

Balkhab scoring sheet

140163

PRIVATE AND CONFIDENTIAL - DRAFT FOR INTERNAL GUIDANCE/DISCUSSION PURPOSES ONLY

DRAFT MINERAL TENDER EVALUATION MATRIX				
RFP Ref.	Requirement	AGMC	SILK ROAD	Comments
TECHNICAL BID				
5.4(a) Exploration				
Exploration plan, objectives and studies				
5.4(a)(i)	Objectives and general manner of implementation of exploration of the Project	4	4	Both excellent exploration programmes. AGMC's pilot plant is not necessary, although the additional financial commitment is recognised in the scoring of the financial bid
5.4(a)(ii)	Drilling, bulk sampling, testing			
5.4(a)(iii)	Environmental baseline studies, environmental management plans			
5.4(a)(iv)	Proposed scoping, pre-feasibility and feasibility studies	4	3	Both provided schedules, more detail provided by AGMC (month by month estimates)
5.4(a)(v)	Schedule commitments (including any contingent commitments) including a time schedule showing: (A) milestones, (B) any review or decision points that may lead to exploration continuing or the Bidder applying for an extension of the duration of the Exploration Licence, (C) the likely course of exploration should the program depend on the results from any review or decision points, (D) any ongoing work commitment options			
5.4(a)(vi)	Specific commitment to a specific form or forms of socially useful infrastructure or facilities, with proposed timing of implementing this commitment, in the region of the Project	Social	Social	
5.4(a)(vii)	Mitigation of any technical, logistical, environmental, social, safety and other issues associated with the exploration of the Project	3	4	SR provided more detail and breadth
5.4(b) Other Requirements				
Experience, competencies and qualifications for exploration				
5.4(b)(i)	Bidder's previous experience and technical expertise/competence in exploration, including the Bidder's managerial competences and expertise	2	3	SR's experience is via contractors, so potentially less stable than AGMC. The contractors could provide greater experience than AGMC
5.4(b)(vi)	Qualifications and experience in mineral exploration and environmental management of the personnel who would undertake the exploration of the Project in accordance with the exploration work program and the mitigation and rehabilitation plan			
5.4(b)(ii)	Organisation, expertise, equipment and facilities which the Bidder will have available in Afghanistan and elsewhere for activities in connection with the exploration of the Project	4	3	AGMC has mining equipment and a team in country. SR has logistics capabilities in Afghanistan via Agility Logistics
5.4(b)(iii)	Bidder's experience and procedures that will apply for securing the health, safety and welfare of persons involved in or affected by the exploration of the Project	Social	Social	
Environmental expertise and facilities available				
5.4(b)(iv)	The Bidder's experience and procedures that will apply for protecting the environment, preventing, minimising and remedying pollution and other impacts from the exploration of the Project	3	3	SR shows more commitment and experience for this item, although less direct via contractors
5.4(b)(v)	Commitment to prepare an environmental impact statement and a mitigation and rehabilitation plan			
5.4(b)(vii)	Any local Afghan partner, affiliate or sub-contractor of the Bidder which the Bidder proposes will assist with the delivery of the exploration of the Project	4	4	Both bidders are Afghan companies
5.4(b)(viii)	Proposals for the training of Afghan nationals	Social	Social	
5.4(b)(ix)	Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement	Social	Social	

