

AMENDMENT

TO REWORDED MINING AGREEMENT №PV-245 ON SUBSURFACE USE FOR THE PURPOSE OF MINING OF MINERALS DATED SEPTEMBER 26th 2012

Yerevan

23 May 2016

Based on the modification of the Amulsar Gold Project's detailed engineering design, technological regulations of ore processing and gold recovery, environmental impact assessment report, which have been given positive EIA expertise conclusion by RA Ministry of Emergency Situations and RA Ministry of Nature Protection, as well as Geoteam's letters №H/A – 2016/151 as of March 17th 2016 and №H/A-2016/158 as of May 2nd, to make the following editions in Mining Agreement PV-245 on subsurface use for the purpose of mining of minerals dated September 26th 2012:

1. To replace wording of the first paragraph of Clause 2.1 “**2 years of construction period, 9 years of mineral mining, 7 years of mine closure**” with the words “**5 years of construction period (until July 1st 2019), 9 years of mineral mining, 5.5 years of mine closure**”;
2. To amend Appendix 1 “**Financial Proposals and Payments for Subsurface Use**”; Appendix 2 “**Commitments per Mine Closure Plan**”; Appendix 3 “**Communities' Social-Economic Development Commitments**”
3. These amendments to the Agreement shall come into effect as from the moment of their signing by the parties and shall constitute the integral part of Agreement №PV-245 on subsurface use for the purpose of mining of minerals.

**RA MINISTER OF ENERGY AND
NATURAL RESOURCES**

LEVON YOLYAN
(full name)

(signed and sealed)

23.05.2016

**SUBSURFACE USER
GEOTEAM CJSC**

(Company name)

HAYK ALOYAN
(full name)

(signed and sealed)

23.05.2016

Appendix 1
Amendment to Agreement №PV-245 dated 23.05.2016
on subsurface use for the purpose of mineral mining

Appendix 1
To Agreement №PV-245 dated 26.09.2014
on subsurface use for the purpose of mineral mining

FINANCIAL PROPOSALS AND PAYMENTS FOR SUBSURFACE USE

1. Financial proposals for extraction of minerals by the subsurface users

№	Description of Costs	Performance, investments period	Amount, million AMD
1	Mine operations, including: <ul style="list-style-type: none"> • Road construction and stripping works • Construction of heap leach pad and barren rock storage facility 	Until 01.07.2019	11,768.01
2	Capital expenses, including: <ul style="list-style-type: none"> • Construction of heap leach facility and gold recovery plant, crusher, conveyor, infrastructures and engineering communications • Equipment and machinery • Buildings, structures 	Until 01.07.2019	96,211.8
3	Operating expenses during the mine development	Until 01.07.2019	517.0
	Total capital investments		108,496.81

The above amounts do not include additional price fluctuations and contingency, therefore real costs can vary.

2. State duty and payments for subsurface use

- 2.1 In accordance with the procedure and in the amount set by RA Law on Nature Protection and Natural Resources Management, subsurface users shall make compulsory payments to the Republic of Armenia state budget (nature protection, natural resources management or royalty) for the subsurface use in accordance with the order and in the amount set.
- 2.2 In accordance with the procedure and in the amount set by RA Law on State Duty, subsurface users shall pay annual state duty to the Republic of Armenia state budget for the permit for subsurface use.
3. Payments to the Environmental Protection Fund and for carrying out monitorings over mined deposits of minerals, location of waste dumps formed during mining and adjacent communities for the purpose of ensuring safety and health of the population.
- 3.1. At the rate set by RA legislation and in accordance with the procedure of payment the subsurface users shall make payments to the Environmental Protection Fund;
- 3.2. At the rate set by RA legislation and in accordance with the procedure of payment to make payments for carrying out monitorings over mined deposits of minerals, location of waste dumps formed during mining and adjacent communities for the purpose of ensuring safety and health of the population
- 3.3. The amount to be provided to the subsurface user from the Environmental Protection Fund for performing nature protection activities cannot exceed the amount of allocations made by the subsurface user.
- 3.4. The remainder of the amount paid to the Environmental Protection Fund by the subsurface user shall be returned to the subsurface user upon completion of the activities envisaged by mineral mining project.

