Appendix 2
"Approved"
Order of the State Agency for Geology and Mineral Resources
under the Government of the Kyrgyz Republic
No. ____ dated _____

**Terms of the auction for the right to use subsoil for antimony development within XVII-C1 accounted block limits at Southern site on the Terek field**

Organizer of the auction in accordance with the Decree of the Kyrgyz Republic Government #834 dated December 14, 2012: the State Agency for Geology and Mineral Resources of the Kyrgyz Republic, the authorized State Authority.

1.1. The auction subject: The right to use subsoil for antimony development within XVII-C1 accounted block limits at Southern site on the Terek field in accordance with the Law of the Kyrgyz Republic "On Subsoil".

Subsoil object and use right put up for auction: XVII-C1 accounted block limits at Southern site on the Terek field.

1.2. Form of the auction: open.

1.3. Geographical location of the subsoil object:

The field is located on the southern slope of the Chatkal ridge in the Kassan river basin, in the middle reach of its left tributary the Tereksai River. The ore field is elongated in the submeridional direction for 9.5 km. From the south it is bounded by Almalybulak sai latitude, in the east the border runs 0.5 km to the east parallel to the Terek River, in the west along the watershed of the Saraysai - Tereksai River, on the north it reaches the confluence of Saraysai and Tillyaberdy streams.

The coordinates of the corner points of the licensed area in the rectangular coordinate system on sheet K - 42 - 60:

| № | X | У |
|---|---|---|
| 1 | 12678465 | 4600006 |
| 2 | 12678557 | 4599935 |
| 3 | 12678628 | 4599925 |
| 4 | 12678724 | 4600010 |
| 5 | 12678780 | 4600050 |
| 6 | 12678836 | 4599961 |
| 7 | 12678569 | 4599793 |
| 8 | 12678440 | 4599841 |
| S = 4,56 ha | | |

The area size – 4.56 ha.

**2. Geological characteristics of the licensed site area**

Administratively, Block No 17 of the field belongs to Chatkal district of Jalal-Abad region of the Kyrgyz Republic.

The nearest railway station is the city of Namangan of the Uzbek Republic, with which the field is connected by 110 km long road passing through the large inhabited localities: Ala-Buka district center (50 km), the city of Kassansai (70 km). The road has no asphalt pavement as far as the village of Ala-Buka. Fuel, oil products, construction and timber materials shall be transported. Demand for electricity is provided by power lines of 35 kV capacities.

The region relief is sharply dissected. The river valleys have steep rocky sides. Absolute elevations vary from1600 to 2300 m with relative excesses to 500 - 700 m. The main waterway of the region is the Kassan River with the developed drainage system in the form of

numerous tributaries, rises in the axial part of the Chatkal range, which is the main orographic unit of the region. The Kassan river flow rate is 3 - 30 m/sec, the Tereksai river flow rate is 2 - 8.8 m/sec. Process and drinking water supply of settlements and existing industrial enterprises is ensured by these rivers.

The region climate is extremely continental with significant seasonal and daily fluctuations in air temperature. The hottest months are July, August (30 - 35°C). Snow cover appears in November-December and stays until March. The area is generally dry. Heavy rainfall is usually observed in May - June. The total rainfall for the year is 500 - 700 mm. The depth of soil freezing does not exceed 1.0 meter. Vegetation on the mountain slopes is grassy. In the valleys poplar, birch, ash, rowan, and brushwood - barberry, dog rose, hawthorn grow.