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RFP Ref.	Requirement	AGMC	SILK ROAD	Comments
TECHNICAL BID				
5.4	Exploitation			
5.4(i)	Outline proposals in relation to the plan of work for the exploitation of the Project, including proposals as to how such work might be implemented	3	3	AGMC provided a detailed exploitation program (commercially focused). SR focused on determining the type of deposit first (more academic). Both approaches are reasonable
5.4(ii)	Commitments to prepare an environmental plan and a development plan in accordance with the Mining Agreement			
5.4(iii)	Extent to which the Bidder will contribute to the development of sustainable mineral activities in Afghanistan. Examples of the Bidder's contributions on other similar projects	Social	Social	
5.4(iv)	Whether the Bidder would intend to bring on board an Afghan partner for the exploitation of the Project and, if so, how the Bidder would go about finding one. Bidder should also include any previous experience of working with local partners (including whether with an Afghan partner or a local partner in other countries)	4	4	Both Afghan companies
5.4(xi)	The organisation and expertise which the Bidder (i) has available in Afghanistan and elsewhere at the Bid Submission Deadline and/or (ii) which the Bidder would propose to have available in Afghanistan and elsewhere at the point in time when exploitation of the Project would be undertaken	3	3	Both demonstrate organisation and expertise in Afghanistan (mining and logistics respectively), both now and for exploitation. They are not major miners so they do not get scores of 4
5.4(v)	If an association, if known at this stage, each persons' proposed interest in the exploitation of the Project			Some bidders are not associations and therefore will not be able to be scored against this requirement. In addition it will be hard for bidders who are associations to provide firm indications of various consortium members' interest in the exploitation of a project when the project has not yet been explored
5.4(vi)	Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement			Social
5.4(vii)	Bidder's experience and procedures for training nationals of the country where similar projects have been situated and its general proposals in relation to the training of Afghan nationals in relation to the exploitation of this Project			Social
5.4(ix)	Bidder's experience and expertise in relation to securing the health, safety and welfare of persons involved in or affected by the exploitation of similar projects and its general proposals in relation to securing the same for the exploitation of this Project			Social
Experience, competencies and qualifications for exploitation				
5.4(viii)	Bidder's technical capacity to undertake the exploitation of the Project (based on existing experience/capacity and general proposals in relation to achieving sufficient technical capacity to undertake exploitation)	1	1	Neither have strong exploitation experience. AGMC has more individuals with exploitation experience
5.4(x)	Bidder's experience and procedures in relation to protecting the environment, preventing, minimizing and remedying pollution and other impacts from the exploitation of similar projects and its general proposals in relation to the procedures that will apply in relation to the same for the exploitation of this Project			
5.4(xii)	Bidder's technical expertise/competence and managerial and business competence in exploitation activities			
5.4(xiii)	Technical competence, expertise, technical qualifications and track records in exploitation and environmental management of the senior technical and management personnel currently within the Bidder's organisation			
5.4(xiv)	Bidder's previous experience of exploitation			
5.4(xv)	Extent that the Bidder or any Association Member holds existing mineral rights registered with the Department of Cadastre of the Ministry, and with regard to activities carried out under such rights			A bidder should not be scored against whether they currently hold a mineral licence

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RFP Ref.	Requirement	AGMC	SILK ROAD	Comments
FINANCIAL BID				
5.5(a) Exploration				
5.5(a)(i)	Bidder's financial proposals for a specific commitment to an amount of expenditure on exploration in relation to the Project, with proposed timing of expenditure	4	3	Both companies have proposed generous exploration budgets. AGMC gets a 4 as its committing \$61m (including \$30m for a pilot plant) versus \$26m for SR. SR's approach appears more results driven. Pilot plant irrelevant
5.5(a)(ii)	Preliminary cash flow expenditure for the exploration program including, for example, costs for drilling, personnel and insurance			
5.5(a)(iii)	Investment commitment containing a detailed description and commitment to minimum budgets for the proposed stages of the exploration program (over an initial 3 year period)			
5.5(a)(iv)	How exploration activities will be financed, including financial assurance to undertake the exploration work program and mitigation and rehabilitation plan	4	4	Both companies have the cash available. Agility Public Warehousing is the financial backer for SR, and has \$430m in cash (USD:KWD = 1:3.58). CENTAR is the financial backer for AGMC up to \$80m - awaiting proof of funds
5.5(a)(v)	Other relevant financial issues identified by the Bidder and proposed strategies of addressing those issues			
5.5(a)(vi)	Method of performance security to secure the performance of the Bidder's obligations under the Mining Agreement (having regard to the requirement to provide, where applicable to the Bidder's organisation(s), a parent company guarantee in accordance with the terms of the Model Mining Agreement and in such case including details of any parent company which is able to provide a form of parent company guarantee)	2	2	AGMC prefers not to provide a performance bond, but commits to spend the amount of money it has proposed for each of the first 3 years. If it doesn't, it will pay the shortfall as a fine to the government. SR will agree a performance guarantee in the mining agreement, but no detail provided.
5.5(a)(vii)	Terms and conditions that are being offered with the Bid			Mining Agreement
5.5(a)(viii)	Bidder's financial proposals for a specific commitment to a specific form or forms of socially useful infrastructure or facilities, with proposed timing of implementing this commitment, in the region of the Project			Social
5.5(a)(ix)	Expenditure with regard to the proposed training of Afghan nationals			Social
5.5(a)(x)	Whether the Bidder wishes to seek the agreement of the Ministry of Finance to pay 30% income tax pursuant to subsection (3) of Article 85 of the Income Tax Law			The right to choose a 30% tax rate should not be scored
5.5(b) Other Requirements				
5.5(b)(i)-(iii)	Corporate structure of the Bidder or Consortium			Corporate structure chart should not be scored
5.5(b)(iv)	Bidder's comments and suggested amendments that are required to the Model Mining Agreement in the form of a mark-up to the Model Mining Agreement with associated explanatory notes			Mining Agreement
5.5 Exploitation				
5.5(i)	How the Bidder would propose funding the subsequent exploitation of the Project (including how it would go about obtaining such funding in general, given that the extent of exploitation/mineral prospect is currently unknown). Examples of where the Bidder has obtained such funding on similar projects in the past	3	2	For exploitation, both companies indicate private and stockmarket sources of finance (assuming they can raise money on the stockmarket). AGMC provides more detail. They do not need proof at this stage as exploitation will be several years in the future

