

Announcement of Tender on exploitation the “Jerooy” gold deposit and exploration on Jerooy area in Kyrgyz Republic

The Government of the Kyrgyz Republic announces a tender for the right for subsoil usage on exploitation the “Jerooy” gold deposit and exploration on Jerooy area according to the Law of Kyrgyz Republic “On subsoil”.

The tender will be held in accordance with the Regulations on the procedure and conditions of the tender for the right of subsoil use, approved by Resolution of the Government of the Kyrgyz Republic dated December 14, 2012 No.834.

Tender commission has established the cost of payment for the right to use subsoil object of the contest in the amount not less than US \$ 100 million.

One of the requirements for participation in the tender is the payment for a brief package of geological information in the amount of 1 million soms (national currency).

All interested may get detailed information on all required documents for participation in the tender and other information regarding tender on the “Jerooy” gold deposit in file “Terms and conditions for tendering the right to use subsoil for the development of the Jerooy gold deposit and exploration of the Jerooy area and criteria for determining the winner” uploaded on official website of Agency <http://www.geology.kg/>.

Consultations regarding participation in the tender are possible by phones: (+996 312) 300 246(on Kyrgyz and Russian), (+996 312) 909 869 (on English).

All those who wish to participate in the tender should submit documents for participation in tender no later than 4.00 p.m. March 23, 2015 in The State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic at: Bishkek city, Erkindik Avenue, 2, office No.217.

**В соответствии с Законом Кыргызской Республики «О недрах» Правительство
Кыргызской Республики
ОБЪЯВЛЯЕТ О ПРОВЕДЕНИИ КОНКУРСА
на право пользования недрами с целью разработки месторождения золота «Джеруй» и
геологоразведочных работах на Джеруйской площади**

Конкурс будет проводиться в соответствии с «Положением о порядке и условиях проведения конкурса на право пользования недрами», утвержденным постановлением Правительства Кыргызской Республики от 14 декабря 2012 года № 834.

Конкурсная комиссия установила стоимость оплаты за право пользования недрами объекта конкурса в размере не менее 100 миллионов долларов США.

Одним из требований к участию в конкурсе является оплата за краткий пакет геологической информации в размере 1 миллиона сомов.

Заинтересованные лица могут ознакомиться подробно с требованиями к участию в конкурсе, а также иной информацией, касающейся конкурса по месторождению Джеруй, содержащейся в «Условиях и порядке проведения конкурса на право пользования недрами в отношении месторождения полезных ископаемых Джеруй», на веб-сайте Агентства www.geology.kg.

Для консультаций по вопросу участия в конкурсе просим обращаться по телефону: (+996 312) 300-246 и (+996 312) 90-98-69 (на английском языке).

Желающим принять участие в конкурсе, необходимо предоставить не позднее 16:00 часов 23 марта 2015 года документы для участия в конкурсе. Документы представляются в Государственное агентство по геологии и минеральным ресурсам при Правительстве Кыргызской Республики по адресу: г. Бишкек, проспект Эркиндик, 2, кабинет № 217.

Подробная информация обо всех необходимых документах для участия в конкурсе содержится в «Условиях и порядке проведения конкурса на право пользования недрами в отношении месторождения полезных ископаемых Джеруй», опубликованных на веб-сайте Агентства www.geology.kg».

Best regards,

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Terms and conditions for tendering the right to use subsoil for the development of the gold deposit and exploration of the Jerooy area and criteria for determining the winner

1. Reason and Purpose of the tender

1. The tender for the right of subsoil use of the Jerooy deposit, being the deposit of national importance, will be conducted in accordance with these Terms and Conditions for tendering the right to use subsoil for the development of the Jerooy deposit and exploration of the Jerooy area and criteria for determining the winner (hereinafter - Terms), approved by the protocol of the tender commission dated November 3, 2014, No.4 , and designed in accordance with the requirements of the Law of the Kyrgyz Republic "On Subsoil", Regulations on terms and conditions for tendering the right to use subsoil, approved by Resolution of the Government of the Kyrgyz Republic on December 14, 2012, No. 834, pursuant to Decree of the Government of the Kyrgyz Republic dated October 9, 2014, No.450-p.

2. The tender for the right to use subsoil of the Jerooy deposit will be conducted to determine the winner, offering the most favorable conditions for the Kyrgyz Republic in order to develop the Jerooy gold deposit and to explore the Jerooy area.

To be tendered:

- 1) the right to use subsoil for the development of the Jerooy gold deposit for a period of twenty (20) years following the subsequent extension to depletion of minerals if the winner fulfills the license conditions, with the following corner points in a rectangular coordinate system:

Points №	X	Y	Points №	X	Y
1	13312502	4686698	6	13314182	4685865
2	13313021	4686764	7	13314080	4685924
3	13313339	4686602	8	13313167	4686236
4	13313372	4686451	9	13312710	4686203
5	13314122	4686027	10	13312464	4686496

- 2) the right to use subsoil for exploration on the Jerooy area for a period of five (5) years following the subsequent extension in accordance with the technical project if the winner fulfills the license conditions, with the following corner points in a rectangular coordinate system:

Points №	X	Y	Points №	X	Y
1	13304000	4693000	5	13314000	4693000
2	13310000	4693000	6	13324000	4693000
3	13310000	4702000	7	13324000	4680000
4	13314000	4702000	8	13304000	4680000

2. General information about the Jerooy deposit¹

3. The Jerooy gold deposit is located in the Talas district of the Talas region, in the upper reaches of the Chon-Chichkan river of the left tributary of the Uch-Koshoy river, in the axial part of the Talas Alatau Range, on the absolute elevations of 3200-3700 m.