The geological structure of the ore field involves marbled limestones of the Terek suite of the Upper Proterozoic age, conformably overlain by quartz-feldspar-mica schists of the Semizsai suite. In the base of the latter there is a transitional pack of carbonate rocks conformably underlying on the Terek massive limestones. The quartz deposit of jasperoids that contains the main gold-antimony reserves of the Terek field has been generated by hydrothermal metasomatism on the rocks of the intermediate member. Above the jasperoids in a few meters from the roof, and sometimes within its boundaries there is a concordant deposit of gold-quartz-sulfide ores, which is sometimes superimposed by mineralization of quartz-antimonite ore formation (interstratial ore body). Crosscutting ore deposits in the superposed semizsai suite involve exclusively quartz-pyrite-gold formations. The central part of the Big Terek anticline on the segment of outcrops of the Terek suite marbles belongs to the Terek deposit; the southern submerged part of the Terekan field, on the northern periclinal closing of the Big Terek anticline there are explored Dalny and Perevalnoe fields. Further north on site 11 of the deeply submerged part of the fold there is a known ore occurrence – Saraysai - Tillyaberdy. Tereksai suite is represented by limestones and marbles of the Upper Terek sub-suite, which are exposed on the Terek field area in the core of the Big Terek brachy-anticline and Sukhar mountain fold. Marbled limestones and marbles are variously grained, dense, light gray, white, coarsely-stratified massive rocks silicified in some places.

The field was discovered in 1941 at the request of a local resident. In V1946-47 a large-scale geological survey was carried out on the field , ditches and pits were completed. In 1957-1962 the preliminary exploration was performed (trenches - 5498m, day drifts - 6224m, drilling - 3014m). Detailed exploration of the deposit was carried out in1960-78. (ditches - 4450m, tunnels- 8262m, drilling-18534m). 25 000, 1:10 000, 1: 1000 scale geological maps were prepared. The exploration depth was 255m. Reserves of antimony, gold and silver were approved the USSR State Reserves Committee in 1978. The field is composed of marbles of Terek PR1 suite that are overlaped by quartz-feldspar-amphibole-mica (metamorphic) shales of the Semizsai PR1 suite1.Rocks of the Terek-brachy fold are the rocks of the northwestern strike. There are marbles on its surface and slates on the limbs. In addition, the rocks are breached with minor intrusions of ultrabasites PZ2 and tabular, concordant bodies of plagiogranites are commonly observed within the metamorphic schists. Steeply dipping faults of submeridional, NE and NW strikes are widely observed in the field. In the core part of the anticline and on its limbs, quartz breccia (jasperoids) is commonly observed on the interformational contact between the marbles and schists. It is an ore-hosting environment for antimonic mineralization which forms in this position blanketlike, concordant ore deposits. They are usually explored for antimony. Gold mineralization forms two morphological types on the field. On the southern and northern flanks of the field there are consistant and subconsistant gold field in the metamorphic

pyritized shales overlying the antimony jasperoid bodies. In the steeply dipping faults that cross cut the metamorphic rocks, a vein type gold mineralization is commonly observed. The deposit consists of 6 sites: Southern, Pervomay, Western, Central, Northern and a Zone of the Western-Terek fault. Air Conditioning gold mineralization identified on 5 sections (on all but the West and North). Ore mineralization is related to the gold-sulphide ore formation. Main ore minerals are gold, pyrite, pyrrhotite, arsenopyrite, stibnite;

