

BADAKSHAN BID EVALUATION - 8 October 2012

Requirement	AKFED	CAPG	KEM	TAMC	Comments
Exploration					

Objectives and general manner of implementation of exploration of the Project	3	3	3	3	<p>AKFED: Detailed, realistic. Good balance between hard rock and alluvial. Focused on Veka Dur. DD: 2km + more, dependent on positive results.</p> <p>CAPG: Commercially focused exploration program. Focused on Veka Dur, less regional. Drilling meterage not specified. Strong on environmental plan.</p> <p>KEM: Aggressive drilling program, primarily at Veka Dur. RC: 63km, DD: 17km. <i>Unnecessary to drill this much.</i></p> <p>TAMG: Good, focused on Veka Dur and Rishaw. Careless with numbers. DD: 20.3km</p>
Drilling, bulk sampling, testing					
Environmental baseline studies, environmental management plans					
Proposed scoping, pre-feasibility and feasibility studies					
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	3	3	3	3	<p>AKFED: Clear annual decision points (Appendix 2).</p> <p>CAPG: Clear schedule in text (in words).</p> <p>KEM: Good schedule, clear layout of tasks and budget.</p> <p>TAMG: Month by month schedule</p>
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	Social	Social	
Mitigation of any technical, logistical, environmental, social, safety and other issues associated with the exploration of the Project	2	1	1	3	<p>AKFED: H&S comments in plan. Acknowledges logistical challenges</p> <p>CAPG: Partners do camps and housing. Partial response.</p> <p>KEM: Partial response. Has H&S procedures. Has waste plan, no logistics.</p> <p>TAMG: 2 pages of mitigation plan. Doesn't comment on logistics</p>