4. The nearest village - Kara-Oy is 23 km away and connects the mine with improved dirt road. There is an asphalt road going through Kara-Oy village to Talas and through the pass to Bishkek-Osh highway. The distance to the railway station "Maimak" - 150 km, railway "Taraz" - 187 km. The future open pit at the deposit is connected with the dirt two-lane road, prepared the mine-site

for the future production infrastructure, made HV power line 10 kV energized to HV power line 110 kV near Kara-Oy village. The water supply is from the Jerooy river with rate of 2.5 m³/s.

5. The Jerooy gold deposit was discovered in 1969. Two stages of exploration were conducted in 1974-1984. The deposit has been fully prepared for the development. Metallurgical properties of the ore has been studied; geological maps of scale 1:10000, 1:5000, 1:1000.

6. The deposit relates to a gold quartz formation with low amounts of sulfides. The segments (sites) of a tectonically weakened zone with more intense silicification have been called: "West Zone", "North-West", "Central", "South-East", "East flank", "Deep zone". Each of these sites is a column-like conical stockwork, overturned cone down. The length of the mineralized stockworks is 100-250m, width - 40-200 m, dip extent is 200-770 m. The "North-West" site is of the greatest practical importance containing 90% of reserves of the deposit, surface length is 250 m, width - 200 m and vertical extent - 770 m. The average gold grade increases with a depth. The ores are not oxidized, contaminants are absent.

7. Currently, there are the following reserves on the state balance accounted for categories (SRC KR, 2004, No.90): reserves C1 - 75141 kg, C2 - 5774 kg; total reserves C1 + C2 – 80915 kg, out of balance - 16161 kg, total - 97076 kg, including:

- for open pit by categories: reserves C1 - 27606 kg, C2 - 497 kg, total reserves C1 + C2 - 28103 kg, out of balance - 5858 kg, total - 33961kg;
- for underground mining by categories: reserves C1 - 47535 kg, C2 - 5277 kg, total reserves C1 + C2 - 52812 kg, out of balance - 10303kg, total - 63115 kg.

3. Main requirements for bidders

8. Allowed to participate in the tender:

- legal entities registered in the Kyrgyz Republic;
- legal entities registered in a foreign country (hereinafter - foreign legal entities);
- individuals of the Kyrgyz Republic as well as foreign individuals.

9. Persons participating in the tender (further - bidders), in order to obtain the subsoil use right, must submit to the tender commission information and documents confirming that they:

- have expertise in exploration and development of gold deposits not less than five (5) years, including their experience in other countries;

¹ The data of the Jerooy deposit is of informative nature and the presented information is not comprehensive.

- possess and apply modern technologies for mineral exploration, mining and processing of minerals;
- have their own funds and/or have the ability to raise additional funding required for the development of the Jerooy gold deposit and exploration on the Jerooy area;
- ensure to comply their activities with international standards and standards of the Kyrgyz Republic in the sphere of industrial safety, environmental safety, subsoil conservation and rational use of mineral resources.

10. The bidders may submit to the tender commission any additional information and documents about the level of their qualification, production, financial and other capabilities required to obtain licenses for subsoil use to develop the Jerooy deposit and exploration of the Jerooy area.

4. Main terms and conditions of subsoil use

11. The main terms and conditions of subsoil use is that the recognized winner of the tender and the holder of a mining license for the development of the Jerooy deposit and exploration license of the Jerooy area (hereinafter – license) should fulfill a number of obligations, including that the winner, holding licenses (hereinafter - licensee) shall:

1) pay the bid price for subsoil use in the amount specified in the relevant appendix for participation in the tender, but not less than 100,000,000 (one hundred million US dollars) (hereinafter – a bid price for the subsoil use right);

2) provide preparation and coordination of the technical project with the authorized state agencies and relevant departments with positive expert opinions on industrial, environmental, safety and protection of mineral resources, as well as obtaining permits for construction of infrastructure and other facilities required for the development of the Jerooy deposit no later than one (1) year from the date of issuance of the mining license;