Minor ore minerals are marcasite, chalcopyrite, sphalerite, magnetite, fahl ore.Quartz, calcite, sericite, ankerite, biotite, amphibole, tourmaline are non-metallic minerals. Technology of processing of antimony ores are well-studied. As for the gold ore - an issue of arsenic retrival, which is the toxic impurity, has not been finally solved. Below, there is a description of the field sites. The Southern site coincides with the southern periclinal part of the Terek- brachy fold. Production of antimony was started to carry out since 1940. In 1951, the geological explorations were conducted. Blocks containing industrial content of antimony were estimated and delineated. Later, a block with industrial content of gold and antimony was contred (interzonal ore bodies) in the shale of a transition bench. Currently, the antimony reserves are almost completely exhausted except for the mine horizons. Outcrops of ore-bearing rocks are well explosed on the surface. Thickness of the quartz breccia varies between 2 -3m and 63m. The biggest thickness is in the core part of the fold. An average angle of dip of the rock is 25-30 m. Antimony ore body is confined to the contact of the quartz breccia with a transition bench. Thickness of the ore body varies between 1 and 15m. Content of antimony ranges from 1.0 to 17.0 %. Higher ore content of antimony corresponds to the higher thickness. Oxidized ore (more than 50% oxidized minerals) are observed to the depth of 100-150 m. A whole section is characterized by quartz breccia of high thickness, low dip of rocks of southern-east direction, presence of tabular antimony and gold bodies and a relatively low level of oxidation, control of occurance of rich ore bodies by faults of northern-east strike. Production work was started in 1978. From 1978 to 2007, 298.5 tons of ore and 2031.5 kg of gold with an average content of 6.81 g/t were produced. The reserves available for extraction from the adit horizons are completely finished. The remaining reserves are within the mine horizons. Hydro-geological conditions: in the area of the Terek and Terekkan fields, one aquifer horizon of glacial deposits and several horizons of groundwater zones of open fracturing of different aged rocks, which are characterized by different watery, were identified. The depth of the groundwater within the Upper Proterozoic sediments is differential due to a variety of lithology and presence of the large discontinuous tectonic disturbances. Abundance of water is various, too. The marbles of the Terek formation have the higest level of water abundance. The flow rate of these springs from these deposits reaches 5 l/sec. Slates of the Semizsay formation is slightly watered. Flow rates of the springs are 0,1 - 0.2 l/sec; usually they dry up by the end of the summer. As for the chemical composition, the sulfate-magnesium-calcium and bicarbonate-calcium waters are commonly observed. Sulfate-magnesium-calcium waters are confined to sulfide manifistations, and bicarbonate-calcium waters are observed on the periphery of the Terek-Terekkan ore field. During the year, the chemical composition of groundwater does not change significantly. During the period of underground and surface water runoff rise, miniralization of groundwater is reduced, and it is commonly observed that sulfate waters are replaced by hydrocarbonate waters.

**Table of antimony reserves and associated components estimation within the counter of estimared block XVII-C1 of the Southern Site of the Terek deposit**

| Reserves category | Ore reserves, Thous. t | Metal reserves | | | |
|---|---|---|---|---|---|
| | | Antimony | | Gold, kg | Silver, kg |
| | | Total, tons | In sulphides, tons | | |
| $C_1$ | 331.7 | 7231 | 5904 | 265 | 4246 |

**3**. Basic requirements for the subsoil use object.

3.1. Basic requirements for subsoil use object are specified in accordance with the legislation of the Kyrgyz Republic related to the subsoil use and should be included in the subsoil license. Detailed requirements are specified at registration of license in the licensed attachment.

3.2. The main requirements for the use of the licensed area are:

- Conclusion of a licensed attachment for the drafting of work designed to mining of licensed area;

- During the design the adjustment on the licensed area with the entering of the reserves on the state balance;

- submission, within the time specified in the licensed attachment period, of the operations plan designed to mining of licensed area, passed examination in respect of industrial, environmental safety and subsoil protection, as well as Certificate for temporary use of plot for subsoil use;

- Submission of semiannual information on progress of conditions of the licensed attachment until July 15 of this year;

- Submission of annual report till January 31 of the new year, in the prescribed form, approved by the authorized state body for the implementation of the state policy on subsoil use and on electronic media;

- Submission of program (plan) for the development of mining work until January 31 of the new year;

- Performance of all required types of mining operations in strict accordance with the project, which has been examined in the industrial, environmental safety and protection of mineral resources;

- Development of the Action Plan to ensure the requirements of industrial safety at work, including the prevention of accidents and their consequences localization with required justifications and calculations as at the site and as a result of accidents at other facilities in the area of location of the object. In developing these measures should be considered hazards (landslides, avalanche danger, etc.), risk factors, conditions for the occurrence of accidents and their scenario, the number and placement of production staff;

- Provide a report on the results of exploration work with graphic materials and the results of laboratory research;

- Technical and biological reclamation of disturbed soils in accordance with the design decisions which are passed examination for industrial, environmental safety and subsoil protection, and according to legislation of the Kyrgyz Republic.