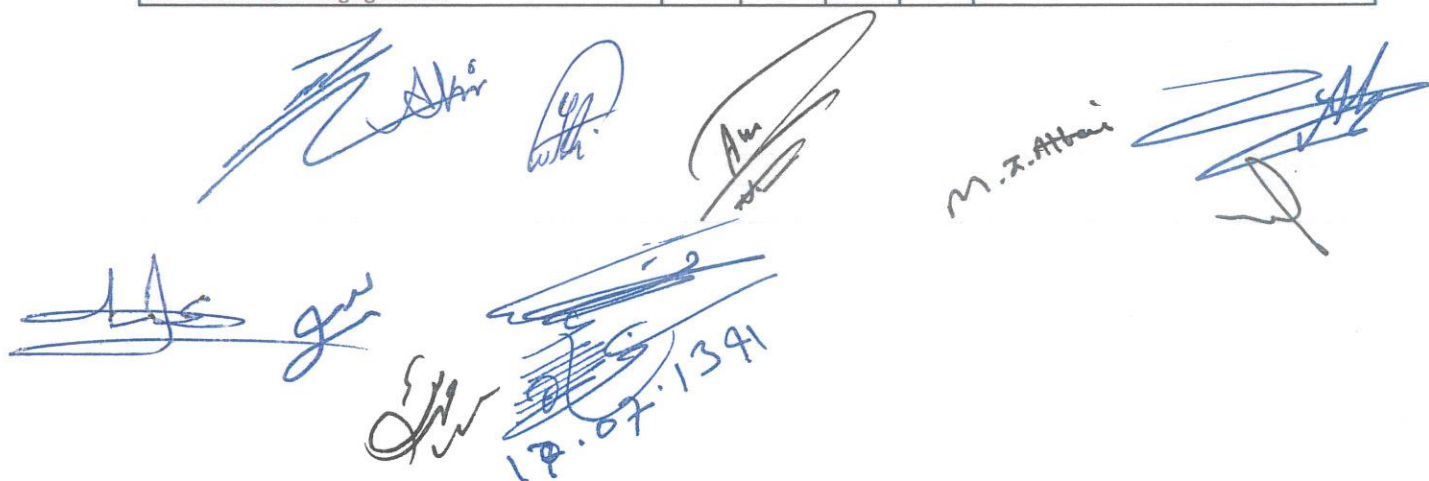
Other Requirements

Bidder's previous experience and technical expertise/competence in exploration, including the Bidder's managerial competences and expertise	3	3	4	4	<p>AKFED: Laconia has significant exploration experience and 3 exploration assets. Two senior exploration geologists to run program.</p> <p>CAPG: Extensive experience via Ulli Rath (MD) and some via CEO. Plan to hire senior geologists to carry the work.</p> <p>KEM: Significant experience in exploring and developing gold projects in similar environments.</p> <p>TAMG: Experience in-country via Afghan Gold. Both companies have experienced senior geologists. Also experience in exploration in Turkey.</p>
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					

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Requirement	AKFED	CAPG	KEM	TAMC	Comments
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	3	2	1	4	AKFED: Has university, telecomm., hospital, hotel, energy companies in Afghanistan. CAPG: CAPG has villa with 40 staff. Agreement with AFSAT. KEM: None - drill rigs in Kazakhstan. TAMG: Afghan Gold operating in country
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	Social	Social	
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	2	3	AKFED: Paul Nelles has 30yrs experience in mining, with environmental management. CAPG: MD has experience at mines globally. \$0.6m committed. KEM: Environmental procedures. Experience not highlighted. TAMG: Senior staff have environmental experience.
Commitment to prepare an environmental impact statement and a mitigation and rehabilitation plan					
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	1	2	0	4	AKFED: Has university, telecomm., hotel, energy companies in Afghanistan. CAPG: Villa with 40 staff. Proposes to use Afghan Gold's drilling company and agreement with AFSAT. KEM: Noone in country. General promise to partner with locals - nothing specific. TAMG: Afghan Gold operating in country
Proposals for the training of Afghan nationals	Social	Social	Social	Social	
Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement	Social	Social	Social	Social	



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Requirement	AKFED	CAPG	KEM	TAMC	Comments
Exploitation					
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					AKFED: Will determine mining method after investigating deposit. Practical, professional response. Committed to environmental plan. CAPG: Plan for open pit. Budget for environmental plan.
Commitments to prepare an environmental plan and a development plan in accordance with the Mining Agreement	2	2	2	2	KEM: Open pit, heap leach of ore. 3 phases. Detailed, but unrealistically optimistic and naive re: size (130 tons; 4.5moz) and gold refining. TAMG: Underground, opencut and alluvial operations. Opencut and alluvial have low production rates and rely on equipment from each other. Commit to environmental plan. Unrealistically low budget for underground.
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	Social	Social	
Whether the Bidder would intend to bring on board <u>an Afghan partner for the exploitation</u> 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)	1	2	0	4	AKFED: Has university, telecomm., hospital, hotel, energy companies in Afghanistan. CAPG: Agreement with internet company AFSAT. KEM: No-one in country. TAMG: Afghan Gold operating in country
The <u>organisation and expertise</u> which the Bidder (i) has available in Afghanistan <u>and elsewhere</u> at the Bid Submission Deadline and/or (ii) which the Bidder would propose to have available in Afghanistan and elsewhere <u>at the point in time</u> when exploitation of the Project would be undertaken	4	1	2	4	AKFED: Has university, telecomm., hospital, hotel, energy companies in Afghanistan. CAPG: Villa in Kabul, agreement with internet company AFSAT. KEM: Organisation and expertise in Kazakhstan. TAMG: Afghan Gold operating in country
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
Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement					Social
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
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					Social

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BADAKSHAN BID EVALUATION - 8 October 2012

Requirement	AKFED	CAPG	KEM	TAMC	Comments
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)	2	2	4	4	<p>AKFED: Mapleson and Nelles have decades of mining experience (App 4) Letter of tentative interest from Hunter Dickinson.</p> <p>CAPG: Extensive experience via Ulli Rath (MD) and some via CEO. Not many others.</p> <p>KEM: Developed multiple gold mines in Kazakhstan</p> <p>TAMG: JV with largest mining company in Turkey (Eti Gummus). Afghan Gold</p>
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					
Bidder's technical expertise/competence and managerial and business competence in exploitation activities					
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					
Bidder's previous experience of exploitation					
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



 Multiple handwritten signatures in blue ink are visible. One signature is clearly "Am". Another signature is "M. J. Attari". There is a circular stamp with the date "17.07" and the number "1391".