3) commence construction of the gold processing plant (hereinafter -Mill) and tailings dam later than 3 (three) months from the date of agreement with the competent authorities of the technical project to develop the deposit. In case of failure to comply with the start date of construction, the licensee shall agree to pay a fine of 100,000 (one hundred thousand) US dollars (70% - to the national budget and 30% - to the Talas Regional Development Fund) for each full month of the delay to commence construction, except for force-majeure (according to Law of the Kyrgyz Republic "On Subsoil", force majeure – circumstances of insuperable force, complicating the conditions of subsoil use rights. Force majeure - the emergence of extraordinary and unavoidable circumstances due to natural disasters, such as earthquakes, floods or blockade, war, strikes and other circumstances which can not be foreseen or prevented or possible to foreseen but impossible to prevent. These circumstances are acknowledged by the presence of the well-known facts, publication in the mass media and other means, not requiring special proofs), which are confirmed by the authorized state agencies;

4) provide commissioning of the Mill and tailings dam into commercial operation within the stated period, which may not exceed two (2) years from the date of agreement with the competent authorities of the technical project for the development of the deposit. In case of failure to comply with commissioning deadline, the licensee shall agree to pay a fine of 100,000 (one hundred thousand) US dollars (70% - to the national budget and 30% - to the Talas Regional Development Fund) for each month of delay of commissioning except for force majeure (according to the Law of the Kyrgyz Republic "On Subsoil"), which are confirmed by the authorized state bodies;

5) provide reaching the Mill rated capacity, stated in the technical project, but not less than 50 % of the rated capacity, not later than six (6) months from the date of commissioning. In case of failure to comply with the deadline of 50% rated capacity, the licensee shall agree to pay a fine of 100,000 (one hundred thousand) US dollars (70% - to the national budget and 30% - to the Talas Regional Development Fund) for each month of delay of commissioning, except for force majeure (according to the Law of the Kyrgyz Republic "On Subsoil"), which are confirmed by the authorized state bodies;

6) provide preparation and coordination with the State Agency on Geology and Mineral Resources under the Government of the Kyrgyz Republic (hereinafter - the State Geological agency) of the technical project with positive expert opinion on industrial, environmental, safety and protection of mineral resources for exploration of the Jerooy area no later than six (6) months from the date of issuance of the exploration licenses;

7) complete exploration in the terms established by the Law of the Kyrgyz Republic "On Subsoil", including calculation of mineral reserves, preparation of feasibility studies and their validation by the State Commission on Mineral Reserves of the Kyrgyz Republic (hereinafter - SRC);

8) enclose work programs, measures to ensure industrial and environmental safety, protection and rational use of mineral resources, land reclamation project with follow-up monitoring, creation of an appropriate fund, mining property liquidation project, description of the other actions of the licensee required for the most efficient, safe and effective use of natural resources, meeting international standards and legislation of the Kyrgyz Republic in the technical project for the development of the deposit and exploration project;

9) provide investments, including fund raising from banks and financial institutions, according to the project, not including the bid price for the subsoil use right, indicated in paragraph 17 hereof, and bonuses for the first three (3) years from the date of license issue;

10) strictly follow the provisions of technical projects agreed with the state authorities and comply with the laws of the Kyrgyz Republic, including the requirements for the rational use of mineral resources, environmental protection and industrial safety;

11) refine the gold in the Kyrgyz Republic;

12) comply with the legislation of the Kyrgyz Republic on granting the right of pre-emption of refined precious metals to the Government of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic;

13) prepare and submit no later than two (2) months from the date of obtaining the licenses a social package (the Agreement) to local authorities for further consideration and approval, which includes a program of socio-economic development of local communities and territories, program of investment in the local infrastructure, creating jobs for people living in the project area, maximum use of local labor during the development of the deposit, organization of training of people for the purpose of bringing them to the works associated with the development of the deposit, assist in addressing other issues related to the program of socio-economic development of the Talas region. In this case, the first three years, the annual investment in the development of the local community in terms of money should not be lower than 100,000,000 (one hundred million) soms, and in subsequent years - at least 150,000,000 (one hundred and fifty million) soms;

14) involve foreign experts for the construction of the Mill and commissioning period in the amount of not more than thirty (30) %, and after Mill commissioning - no more than ten (10) % of the total number of employees of the licensee, taking into account contract and subcontract organizations;

15) provide at his own expense protection of the interests of the Kyrgyz Republic and the Government of the Kyrgyz Republic in international courts and courts of the Kyrgyz Republic against the previous licensee and/or his founders, and/or other beneficiaries, and/or other interested parties in the proceedings relating to the rights for the Jerooy deposit and/or Jerooy area, with rights to the lands required for the development (mining and/or exploration) of the deposit, reimburse all expenses, including the payment of claims of material nature (expenditures associated with litigation costs, expenses, lost profits, damages, etc.), recognized by the court (Appendix 3);

16) purchase all goods (inventory items), conforming to the standards of quality of work and services on the territory of the Kyrgyz Republic required for supply of activities of the licensee, except for procurement of goods, works and services, not provided, not made or available in the Kyrgyz Republic. Thus, under other equal terms and conditions, mainly to purchase goods, works and services produced in the Talas region.

12. Conditions for granting of the subsoil use rights, including the above basic conditions, shall be fixed in the license agreement as part of the license issued to the winner. Failure to comply with the above conditions of subsoil use is the basis for application of sanctions provided for by legislation of the Kyrgyz Republic.