- The winner of the auction is obliged to provide raw material mined to "Kadamzhai antimony enterprise" at the market value.

In case of default by the auction winner in the future the main requirements for the use of subsoil object, then to it will be penalized at a rate of 0.1% per day of the paid value of the object subsoil by the subsoil user for each day of delay in the fulfillment of the commitments.

**4**. Time and place of the bidding: Auction will be held on September 17, 2015 at 12:00 o'clock in the building of House of culture of the Tereksai Aiyl aimak in Tereksai village, Chatkal region, Djalal-Abad oblast.

Registration for the bidding starts from 11-00 to 11-50 hours. Start of the bidding in 12-00 hours.

**5**. Deadline: Bids would be submitted from August 11, 2015 to September 11, 2015 inclusively, daily on working days from 9-00 hours to 15-00 hours by Licensing Department of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic, office No. 225.

**6.** Place and time for familiarization with the terms and conditions of the bidding:

Licensing Department of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic, office No.217, every day from 9:00 to 18:00 hours.

**7**. To participate in the bidding the bidder personally or by the authorized representative is submitting bid to the auctioneer till 15-00 hours of September 11, 2015, inclusively, in duplicate, in the form prescribed by the auctioneer and posted on the official website of the auctioneer: www.geology.kg.

Filing by mail is not allowed.

Auction participation application for subsoil use of objects should be filled by a computer approach in state and/or official languages, printed by electronic printers.

Bid should be attached by the following documents:

- Copies of the founding documents and the certificate of incorporation;

- A copy of the certificate of state registration of the citizen as an individual entrepreneur;

- A copy of the appointment of the executive body of the organization;

- Power of attorney to the representative, executed in accordance with the legislation of the Kyrgyz Republic, where a person would act by his representative;

- document evidencing of payment of the guarantee fee;

- A document confirming payment for tender fee;

- A foreign entity additionally submits legalized extract from the state register or other certificate that it is a valid legal entity under the laws of their country;

- companies registered in the Kyrgyz Republic, including subsidiaries of foreign companies registered in the Kyrgyz Republic, additionally submits a certificate of tax service on the absence of overdue tax debts.

Bid submission is considered as consent of the bidder with all the terms of the bidding.

Certificates and documents executed by the bidder, signed by an authorized person and stamped by bidder.

Copies of the documents should be submitted duly certified.

Constituent and other documents submitted by the foreign entity should be apostilled and submitted their notarized translation into the state and/or official languages.

All the above mentioned documents should be delivered to the auctioneer along with the bid.

Application materials received after the bid submission deadline would not be registered and returned to the bidder.

**8**. The successful bidder, who signed the minutes of the bidding results, pays all established under legislation payments to the budget of the Kyrgyz Republic.

**9**. The tender fee in amount of 26 000 (twenty six thousand) soms paid by the bidder to the special account of the auctioneer:

State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic

Beneficiary: Pervomay ROK (District Branch of Treasury)
Beneficiary`s Bank: OJSC “Aiyl Bank” in Bishkek city
Settlement/account 1350108011368456
Personal/account 4402012100002662
BIC (MFO) 135001
TIN 03010199610110
OKPO 05804223
STS: 004 Pervomay rayon (district)
Payment code: 14238900 in the bank

Purpose of payment: to the State Geology Agency for tender fee or for the guarantee fee

Tender fee is not subject to return, except in case of cancellation of the bidding, or when the bidder withdraws its bid prior to the start of bidding, or would not be allowed to participate in the bidding. In case of return of the tender fee, it is payable to the bidder within 30 banking days.

**10**. Guarantee fee in the amount of 100 000 (one hundred thousand) dollars, paid by the bidder in the national currency at the exchange rate of the National Bank of the date of transfer or guarantee fee to the special account of the auctioneer specified in paragraph 9 of this document.

Guarantee fee is refunded to the bidder/participant within 30 banking days from the date of signing of the final minutes of the meeting of the tender committee.