Requirement	AKFED	CAPG	KEM	TAMC	Comments
Exploration					
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	1	3	3	2	AKFED: \$7.9m committed. Adequate expenditure for the program. CAPG: \$16m will go in ground. KEM: \$16m will go in ground. TAMG: \$11m will go in ground.
Preliminary cash flow expenditure for the exploration program including, for example, costs for drilling, personnel and insurance					
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)					
How exploration activities will be financed, including financial assurance to undertake the exploration work program and mitigation and rehabilitation plan	4	1	2	4	AKFED: AKFED/Laconia 70/30. AKFED has \$938m shareholders' equity; generated \$78.4 in cash flow from its operations in 2011. Invested \$263m in last three years in new projects CAPG: \$20m from shareholders, rest from IPO. KEM: Financial backer Terra Minerals has \$17.5m cash. TAMC: Commitment from Yildizlar for \$30m for exploration (\$70m total). Agreement received.
Other relevant financial issues identified by the Bidder and proposed strategies of addressing those issues					
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 Terms and conditions that are being offered with the Bid	2	1	2	1	AKFED: Clarified that they will provide performance bond CAPG says 'yes' in one place, and 'probably not' in another place. TAMC will pay annually. KEM will provide performance bond
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 Expenditure with regard to the proposed training of Afghan nationals					Social
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					Social
					The right to choose a 30% tax rate should not be scored
Other Requirements					
Corporate structure of the Bidder or Consortium					Corporate structure chart should not be scored
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
Exploitation					
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	2	4	AKFED will fund its portion. AKFED has letter of tentative interest from Hunter Dickinson. Laconia executives have extensive capital raising experience (raised \$3.6 billion). CAPG, KEM: Indicate combination of equity, debt, "other instruments". TAMC: Says it will be equity from Yildizlar. Yildizlar has provided commitment for \$40m, subject to approval of BFS



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Requirement	AKFED	CAPG	KEM	TAMC	Comments
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	3	3	2	4	AKFED: 5.25%, no sliding scale CAPG: 5.25% Cu. Sliding scale: <\$1,500/oz: 4.25%, then 5.25% >\$2,000/oz: 6.25% KEM: 4.0%, no sliding scale. TAMC: 11%. Sliding scale 8-15% but with no details in bid. Clarification received: 8% @ \$1,750/oz; up to 15% @ \$7,150/oz Less than \$1,750/oz would equate to 8% royalty
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					Social
Any other economic benefits that would accrue to the Government during the exploitation phase of the Project	0	1	1	0	AKFED: None CAPG: \$0.25-1.5m based on capex of exploitation projects. \$1m if production before 3 yrs. [If granted Zarkashan also then \$1.75m 12 months after granting of licences.] KEM: Up to \$8m, if can be amortised for tax, depends on gold price, competition in Afghanistan, exploration results and "multiple other factors". TAMG: None. Detailed indirect economic benefit study included. Not scored as would be same for a mine operated by any company
Any premium which the Bidder is willing to grant to the Government in exchange for the exploitation rights					