13. The fact of applying for the bidder acknowledges the above basic conditions of subsoil use and agrees to include them into the license agreement granted to the winner.

5. The size, order and terms of payment of charges, guarantee fee, prices, taxes and other payments

14. Payment for the package of brief geological information:

1) The working body of the commission shall provide each applicant brief geological information according to appendix 4 of these Terms and Conditions. To participate in the tender the applicants are required to purchase a specified geological information for a fee of 1,000,000 (one million) soms;

2) If necessary, the applicant has the right to buy additional geological information in accordance with the Law of the Kyrgyz Republic "On Subsoil" and Regulations on procedures and conditions for the use of geological information resources, approved by the Government of the Kyrgyz Republic dated March 17, 2014, No.144;

3) The fee for the package of the preliminary geological information referred to in the first paragraph shall be included in the final bid price for the subsoil use right, and whatever the outcome of examination of documents and/or the results of the tender, will not be refunded, except as described in paragraph 40 of these Terms and Conditions;

4) After determination of the winner, he will be given a full package of geological information with value of 12,179,250 (twelve million one hundred seventy-nine thousand two hundred fifty) soms (including the fee of the preliminary geological information). The fee of this package is included in the final bid price for the subsoil use right;

5) The indicated fees shall arrive in a special account of the working body of the commission (State Geological Agency) and remain at its disposal. The geological information will be given to the applicant as soon as its value is fully paid.

15. The fee for participation in the tender.

To participate in the tender, the bidders are required to pay the fee for participation in the tender in the amount of 1,000,000 (one million) soms or the equivalent in US dollars at the exchange rate of the National Bank of the Kyrgyz Republic on the day of payment (hereinafter - the fee for participation). The fee for participation in the tender is not included in the final bid price, and whatever the outcome of examination of documents and/or the results of the tender, is non-refundable, except as described in paragraph 40 of these Terms and Conditions. These funds will arrive in a special account of the working body of the commission (State Geological Agency) and remain at its disposal.

16. Guarantee fee of the winner.

The bid winner within 5 (five) working days from the date of announcement of the winner is required to make a guarantee fee in the amount of ten (10) % of the bid price (hereinafter - the guarantee fee of the winner). In the case of the subsequent payment made by the winner of the bid price for the subsoil use right, as provided in clause 17 of these Terms and Conditions, the guarantee fee of the winner will be included in the bid price. The guarantee fee is not refundable to the bid winner if the bid winner fails to pay the bid price for the subsoil use right within the period prescribed in clause 17 hereof, and transferred to the national budget.

17. Bid price for the subsoil use right:

1) the bid price for the subsoil use right can not be lower of the minimum threshold, which is 100,000,000 (one hundred million US dollars). The bid price includes the amount of the bonus (the tax on subsoil use right) and the price for a package of geological information on mineral resources, while competitors may offer a higher price. The total amount less the bonus and the price for a package of geological information on mineral resources will be distributed in accordance with the Regulations on procedures and conditions of the tender for the right of subsoil use, approved by Resolution of the Government of the Kyrgyz Republic on December 14, 2012, No.834. The bid price for the subsoil use right is single and non-refundable payment;

2) the bid winner must pay his offered bid price for the right of subsoil use within thirty (30) working days from the date of publication of the decision of the tender commission on the winner of the tender in the newspaper "Erkintoo". This decision is also placed in the national web sites of the government of the Kyrgyz Republic and State Geological Agency.

18. Information for making payment.

The fee for a package of geological information, the fee for the tender participation, the guarantee fee of the winner, as well as the bid price for the right to use subsoil with the appropriate destination must be made to the following account of the State Geological Agency:

Recipient: Pervomayskiy ROK, Bishkek

Bank: Bishkek branch of "RSK Bank" OJSC

BIC 129052

Settlement account: 1290524132820096

Current Account: 4402012100002662

Purpose of payment: [to the current account of the State Geology Agency the fee for brief geological information package] / [to the current account of the State Geology Agency the fee for participation in the tender] / [to the current account of the State Geology Agency the guarantee fee of the winner] / [to the current account of the State Geological Agency the fee for the subsoil use right (the bid price)].

19. The winner will be obliged to pay royalties, taxes and non-tax payments and other mandatory payments, royalties and fees in accordance with the legislation of the Kyrgyz Republic.

6. Stages of the tender and documents presented to the bidders of the tender

20. The tender will be conducted in two stages. At the first stage the tender commission receives and assesses the documents submitted by the bidders on their compliance with the requirements specified in these Terms and Conditions, for the purpose of their admission or refusal of admission to the second stage. At the second stage the tender commission receives and assesses documents provided by the bidders, admitted to the second stage of the tender, on their compliance

with the requirements specified in these Terms and Conditions, and will decide the bid winner in accordance with the established criteria.