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DRAFT MINERAL TENDER EVALUATION MATRIX

RFP Ref.	Requirement	AGMC	SILK ROAD	Comments
FINANCIAL BID				
5.5(ii)	The Bidder's proposed royalty rate to be paid with respect to any ore to be produced following successful transition to the exploitation phase of the Project	1	4	SR offers 7.1% fixed rate and also an asymmetric sliding scale of 4.5% - 10.0%, based on the copper price. AGMC offers 11% fixed rate and also a sliding scale of 8% - 15%, without defining the criteria. NOTE: AGMC say they will be seeking to re-negotiate the royalties once a full understanding of the resource and project feasibility has been gained. AGMC has proposed both a sliding scale and fixed rate royalty <ul style="list-style-type: none">• Sliding scale: 8% - 15%• Fixed rate: 11%• No exact detail on what criteria affects the sliding scale• Criteria will be decided once feasibility of project is known - i.e. Re-negotiation• Royalty rate is to be based on metal sold, rather than produced• Would like deductions to be made to gross revenue to arrive at "fair market value"
5.5(iii)	Bidder's general proposals as to the level of expenditure it would propose to make in relation to the training of Afghan nationals for the exploitation of the Project. Examples of how much the Bidder has expended on the training of nationals on similar projects in the past			Social
5.5(iv)	Any other economic benefits that would accrue to the Government during the exploitation phase of the Project	0	0	None provided
5.5(v)	Any premium which the Bidder is willing to grant to the Government in exchange for the exploitation rights			
TOTAL FINANCIAL BID SCORE		14.0	15.0	

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RFP Ref.	Requirement	AGMC	SILK ROAD	Comments
Social Elements of Technical and Financial				
5.4(a)(vi) (Exploration)	Specific commitment to a specific form or forms of socially useful infrastructure or facilities, with proposed timing of implementing this commitment, in the region of the Project	4	3	Both are generous financial proposals. AGMC offers \$875k comprising: \$500k for roads, \$300k medical clinic, \$75k for 5 wells. SR offers \$420k comprising: \$100k for a school, and \$320k for internet access, computers, local power and road, use of base camp after construction (for housing). SR provides more detail in its bid
5.5(a)(vi) (Exploration)	Bidder's financial proposals for a specific commitment to a specific form or forms of socially useful infrastructure or facilities, with proposed timing of implementing this commitment, in the region of the Project			
5.4(iii) (Exploitation)	Extent to which the Bidder will contribute to the development of sustainable mineral activities in Afghanistan. Examples of the Bidder's contributions on other similar projects			
5.4(b)(iii) (Exploration)	Bidder's experience and procedures that will apply for securing the health, safety and welfare of persons involved in or affected by the exploration of the Project	0	0	Neither bidder has provided any evidence of such experience and procedures in its bid
5.4(ix) (Exploitation)	Bidder's experience and expertise in relation to securing the health, safety and welfare of persons involved in or affected by the exploitation of similar projects and its general proposals in relation to securing the same for the exploitation of this Project			
5.4(b)(viii) (Exploration)	Proposals for the training of Afghan nationals	1	3	Bidders' commitments to employ Afghan nationals are similar. Neither bidder has set out any experience in their bid of training nationals in Afghanistan. SR have proposed \$930k for training, and have set out their commitment in detail. AGMC have not set out any such financial commitment
5.4(b)(ix) (Exploitation)	Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement			
5.4(vi) (Exploration)	Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement			
5.4(vii) (Exploitation)	Bidder's experience and procedures for training nationals of the country where similar projects have been situated and its general proposals in relation to the training of Afghan nationals in relation to the exploitation of this Project			
5.5(a)(viii) (Exploration)	Expenditure with regard to the proposed training of Afghan nationals			
5.5(iii) (Exploitation)	Bidder's general proposals as to the level of expenditure it would propose to make in relation to the training of Afghan nationals for the exploitation of the Project. Examples of how much the Bidder has expended on the training of nationals on similar projects in the past			