A bidder, who refused to sign the minutes of the tender as a successful bidder, is eliminated from the number of bidders. Contributed by him guarantee fee is not refundable.

**11**. The starting price of the auction subject is 100 000 (one hundred thousand) U.S. dollars.

**12**. Bid increment is set at 10 000 (ten thousand) U.S. dollars, the maximum increment-100 000 (one hundred thousand) U.S. dollars.

**13**. The bidding is acknowledged as void in following cases:

1) In the absence of bids or if only one bid is submitted;

2) To participate in the bidding admitted only one bidder or no one is admitted;

3) To participate in the bidding, only one registered bidder or nobody is registered;

4) Bidders offered a price not higher than the starting price.

**14**. The successful bidder is the bidder who offered the highest price for the lot. On the day of the bidding, the successful bidder signs the minutes. Refusal of the successful bidder to confirm its results the same day (i.e. refusal to sign the minutes) or non-payment of his proposed price for subsoil use within five banking days after the signing of the minutes on bidding is deemed to be a waiver of subsoil license of object, the guarantee fee is not refundable.

ЗАЯВКА
на участие в аукционе

Для юридических лиц:
Я, _____
(фамилия, имя, отчество)
_____
(документ, удостоверяющий личность)
_____
(вид документа, серия, номер, кем и когда выдан)
выступая от имени: _____
_____
(полное наименование, регистрационный номер, дата и орган
_____,
регистрации, адрес, банковские реквизиты юридического лица)
действуя на основании: _____
_____
(документ, на основании которого действует лицо, если представитель
_____
действует по доверенности, - то реквизиты доверенности)

Для физических лиц:
Я, _____
(фамилия, имя, отчество)
_____
(документ, удостоверяющий личность)
_____
(вид документа, серия, номер, кем и когда выдан)
проживающий по адресу: _____
_____
(город, село, улица, N дома и квартиры)

Настоящим заявляю:
о намерении принять участие в аукционе, который состоится: _____
_____
_____
(место и время)
по объекту недр: _____
_____,
по лоту(ам): _____

В соответствии с этим намерением мною был оплачен гарантийный взнос в размере _____ сомов, по квитанции(ям):
- _____;
- _____;
и сбор за участие в аукционе в размере _____ сомов, по квитанции(ям):
- _____;
- _____.

В случае победы на торгах аукциона обязуюсь:

1) подписать протокол об итогах аукциона;

2) уплатить уполномоченному государственному органу по реализации государственной политики по недропользованию стоимость права пользования недрами объекта, приобретенного на аукционе, в сроки, определяемые условиями аукциона;

3) уплатить уполномоченному государственному органу по реализации государственной политики по недропользованию необходимые платежи в соответствии с законодательством Кыргызской Республики;

4) выполнять установленные требования к пользованию объектом недр организатором аукциона, являющиеся неотъемлемыми условиями выставления объекта недр на аукцион, а в случае их невыполнения - оплатить штрафные санкции, установленные законодательством Кыргызской Республики.

Я согласен с тем, что, в случае признания победителем торгов и последующего отказа с моей стороны подписать протокол об итогах аукциона или отказа от права пользования недрами, сумма внесенного гарантийного взноса не возвращается и остается у уполномоченного государственного органа по реализации политики по недропользованию.

До получения лицензии на право пользования недрами объекта настоящая заявка вместе с протоколом об итогах аукциона имеет силу договора между уполномоченным государственным органом по

реализации политики по недропользованию.

К настоящему заявлению прилагаются:

1. _____.
2. _____.
3. _____.
4. Платежный документ, подтверждающий внесение гарантийного взноса.
5. Платежный документ, подтверждающий оплату сбора за участие в аукционе.

Паспорт предъявляется лично претендентом при подаче заявки.

Подпись заявителя (уполномоченного лица): _____

Дата "___" _____ 20__ года

Принято: _____

(должность лица, принявшего заявку)

_____

(дата принятия заявки, с указанием точного времени)

_____

(ФИО и подпись лица, принявшего заявку)