of the military men, subject to retirement and resettlement of them within the framework of the reform of the Armed Forces of Russia, currently under way, including those transferred from territory of Georgia, Ukraine and Moldova.

The military men, settled in Apsheronk Region and transferred to the reserve, can be involved as mobilization reserves of Armed Forces of Russia, for maintenance of boundary service and a safety on Northern Caucasus.

In territory of Apsheronk Region within the framework of The Complex Program «YACONTO» conditions for the accelerated development of agriculture and processing agriculture production for providing with ecologically pure products of the population of the Black Sea coast of Krasnodar Territory, as well as the personnel the «YACONTO Port» and TNB will be created.

Besides, small work shops for processing of firm kinds of timber and for mass utilization of waste products of live stock-breeding will be created on the basis of modern biological energy plants (BEP), which continuously and completely process manure and dung for a period of 7 days into ecologically pure fertilizers, biogas, heat and electric power.

The «YACONTO» Ltd. has elaborated the scheme of attracting investments for projects of the Ministry of Defense of Russia and Federal Security Service of Russia and reimbursement thereof after their commissioning. These investments are not connected with the accomplishment of the civil part of The Complex Program «YACONTO».

Execution of The Complex Program «YACONTO» for construction of «YACONTO Port» with infrastructure will create the material basis **for town of Tuapse to become Tuapse Regional Center** as well as solve the social-economic problems of citizens of this municipal unit.

The volume of planned non-governmental investments for accomplishment of The Complex Program «YACONTO» on construction of «Commercial Black Sea Port YACONTO» with industrial, transport and social infrastructure exceeds 20 (Twenty) billion \$US.

The estimated requirements of Russia in cargo transshipment for 2015 through Merchant Black Sea Ports considerably exceed the total volume of transshipment through Commercial Black Sea Ports of Novorossiysk and Tuapse even taking into account their modernization and expansion. Therefore, the construction of the large, modern «YACONTO Port» with infrastructure will solve the problem of acute shortage of sea port capacities in the South of Russia.

The compact location of all installations and works constituting The Complex Program «YACONTO» for Krasnodar Territory will make it possible

for special services, frontier guard and law enforcement units to reliably protect and defend the controlled area.

Designing, construction and stage by stage commissioning of the «YACONTO Port» with all industrial, transport and social infrastructure is scheduled for a period from 2005 up to 2012.

Coordinated realization of all interconnected and complementary projects will ensure their highest economic efficiency and return in due time of investments, attracted for realization of the joint Complex Program «YACONTO».

The industrial and commercial activity of The «YACONTO Port» with infrastructure will ensure considerable tax proceeds to local, regional and Federal budgets.

The accomplishment of The Complex Program «YACONTO» will produce the multiplicative effect and will create the conditions necessary for:

- considerable development of industry and agriculture of Krasnodar Territory and of Russian economy as a whole due to drastic raise of efficiency of railway, automobile, pipeline and water transport;

- considerable increase of gross domestic product of Russia due to increase of production and selling of manufactured and prefabricated products, and not only of crude oil, gas, timber and other raw materials;

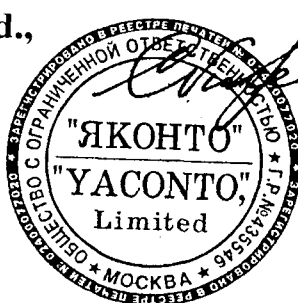
- large scale long term non governmental investments in the spa, recreation, tourism and sports industry of Krasnodar Territory at the Black Sea Shore of Caucasia which will drastically increase the flow of vacationists and holiday-makers and consequently increase the regional income;

- Russia joining the World Trade Organization (WTO);

- improvement of social-economic and political situation in North Caucasia and strengthening of defense capability and security of Russia in Azov-Black Sea basin.

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**President of «YACONTO» Ltd.,
ASDLO Academician**



Sergey P. YAKUNIN

Contact phones:
7 (095) 686-9046, 970-9615
E-mail: Yacont@mail.ru