**RA MINISTER OF ENERGY AND
NATURAL RESOURCES**

LEVON YOLYAN
(full name)

(signed and sealed)

23.05.2016

**SUBSURFACE USER
GEOTEAM CJSC**

(Company name)

HAYK ALOYAN
(full name)

(signed and sealed)

23.05.2016

Appendix 2
Amendment to Agreement N°PV-245 dated 23.05.2016
on subsurface use for the purpose of mineral mining

Appendix 2
To Agreement N°PV-245 dated 26.09.2014
on subsurface use for the purpose of mineral mining

Commitments per Mine Closure Plan

1. Commitments envisaged by Mine Closure Plan:
 - 1.1. Workforce social mitigation measures (organizing retraining courses, other professional training, creating stimuli and opportunities to employ these employees in other branches) after mine closure envisaged by Mine Closure Plan for the purpose of mining by the subsurface user;
 - 1.2. Social-economic mitigation measures (community's engagement in social-economic programs, support to organizing small and medium-sized business, etc.) for the communities located in the immediate impact zone of the mine being closed;
 - 1.3. To develop ultimate mine close plan and submit to the authorized body two years before completion of the mine operation.

List of mitigation measures for potential social-economic issues after the mine closure

№	Description of Measures	Term of performance	Amount of investments, million AMD
1	Organizing retraining, other professional training, creating stimuli and opportunities to employ these employees in other branches, etc. <ul style="list-style-type: none"> • Development of human resources of adjacent communities during the life of the mine 	Annual	61.0
2	Communities' engagement in social-economic programs, support to organizing small and medium-sized business, etc. <ul style="list-style-type: none"> • Entrepreneurship encouragement/support in agriculture • Establishment of storage and processing facilities of agricultural produce • Establishment of milk processing enterprises and support to herders in increasing the milk production volumes • Support for establishment of cooperatives in Saravan and Gndevaz communities, fruit drying facilities and selling 		

2. Calculation of annual payments to environmental protection fund for the purpose of reclamation of disturbed lands, as well as for conducting monitoring over the barren rock storage facility location and ensuring adjacent communities' population health and safety

№	Grounding	Description of works and costs	Measuring unit	Volume	Value, million AMD	
					Unit	Total
1	2	3	4	5	6	7
1		Reclamation of haul roads	km	18.26	9.684	176.837
2		Reclamation of barren rock storage facility	ha	140.69	4.842	681.249
3		Reclamation of heap leach pad and ponds	ha	135.75	4.842	657.329
4		Dismantling and reclamation of ADR Plant and administrative buildings	ha	19.35	4.842	93.697
5		Dismantling and reclamation of conveyor facility	ha	16.87	4.842	81.688
6		Reclamation of loadout facility of trucks	ha	5.11	4.842	24.744
7		Dismantling and reclamation of crushers	ha	18.93	4.842	91.663
8		Reclamation of drainages	ha	4.7	9.864	45.517
9		Dismantling and reclamation of explosives magazine	ha	1	4.842	4.842
10		Dismantling and reclamation of water supply plant	ha	0.52	4.842	2.518

			ha			
11		Reclamation of process plant	ha	1	4.842	
						1,864.926

Total

Prepayment

AMD 279.738 million

Annual

AMD121.938 million

Nº	Monitoring	Value, million AMD
1	Monitoring and protection of reclamation works	150.0
2	Subsurface and groundwater monitoring	82.0
3	Revegetation monitoring	22.0
	Total	254.0

Prepayment
AMD 38.1 million

Annual
AMD 16.61 million

RA MINISTER OF ENERGY AND
NATURAL RESOURCES

SUBSURFACE USER
GEOTEAM CJSC

(Company name)

LEVON YOLYAN

(full name)

(signed and sealed)

23.05.2016

HAYK ALOYAN

(full name)

(signed and sealed)

23.05.2016

COMMUNITIES' SOCIAL-ECONOMIC DEVELOPMENT COMMITMENTS

1. The amount of investments and timing for the adjacent communities' social-economic development commitments:

NN	Commitments	Fulfillment period	Investments, million AMD
1	Community infrastructure development: Improvement of conditions and staff training for <ul style="list-style-type: none"> • Schools • Kindergartens • Roads 	Annual	19.0
2	Agricultural development, including: <ul style="list-style-type: none"> • Animal husbandry, to promote genetic improvement and milk production of livestock • Gardening, to establish income-generating and economic-growth-promoting models by effective use of the best practice and human resources. 		25.0
3	Education, including: <ul style="list-style-type: none"> - Development of sports and arts for the children, youth and other groups of population - Awareness on the environmental issues, etc. 		17.5
4	Healthcare, including:		