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RFP Ref.	Requirement	AGMC	SILK ROAD	Comments
Mining Agreement				
5.5(b)(iv)	Bidder's comments and suggested amendments that are required to the Model Mining Agreement in the form of a mark-up to the Model Mining Agreement with associated explanatory notes	1.0	2.0	<p>AGMC's mark up of the model mining agreement is in more detail than SR's mark up. However neither AGMC or SR's mark up's are in great detail. AGMC has changed the royalty rate calculation which is not consistent with its financial bid. AGMC would like the 25% area reduction provision on renewal removed (4.1)</p> <ul style="list-style-type: none"> • Deletion of aspects of the Social Impact Assessment and Action Plan (6.4(e)) • The Royalty Rate is to be applied to the metal sold rather than the metal produced and available (8.1(a)) • Proposes deductions from the Royalty Rate in cases where another approach to the determination of fair market value can more appropriately be applied (8.1(b)) • AGMC has noted that there may be a more appropriate approach to Gross Market Value (to which the Royalty Rate is applied) dependent on the state of the metal (8.1(c)) • As an alternative to a performance bond for security for performance, the bidder has proposed that is will be liable to the Government for any shortfall against its financial commitment for exploration (16.10)
5.5(a)(vii)	Terms and conditions that are being offered with the Bid			

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Total RFP bid Items		Items/groups scored
Technical	21	11
Financial	10	6
Social	11	3
Mining Agreement	2	1
Total	44	21

AGMC		
Category score	Bid Weighting	Total Bid Weighted Score
81.3	45%	146.3
70.0	30%	84.0
57.5	15%	34.5
25.0	10%	10.0
233.8	100%	274.8

Silk Road		
Category score	Bid Weighting	Total Bid Weighted Score
80.0	45%	144.0
72.5	30%	87.0
60.0	15%	36.0
50.0	10%	20.0
262.5	100%	287.0

I affirm the above score.
 I affirm the above scoring
 Eng. Ghulam hazrat Amir

[Signature]
 SAYE ZAMAN
 (Min of Mines)
 Ministry of Mines

WE OBSERVED AND AFFIRM THAT THIS FINAL SCORING WAS ACCOMPLISHED IN A FAIR AND TRANSPARENT MANNER AND TO THE BEST OF OUR KNOWLEDGE REFLECTS THE CONSENSUS OF THE EVALUATION TEAM.

DONALD MAER
 TRANSPARENCY ADVISOR
 JOANNE SUTTERFIELD
 TRANSPARENCY ADVISOR

[Signature]
 Atiq Sediqi
 Mohammed Zamir
 Acting Director Policy, MoM
 — S. Obaidullah. M.-Ec.

(Ministry of Commerce) Abdul ahad ahadi
 Ministry of foreign Affairs
 Feroz Shah Shahryar
[Signature]

[Signature]
 Abdul Jalil Jumbao
 DG Promotion
 Ministry of Mines

Weighted score calculation

Major category weighting

- Each categories total score is multiplied by its weighting and then multiplied by 4 to give its weighted score
- 4 is the figure as there are 4 categories

Item	Bid score	Weighting	Weighted score
Technical	100	25%	100.0
Financial	100	25%	100.0
Social	100	25%	100.0
Mining Agreement	100	25%	100.0
	400	100%	400.0

Calculation

$$100 * 25\% * 4 = 100$$
$$100 * 25\% * 4 = 100$$
$$100 * 25\% * 4 = 100$$
$$100 * 25\% * 4 = 100$$

Bid item weighting

- Each bid score (0-4) is multiplied by its weighting and then multiplied by 25 in order to give a weighted score
- 25 is the figure used as there are four scores available (excluding zero). Therefore $1/4 = 25\%$

For example:

Maximum score scenario

Item	Bid score	Weighting	Weighted score
A	4	10%	10.0
B	4	20%	20.0
C	4	50%	50.0
D	4	20%	20.0
	16	100%	100.0

Calculation

$$4 * 10\% * 25 = 10$$
$$4 * 20\% * 25 = 20$$
$$4 * 50\% * 25 = 50$$
$$4 * 20\% * 25 = 20$$

Mixture of scores

Item	Bid score	Weighting	Weighted score
A	1	10%	2.5
B	3	20%	15.0
C	3	50%	37.5
D	4	20%	20.0
	11	100%	75.0

Calculation

$$1 * 10\% * 25 = 2.5$$
$$3 * 20\% * 25 = 15$$
$$3 * 50\% * 25 = 37.5$$
$$4 * 20\% * 25 = 20$$

Bid scoring scale

If the bid scoring scale was changed to 1 - 5 for example (rather than 1 - 4), the number the score would need to be multiplied by would be 20 ($1/5 = 20\%$). See below

Item	Bid score	Weighting	Weighted score
A	5	10%	10.0
B	5	20%	20.0
C	5	50%	50.0
D	5	20%	20.0
	20	100%	100.0

Calculation

$$5 * 10\% * 20 = 10$$
$$5 * 20\% * 20 = 20$$
$$5 * 50\% * 20 = 50$$
$$5 * 20\% * 20 = 20$$