21. The first stage of the tender.

At the first stage of the tender, the bidders, no later than thirty (30) calendar days from the date of publication of the notice in the official press about the tender, shall submit the following documents in two (2) copies to the State Geological Agency located at the address: Kyrgyz Republic, Bishkek, Erkindik Boulevard, 2, room No.217:

1) application for participation in the tender to the chairman of the tender commission in accordance with the approved form (Appendix 1);

2) a copy of the document (and the original for verification), confirming the payment made for the package of geological information;

3) a copy of the document (and the original for verification), confirming the payment made for participation in the tender.

The following documents shall be submitted in a sealed envelope:

1) for legal entities, registered (re-registered) in the Kyrgyz Republic - notarized copies of state registration certificates and copies of the charter and articles of incorporation, certified by stamp;

2) for foreign legal entities - a copy of constituent documents and registration certificate and apostilled or legalized extract from the register or other document proving that it is an operating legal entity under the laws of their country². Constituent documents and certificate of registration submitted by foreign legal persons in a foreign language must be submitted with a notarized translation into the state or official language. Validity of the provided extracts from the register or other document, proving that the legal person is acting under the laws of their country, should not exceed six (6) months from the date of issue of the said documents;

3) information and documents revealing the persons who are the ultimate owners and/or beneficiaries of the bidders, according to the prescribed form (Appendix 2);

4) documents confirming the authority of the legal entity or its authorized representative of the legal entity;

5) a written undertaking that:

² Legalization is not required:

a) for the Member States of the Convention Abolishing the Requirement of Legalization for Foreign Official Documents of 5 October 1961 ("the Hague Convention"), with exception of the member states, who objected on accession of the Kyrgyz Republic to the Hague Convention, and

b) for the Member States of the Convention on Legal Assistance and Legal Relations in Civil, Family and Criminal Matters of 7 October 2002 ("Chisinau Convention").

- the bidder, in case he is declared as the bid winner, agrees at his own expense to protect the interests of the Kyrgyz Republic and the Government of the Kyrgyz Republic in international courts and courts of the Kyrgyz Republic against the previous licensee and/or its founders, and/or other beneficiaries, and/or other interested parties in the proceedings relating to the rights for the Jerooy deposit and/or Jerooy area, with the rights on lands required for the development (mining and/or exploration) of the deposit, reimburse all expenses, including the payment of claims of material nature (expenditures incurred with litigation costs, expenses, lost profits, damages, etc.), recognized by the court (Appendix 3);

- Bidder in the case of determining him as the bid winner shall agree to pay all fines provided for in these Terms and Conditions, in case of failure to comply with deadline of commencement of construction of the Mill and / or its commissioning (Appendix 3);

- Bidder in the case of determining him as the bid winner shall agree that the bid price offered by him for the right of subsoil use is non-refundable payment (Appendix 3);

- Bidder shall agree to pay damages to the environment resulted from his activities, and conduct activities to restore the disturbed state of the environment, if such harm occurred as a result of environmental offenses (Appendix 3).

22. The bidder must submit documents in one envelope containing his full name and address of the bidder, indication for participation in the first stage of the tender, a complete list of documents submitted. Submitted documents must be sewn, separated by spacers, all pages contained in the envelope should be numbered. The documents should be filed in the state or official

languages. In the case of submission of documents in foreign languages, they should be accompanied by a notarized translation into the state or official language. Tender commission will review the documents submitted in the national or official language. Changes and additions to the documents presented by the bidders of the tender after expiration of the deadline for submission of documents are not accepted. The submitted documents will not be returned and stored in the State Geological Agency.

23. Opening of the envelopes with documents will be made by the tender commission on the next working day after the expiry of the deadline for receipt of documents and registered in the protocol, which shall indicate names of the bidders and number of pages of documents provided by them. The tender commission within five (5) working days after opening of the envelopes shall review the submitted documents and decide on admission or rejection of the bidders to participate at the second stage of the tender. The bidders are allowed to participate at the second stage, provided that their submitted documents have met the requirements specified in these Terms and Conditions. In case of questions regarding the requirements to the list, type and form of submitted documents, the tender commission has the right to give further clarification, registered in the form of a protocol.

24. The decision of the tender commission on admission or refusal of admission to the second stage is published on the official web sites of the Government of the Kyrgyz Republic and the State Geological Agency, and other official publications.

25. The second stage of the tender.

The bidders, admitted to the second stage, no later than thirty (30) calendar days from the date of the decision on admission, submit to the State Geology Agency the following documents in a sealed envelope at the address: Kyrgyz Republic, Bishkek, Erkindik, 2, room 217:

- 1) Jerooy development program, which should include proposals (preliminary) on:
 - Technical and economic calculations regarding capital investments, operating costs and profitability of the project;
 - Compliance with the terms of construction and commissioning of the Mill, stages of the work;
 - Land reclamation;
 - Calculation of the required investments;
 - Calculation of tax payments and non-tax revenues to the republican and local budgets as a result of the Mill operations and other additional information and documents, at the discretion of the bidder;
- 2) Exploration program of the Jerooy area;
- 3) Proposals and a set of measures for application of modern technologies during minerals exploration, mining and processing of minerals, industrial and environmental safety, protection and rational use of mineral resources;
- 4) Information and documents proving the existence of experience in exploration and development of gold deposits for a period of at least the last three years;
- 5) Confirmation of the availability of equity and/or the possibility of raising funds for the initial capital investment, including copies of accounting reports for the last 3 (three) years, bank statements, contracts for obtaining loans, documents attesting to the absence of tax debts and other similar documents;
- 6) Proposals for the social package that includes a program of socio-economic development of the local community and the region, the program of investment in local infrastructure, creating jobs for people living in the region of operations, maximum use of local labor during the development of the deposit, arrangement of professional training preparing the population for the purpose of involving them to the works associated with the development of the deposit, assist in addressing other issues related to the program of socio-economic development of the Talas region;
- 7) The bid for the right of subsoil use should be not less than the minimum value specified in paragraph 17 of these Terms and Conditions.