Requirement	AKFED	CAPG	KEM	TAMC	Comments
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	2	4	2	2	AKFED: \$17m (\$14m committed). If obtains \$25m from US Government, will spend \$27m in 3 years. \$11m is in transmission lines for PamirEnergy (they own it), \$0.7 communication. \$2.5m is non-telecom. CAPG: \$10m - very detailed (\$6m in Yr1). Roads, medical, education facilities, etc. Based on MoM social policy guidelines.
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					
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					
Bidder's experience and procedures that will apply for securing the health, safety and welfare of persons involved in or affected by the <u>exploration</u> of the Project	3	2	4	3	AKFED: Paul Nelles managed a mine in Sudan with a hospital. In Kosovo he built up the health center of Trepca Mines. Laconia operates to international standards. Will conform to Afghan law. CAPG: Senior management have run large mines. Little detail provided.
Bidder's experience and expertise in relation to securing the health, safety and welfare of persons involved in or affected by the <u>exploitation of similar projects</u> and its general proposals in relation to securing the same for the exploitation of this Project					
Proposals for the training of Afghan nationals	4	2	1	2	AKFED: Will spend \$2.9m on training. Will train 150 people in geology and mining in the University of Central Asia. <i>Syllabus in Appendix 5.</i> 39 direct hires in exploration. Roshan has 1,300 Afghan employees. CAPG: \$1.1m over 3 yrs, + 1% of exploitation costs. Employs 40 Afghans now. Expects 225 direct Afghan employees. Employment <u>after</u> training. KEM: Will send 10 Afghans to Kazakhstan to study geology and engineering. \$0.01m per year in exploration, \$0.03m per year in exploitation. Aim for 85% Afghans. TAMC: \$1m on training. 764 people will be trained. Aims for 90% Afghans. Will set up Ragh Technical Institute.
Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement					
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					
Expenditure with regard to the proposed training of Afghan nationals					
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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Requirement	AKFED	CAPG	KEM	TAMC	Comments
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	3	2	3	AKFED: Professional markup. Don't want to pay import tax, want to reduce surface area fees.
Terms and conditions that are being offered with the Bid					CAPG: Want to use sale price for royalty. Light markup - though shows lack of attention. KEM: Wants fiscal stability regime (ie no tax changes) TAMC: 4 substantive comments, 1 in Government's favour