	<ul style="list-style-type: none"> • Improvement of healthcare services in the communities • Raising public awareness • Purchase of equipment 		
	Total		61.5

**RA MINISTER OF ENERGY AND
NATURAL RESOURCES**

**SUBSURFACE USER
GEOTEAM CJSC**

(Company name)

LEVON YOLYAN

(full name)

HAYK ALOYAN

(full name)

(signed and sealed)

(signed and sealed)

23.05.2016

23.05.2016

ENVIRONMENTAL MANAGEMENT PLAN (EMP)

The measures planned to reduce the environmental damage and to prevent the irrecoverable losses caused by mining operations.

The Environmental Management Plan (EMP) is an important tool for organization and implementation of the planned activities, the EMP sets forth the observations, control and mitigation measures required to be taken during the project to avoid adverse environmental impacts and to reduce, mitigate and offset thereof. The plan outlines potential impacts and the most probable locations thereof, as well as the proposed mitigation measures, the parties responsible for implementation of the measures and the monitoring program.

The EMP describes the methods of implementation and monitoring of the mitigation and other measures. It provides information on the parties responsible for the implementation of the proposed measures and the timing, place and persons in charge of the implementation and monitoring thereof. The EMP covers the below-mentioned:

- (i) Locations and sections of the proposed activities,
- (ii) Potential environmental impacts (including the impacts on social, cultural and archeological resources),
- (iii) Mitigation measures planned for preparation, capital mining construction, mining and mine-closure stages,
- (iv) Monitoring activities for all the above-mentioned stages,
- (v) Duties and obligations of all the competent parties over the period of implementation and monitoring of the mitigation measures.

A correct and comprehensive monitoring is a prerequisite for successful EMP.

Monitoring is a self-control mechanism, this is a process of evaluation by an organization of its manufacturing process, which includes evaluation of the used materials and the quality and quantity of hazardous substances originated from the process, as well as the quality and quantity of the consumed natural resources and the compliance of environmental condition with environmental laws, by using measurement and/or calculation- based observations methods.

- Mitigation Measures:

1. Baseline Monitoring Studies (air quality, water quality, noise and vibration):
 - 1.1. Air quality study at the deposit and adjacent settlements
 - 1.2. Study of surface and underground water resources' composition at the site

1.3. Study of background radiation at the site

1.4 Study of flora and fauna of the region

2. Capital Mining Operations:

2.1. Flora and fauna protection and land clearance operations

2.2. Soil cutting, haulage and storage

2.3. Overburden rock haulage and storage

2.4. Installation of bridges on diversion channels

2.5. Strengthening of the areas susceptible to erosion risks

2.6. Elimination of archeological sites' land use for construction purposes

2.7. When discovering an archeological find or an unknown item during the operations, the Contractor shall follow relevant procedure.

3. Earthworks, namely ore crushing and screening, waste dumping and barren rock storage activities, rock haulage, using of construction machines and vehicles:

3.1. Application of water sprinkling trucks and machines

3.2. Supervision over a smooth operation of diversion channels

3.3. Installation of noise-dumper devices on all the equipment units

3.4. Setting of traffic speed limits

3.5. Preparation of solutions in ventilated areas

- Monitoring (sampling and laboratory measurements):

4. Annual:

4.1. Chemical composition of air

4.2. Chemical composition of waters

4.3. Chemical composition and features of land

4.4. Background radiation

4.5. Flora and fauna species

5. Quarterly:

5.1. Solutions leakage

6. Monthly:

6.1. Engine performance

6.2. Leak of diesel fuel, lubricants, chemicals and other hazardous substances

7. Weekly:

- 7.1. Quality of removed topsoil
- 7.2. Disturbed soils
- 7.3. Erosion phenomena

8. Daily:

- 8.1. Dust pollution of the site

9. One-time:

- 9.1. Quality of insulation layers

The annual funding of approximately AMD 40.0 million is stipulated for implementation of the Environmental Management Plan.

The Environmental Management Plan and Monitoring Plan are subject to periodic update.

**RA MINISTER OF ENERGY AND
NATURAL RESOURCES**

**SUBSURFACE USER
GEOTEAM CJSC**

(Company name)

YERVAND ZAKHARYAN
(full name)

HAYK ALOYAN
(full name)

(signature)

(signature)

“26” 11 2014

“26” 11 2014