In this case, after opening the envelopes by the commission and calculating of points according to all criteria, the bidders will be given the right, in the presence of other bidders, to offer a higher price by raising the plate. The offer of the higher price can be given repeatedly, until reaching the maximum points on the price criterion;
- 8) Proposal for a donation to the Kyrgyz Republic of a stake in the authorized capital of the entity – a future licensee;
- 9) Any additional information and documents attesting to the level of qualification, production, financial and other capabilities of the bidder, required for the development of the Jerooy deposit and exploration of the Jerooy area.

26. The bidder, admitted to the second stage, should submit documents in one envelope containing the full name and address of the bidder, indication of the filing of documents in the framework of participation in the second stage of the tender, a complete list of documents to be submitted. Submitted documents must be sewn, separated by spacers, all pages contained in the envelope should be numbered. The documents should be filed in the state or official languages. In the case of submission of documents in foreign languages, they should be accompanied by a notarized translation into the state or official language. Tender commission will review the documents submitted in the national or official language. Changes and additions to the documents presented by the bidders of the tender after expiration of the deadline for submission of documents are not accepted. The submitted documents will not be returned and stored in the State Geological Agency.

27. Opening of the envelopes with documents will be made by the tender commission on the next working day after expiry of the deadline for receipt of documents and registered in the protocol, which shall include the names and addresses of the bidders, number of pages of documents provided by them, and the offered bid for the right of subsoil use. The bidders have the right to be present during opening.

28. Protocol of the tender commission on opening of envelopes shall be published on the official web site of the Government of the Kyrgyz Republic and the State Geological Agency the day after the date of opening the envelopes.

7. The criteria for determining the winner

29. The tender commission within five (5) working days after publication of the protocol of the tender commission about opening of the envelopes shall consider the proposals of the bidders, prepare the protocol of the voting results on the results of the second stage of the tender and on the basis of this Protocol shall decide on the winner. In reviewing the documents submitted by the bidders, the tender commission shall have the right to invite an authorized representative of the bidder to provide additional clarification within the submitted documents.

30. The winner shall be determined by assessing the submitted documents and information. Evaluation of the documents will be made by the tender commission on the following criteria of the point system:

№	Name of criterion	Points
1	Quality of the presented development program of the Jerooy deposit, including its compliance with the requirements specified in these Terms and Conditions	To 5 points
2	Quality of the presented exploration program for the Jerooy area, including its compliance with the requirements specified in these Terms and Conditions	To 3 points
3	Proposals for application of modern technologies for mineral exploration, mining and processing of minerals, industrial safety, environmental safety, protection and rational use of mineral resources	To 10 points
4	Financial opportunities for the development of the Jerooy deposit (equity and borrowed funds)	To 5 points
5	Volume (amount) of funds allocated for social benefits in excess of the amount specified in sub-clause 13 of clause 11 of the Terms and Conditions	To 3 points
6	Exceeding the minimum price for the right of subsoil use (the final points on this criterion are set after the offer of the highest bid price)	1 point for every additional 10 million US dollars in excess of the minimum price for the subsoil use right, but no more than 10 points

7	Terms of construction and commissioning of the Mill, as well as infrastructure	Up to 18 months - 2 points; during the year - 4 points;
8	Free donations to the Kyrgyz Republic of a stake in the authorized capital of the entity - the future licensee	For every 10 percent - 1 point

31. For each bidder the tender commission shall make a protocol to calculate points, indicating the points obtained by the bidder for each criterion and the total points of the bidder.

32. Based on the analysis of all the proposals of the bidders and identifying the points on the criteria, the commission will prepare a protocol of the voting results on the results of the second stage of the tender and on the basis of this protocol shall decide on the winner.

33. The winner is the bidder with the highest number of points. In case of equality of points at two or more bidders, the chairman of the commission appoints the open voting procedure. Voting is conducted separately for each bidder. In addition, each member of the commission shall be entitled to cast his vote for only one bidder. The winner is the bidder with the highest number of votes. In the event of two or more bidders will be given an equal number of votes, these bidders will have to pass a second round according to the rules of the first round. If required, additional rounds will be arranged to determine the winner. Members of the commission do not have the right to abstain from voting. In all rounds of voting, the equality of votes of the members of the tender commission, the vote of the chairman of the tender commission is decisive.