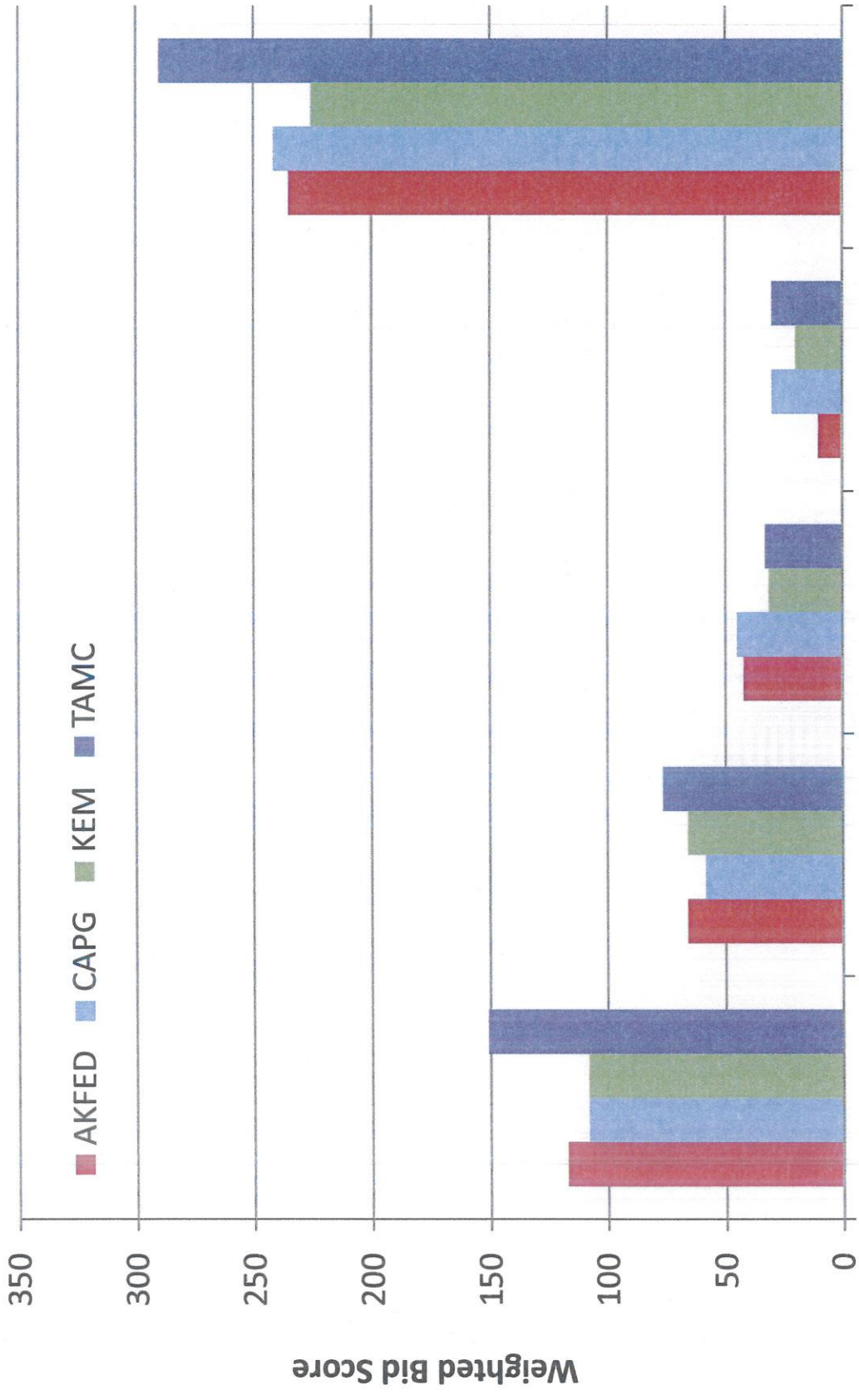









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 M-Z. Attai













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- Below Financial: *Signature*
- Below Social: *Signature*
- Below Mining Agreement: *Signature*
- Below Total: *Signature*
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Total RFP bid Items				AKFED				CAPG				KEM				TAMC			
		Items/groups scored		Weighted Category score	Bid Weighting	Total Bid Weighted Score	Weighted Category score	Bid Weighting	Total Bid Weighted Score	Weighted Category score	Bid Weighting	Total Bid Weighted Score	Weighted Category score	Bid Weighting	Total Bid Weighted Score	Weighted Category score	Bid Weighting	Total Bid Weighted Score	
Technical	21	11		65.0	45%	117.0	60.0	45%	108.0	60.0	45%	108.0	83.8	45%	150.8				
Financial	10	6		55.0	30%	66.0	48.8	30%	58.5	55.0	30%	66.0	63.8	30%	76.5				
Social	11	3		70.0	15%	42.0	75.0	15%	45.0	52.5	15%	31.5	55.0	15%	33.0				
Mining Agreement	2	1		25.0	10%	10.0	75.0	10%	30.0	50.0	10%	20.0	75.0	10%	30.0				
total	44	21		215.0	100%	235.0	258.8	100%	241.5	217.5	100%	225.5	277.5	100%	290.3				

Note: The Evaluation Committee notes that pursuant to Article 27(3) of the Minerals Law 2009, a Person or partners may not simultaneously hold more than 3 licenses for large scale deposits

- 1 -
- 2 - Mohammad Zamir Attai 
- 3 - Atiqulhaq Sedye 
- 4 - Amiruddin Noor 
- 5 - Abdul Beshir  8/10/2012
- 6 - Ahmad Walid 
- 7 - Gulam hazrat Amiri 
- 8 - Mohammad Noor 
- 9 - S. Obaidullah 
- 10 - Najibullah  15/11/17
- 11 - Qader Ali  15/11/17

WE OBSERVE 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.

Good Man
Joanna Satterfield 08/10/12