



24 July 2012

MINISTRY OF MINES OF AFGHANISTAN

OPENING OF BIDS FOR BALKHAB (COPPER DEPOSIT)

The Government of Afghanistan, through the Ministry of Mines of Afghanistan (the "Ministry"), is pleased to announce that the submitted bids were opened today for the exploration and subsequent exploitation of two licence areas at the Balkhab copper project. The deadline for submission of bids for the Balkhab mineral tender was 23 July 2012.

The opening of bids for the two licence areas at the Balkhab project is the first of four openings relating to bids for the current mineral tenders.

Summary of mineral tenders:

Project	Province	Mineral type	Deposit type	Exploration Licence Area(s)
Badakhshan	Badakhshan	Gold	Quartz-vein	4 x 250km ²
Zarkashan	Ghazni	Copper-gold	Skarn	2 x 242km ²
Balkhab	Sar-I-Pul and Balkh	Copper	VMS	210 km ² and 247km ²
Shaida	Herat	Copper	Porphyry	250km ²

Commenting on today's announcement, His Excellency Wahidullah Shahrani, Minister of Mines, said:

"The bids submitted for the two exploration licence areas at Balkhab reflect the bidder interest evident throughout the tender process, which was launched in December 2011, as well as the continued international interest in the rich mineral resources of the country."

"We look forward to selecting and announcing a preferred bidder for Balkhab in the near term."

The tender process for each Project is expected to culminate in the granting of an exploration licence and, subject to the satisfaction of certain conditions, will lead to the granting of the requisite exploitation licence. Canaccord Genuity, SRK Consulting and Mayer Brown are acting as transaction advisers to the Ministry in relation to the tenders for the Projects. The tenders are designed as transparent, standards-based, competitive bidding processes which will result in the selection of the best qualified bidder for each Project.

Further information on the tender processes is available on the Ministry of Mines' website (www.mom.gov.af or www.afghanmineraltenders.com). These include more detailed information on each Project and on infrastructure which is in proximity to the Projects.

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Notes to Editors:



Badakhshan

Badakhshan is situated in mountainous terrain in northern Afghanistan in Badakhshan Province, the location benefits from three international borders: Tajikistan to its north, China to its east, and Pakistan to the south. Badakhshan is located 360km north of Kabul and about 50km north of the provincial capital city Fayzabad (population: c. 50,000 people).

Detailed work was conducted by the joint Soviet/Afghan reconnaissance geological programme in the region in the 1960's. The work was primarily carried out on the Veka Dur and Rishab gold prospects, including trench and adit sampling. Veka Dur is the largest and most studied of the known gold-bearing quartz veins systems in the region. Many of the main drainages for the regions were sampled for placer gold by means of panned concentrates performed in the field. Several mapped areas show alluvial deposits that were trenched, and samples for which panned concentrates were developed and the gold content noted. Russian C1 + C2 Reserves for both Veka Dur and other quartz veins occurrences, define 38.7Koz at 4.8g/t Au based on trench and adit sampling.

It is understood that the national grid will be expanded to Fayzabad in the future. There is an ample supply of water from the regional watersheds on the project area.

Zarkashan

Zarkashan is located approximately 225km SSW of Kabul in the Ghazni Province. Ghazni city (population: c. 141,000) is approximately 93km north of the project area. The German Geological survey conducted a reconnaissance survey in the mid-1960's and the Soviets and the Afghanistan Geological Survey (AGS) conducted exploration in the late 1960's and early 1970's.

Recently the USGS assessment of the mineral potential in Afghanistan included ongoing compilation of historic German and Soviet mapping, geophysics data, drilling and sampling data, and incorporation into a GIS database. There are many ancient open pit and underground workings that show that this area has been mined in the past. The grades obtained by the Soviet and AGS exploration team show that the skarn mineralisation has a core of relatively high gold grades with a halo of lower grades. Recent hyperspectral analysis has also suggested the existence of porphyry mineralisation within the wider intrusion.

Road access to the site from Kabul is on Highway A01, which is a paved highway. Power can potentially be brought in from the nearby grid at Ghazni, or from a dedicated self-supplied source.

Balkhab

Balkhab is located in the Sar-I-Pul and Balkh Provinces in north central Afghanistan, approximately 130 km south-southwest of Mazar-i-Sharif (population c. 300,000), the capital of Balkh province. There is evidence of mineral extraction activities at Balkhab going back almost 3,000 years, likely to have been through mining of copper via surface and underground workings.

Exploration was conducted during 1966-1972, consisting of mapping, trench and surface grab sampling and analysis. Recent work on the Balkhab copper prospect was initiated by the AGS, at the request of villagers in the region. A reconnaissance sampling mission was carried out in 2008 by the Ministry of Mines.

Road access to the site is from Mazar-i-Sharif, and the area has the potential to benefit from the proposed rail link connecting Afghanistan to Pakistan. The Chaman-Kandahar-Logar province line is proposed to pass just east of the project area with a station planned at near-by town Ghazni. The closest power source identified is at Mazar-i-Sharif which is connected to the North East Power System main isolated grid. The main water source for the project is the significant stream, Rode Balkhab, which bisects the licence area.

Shaïda

Shaïda is situated in the western region of Afghanistan in the Adraskan District of the Herat province, 65km SSW of the city of Herat (population c. 398,000) and 50km SSW of Gozareh (population c. 125,000). It is anticipated that Gozareh will act as the logistics city for Shaïda.

Shaïda's mineralisation has been described as a possible porphyry copper deposit. During the Soviet exploration in 1971 to 1972, several continuous drilled intervals of mineralisation were identified, with copper grades between 0.10 to 0.80% in drilled intervals ranging from 0.80 to 17.95m. Cross sections of drilling at the Shaïda prospect show layered quartz plagioclase porphyry, quartz keratophyre and aleuropelites (siltstone or mudstone) interbedded with volcanic layers.

Additional work was carried out by USGS in 2005 including airborne surveys, hyperspectral surveys and analysis, and the compilation of prior data into a GIS database. The USGS reports that in the larger USGS defined Dusar-Shaïda Area of Interest, there has been some mining. However, there is no known historic production from the Shaïda licence area.

Herat Airport (which will become an international airport in 2012) is close to Gozareh and there is also a railroad terminus station planned at Gozareh as part of the Afghanistan Railway Development Scheme.