34. The decision of the tender commission shall be recorded, signed by all members of the tender commission and by the winner, and to be announced at the commission meeting, inviting the bidders and media representatives. Decision of the tender commission on the winner of the tender is published in the official press and on the official websites of the Government of the Kyrgyz Republic and the State Geological Agency.

35. Protocols of the tender commission shall be valid if they are signed by the majority of the members of the tender commission.

36. The decision of the tender commission shall be the basis for granting to the winner the license for the subsoil use right to develop the Jerooy deposit and the license for the subsoil use right for exploration of the Jerooy area. The licensing agreements for the licenses should include the conditions set during the tender.

37. In the event that the winner of the tender is a foreign legal entity, licenses will be granted to a subsidiary company formed and registered by the winner - a foreign entity on the territory of the Kyrgyz Republic in the location of the Jerooy deposit. The subsidiary, created by a foreign legal entity, must be registered no later than one month from the date of the announcement of a foreign legal person as the winner. The newly formed subsidiary must be 100 (one hundred) % owned by a foreign entity - the winner, except free donation to the Kyrgyz Republic of a stake in a legal entity - the licensee.

38. The license shall be granted to the winner of the tender within five (5) business days after the payment of his proposed bid for the subsoil use right. If the winner is a foreign legal entity, the license will be granted within five (5) business days after (i) he has paid his offered bid price for the subsoil use right and (ii) presentation of the original or a notarized copy of the certificate of incorporation of the foreign legal entity's subsidiary in the Kyrgyz Republic on the location of the Jerooy deposit, depending on which of the date comes later.

39. If the winner of the tender refuses to sign the protocol on the results of the tender or his failure to pay his stated bid price for the right of subsoil use within the prescribed period, the winner shall forfeit the right to obtain a license, and the winner shall become the bidder with the highest points on relation to other bidders or the highest number of votes in an additional round, unless a different decision is taken by the tender commission.

8. Cancellation and recognition of the tender as invalid, void

40. Prior to the publication of the announcement of the tender in the mass media and making the tender commission's decision on determining the winner, the Government of the Kyrgyz Republic has the right to cancel the tender. The tender commission at the same time has to be disbanded. If after the announcement, the tender failed to take place, the Government of the Kyrgyz

Republic has the right to disband the tender commission and announce a new tender with a new tender structure.

41. In the absence of bids applications for the tender or if there is only one bid application for the tender received, or if the documents submitted by all bidders, do not meet the basic conditions and requirements for the bidders of the tender, the tender shall be declared invalid by the decision of the tender commission, registered in the protocol and published in the official press and on the official website of the Kyrgyz Republic and the State Geological Agency.

42. The bidder is entitled to withdraw his application for tendering before making the decision by the tender commission on the winner. In this case, the fee for participation in the tender in the amount of 1,000,000 (one million) soms is not refundable.

For more information call: (+996 312) 30-03-71, 30-02-46 (on Russian), (+996 312) 909869 (on English).

This information is available on the official web site of the State Geological Agency: www.geology.kg

Appendix 1

to the Terms and conditions for
tendering the right to use subsoil
for the development of the Jerooy
gold deposit and exploration of the
Jerooy area and criteria for
determining the winner
field –deposit
geological survey – exploration
mineral resources – subsoil
участник - bidder

STANDARD BID for participation in a tender

For individual and legal persons:

I,

(surname, first name and patronymic)

(identification document)

_____,
(document type, series, number, authority and date of issue)
acting on behalf of:

(full name, registration number, registration date and authority,
address, details of legal entity)

acting on the basis of: _____

(document on the basis of which the person is acting, if the representative

is acting under a power of attorney, then details of attorney)

Under a power of attorney:

I,

_____,
(surname, first name and patronymic)

(identification document)
_____,
(document type, series, number, authority and date of issue)
residing _____ at _____ the _____ address:

_____,
(country, city, aiy, village, street, house and apartment)

hereby declare:

about intention to take part in the tender which will take place on: _____

(place and time)

in respect of subsoil facility (facilities): _____

with respect to lot (lots): _____.

In accordance with this intention I have paid the following contributions:

1. Payment for preliminary geological information in the amount of 1,000,000 (one million) soms.

2. Tender fee in the amount of 1,000,000 (one million) soms.

In case of winning in the tender I undertake:

1) to sign protocol on results of the tender;
2) to pay the value of the right for use of subsoil of the facility purchased at the tender, in the terms defined by the Terms and conditions of the tender, to the authorized state body on implementation of the state policy on subsoil use;

3) to pay necessary payments in accordance with the legislation of the Kyrgyz Republic to the authorized state body on implementation of the state policy on subsoil use;

4) to fulfill the established requirements for the use of subsoil facility by the tender organizer, which are essential conditions for presentation of subsoil facility for tender and in case of non-fulfillment to pay the penalties established by the legislation of the Kyrgyz Republic and the Terms and conditions for holding of a competitive tender for the right to use subsoil for the purpose of development the Jerooy gold deposit and exploration of the Jerooy, approved by the Government of the Kyrgyz Republic No. _____ dated ____ February 2015. I agree that in the event the tender is acknowledged invalid, if none of the submitted proposals meets tender

conditions or in the absence of applications, or when only one application is received to sign the protocol of the tender results, herewith, the amount of payment made for preliminary geological information and tender participation fee will not be returned and remain with the authorized state body on implementation of the policy on subsoil use.

In addition to participation in the tender I attach the following to this declaration:

1. _____;
2. _____;
3. _____;
4. _____;
5. _____;
6. _____;
7. _____;
8. _____;
9. _____;
10. _____;
11. _____;

Passport shall be provided personally by the bidder when tendering.

Signature of declarant (authorized person): _____

Date " ____ " _____ 2015

Accepted:

(position of the person who has accepted the bid)

(bid acceptance date with indication of exact time)

(Full name and signature of the person who has accepted the bid)

Appendix 2
to the Terms and conditions for
tendering the right to use
subsoil for the development of
the Jerooy gold deposit and
exploration of the Jerooy area
and criteria for determining the
winner

Statement
on the Company owners

1. Full name of the Company.
2. Registered office of the Company (location).
3. Date and place of state registration.
4. The Company is: ☐ private ☐ state
5. Please, list subsidiary companies where the Company has 100 (one hundred) % of shares/equity interests.
6. Please list other companies where the Company has 5 (five) % and more shares/equity interests.
7. The information about the Company owners (shareholders/participant of the Company):

No.	Name of legal entity/Full name. of the owner	Equity interest	Registered address/Registered office	Information on supporting documentation
1				
2				
3				
...				

8. The information on the owners of shareholders/participant of the Company:

No.	Name of legal entity/Full name. of the owner	Equity interest	Registered address/Registered office	Information on supporting documentation
1				
2				
3				
...				

9. The information on the owners of the companies specified in Clause 8:

No.	Name of legal entity/Full name. of the owner	Equity interest	Registered address/Registered office	Information on supporting documentation
1				
2				

3				
...				

The Company ensures that the data and the information referred to in this Statement are complete, accurate and reliable.

Signature: _____

Stamp

Full name: _____

Position: _____

Date: _____

Appendix 3
to the Terms and conditions for
tendering the right to use
subsoil for the development of
the Jerooy gold deposit and
exploration of the Jerooy area
and criteria for determining the
winner

Liability

_____ hereinafter
referred to as the Bidder, represented by
_____, acting on the basis of
_____, hereby undertakes to follow and
comply with all the requirements provided for by the Terms and conditions for
holding of a competitive tender for the right to use subsoil for the purpose of
development the Jerooy gold deposit and exploration of the Jerooy area
(hereinafter referred to as the Terms).

In case of determination of the Bidder as the winner of the tender for the
right to use subsoil for the purpose of development the Jerooy gold deposit and
exploration of the Jerooy area, the Bidder shall assume the following
obligations:

- to ensure for its own account protection of the interests of the Kyrgyz Republic and the Government of the Kyrgyz Republic in international courts and courts of the Kyrgyz Republic with the previous licensee and / or its founders and / or other beneficiaries and / or other interested parties in the claims relating to the rights for the Jerooy deposit and / or the Jerooy area with the rights for the lands necessary for the deposit development (development and / or exploration), to reimburse all expenses, including payments under claims of material nature (the costs associated with legal fees, costs, loss of profits, damages etc .) recognized by the court;

- to pay all the penalties provided for by the Terms in case of violation of the date of the Gold-processing Plant construction commencement and / or its commissioning;

- agrees that its proposed price of the right to use subsoil of the tender facility is a nonrecoverable payment, except the cases provided for in Clause 42 of the Terms;

- agrees to compensate for the damages to the environment as a result of its activities and to perform the activities on restoration of the disturbed state of the environment if such harm suffered as a result of environmental offense.

The Bidder shall understand and agree that the above obligations are the part of the Terms and conditions for holding of a competitive tender for the

right to use subsoil for the purpose of development the Jerooy gold deposit and exploration of the Jerooy area and undertake to follow and fulfill them.

Signature: _____
Full name: _____
Position: _____
Date: _____

Appendix 4
to the Terms and conditions for
tendering the right to use
subsoil for the development of
the Jerooy gold deposit and
exploration of the Jerooy area
and criteria for determining the
winner

Brief geological information
on the Jerooy deposit and the Jerooy area

Inventory No. 007600 Report on detailed exploration (2nd phase) of deep horizons of the Jerooy gold deposit with calculation of reserves as of August 1, 1984. 1984, the North Kyrgyz Geological Expedition, UG of Kyrgyz Soviet Socialist Republic, Frunze, Jerooy, Talas.

Volume 1 – 350 pages

Volume II – I - 260 pages

Volume II – II - 292 pages

Volume II – III – 287 pages

Volume III – I - 267 pages

Volume III – II – 106 pages

Protocol of the State Reserves Committee No. 9585 dated November 14, 1984 – 161 pages

Volume IV – I – 31 graphical applications

Volume IV – II – 28 graphical applications

Volume IV – III - 7 graphical applications
