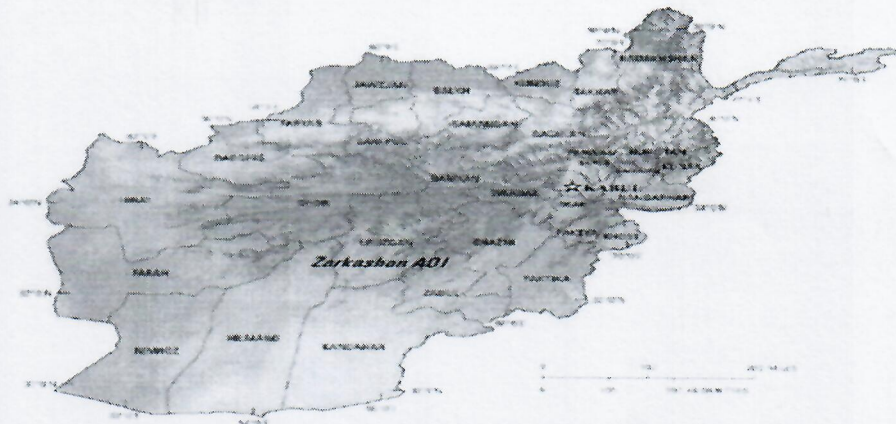


Zarkashan Gold and Copper summary report



Zarkashan Gold and Copper mine which located in Ghazni Province of Afghanistan, was internationally open for bidding on 6th Dec 2011 by The Minister of Mines and Petroleum of Afghanistan in an international summit (Mines and Money) in London, England. The deadline for submission of the Zarkashan bids was 27 August 2012. Bids were received before the deadline from the following four qualified bidders:

- Afghan Minerals Group (“AMG”, Changed name from GITC)
- Belhasa – Sterling Consortium (“Belhasa”)
- CAPG Limited (Saffron Consortium)
- SKA Resources (“SKA”)

Representatives of all bidders were present at the bid opening ceremony on 27th August 2012. A bid was received from AD Resources after the deadline, and was rejected un-opened. The RFP makes it clear that any bids not meeting the Mandatory Bid Requirements as set out in the RFP shall be rejected. The bids therefore need to be checked to make sure that the Mandatory Bid Requirements are met before the bids proceed to evaluation

The Mandatory Bid Requirements comprise the following:

- Technical Bid Requirements (5.2(a)(i)) – exploration work programme
- Financial bid Requirements (5.2(b)(i), (ii) and (iii)) – financial plan
- Model Mining Agreement (5.2(b)(iv)) – mark-up
- Royalty rate (5.2(b)(v))
- Bid Bond (5.2(b)(vi))
- Performance Bond (5.2(b)(vii))
- RFP statement of compliance (5.2(a)(viii))
- Bid Letter (5.2(c))



All four bids were checked to see whether or not they met the Mandatory Bid Requirements except in respect of the Bid Bond. This is because the satisfaction of the Bid Bond Mandatory Bid Requirement by the bidders had been extended to 3rd September 2012 (subsequently extended to 26th September 2012)

- **AMG:** met the Mandatory Bid Requirements referred to above subject to checking the hard copy of the Bid Letter and the Statement of Compliance
- **Belhasa:** met the Mandatory Bid Requirements referred to above subject to checking the hard copy of the Bid Letter and the Statement of Compliance. Further, a clarification was raised regarding this bidder's comments on the Model Mining Agreement and the bidder has satisfactorily responded to this point of clarification
- **CAPG:** met the Mandatory Bid Requirements referred to above
- **SKA:** a number of points of clarification were raised with this bidder regarding the performance bond, fixed royalty rates and the Statement of Compliance. This bidder has satisfactorily responded to these points of clarification

After evaluation of bid documents from mentioned companies, The Preferred and Reserved Bidders were declared as follow:

- **Sterling Mining/ Belhasa as Preferred Bidder**
- **SKA Resources as Reserved Bidder**

As per security reports, the area of Zarkashan Gold and Copper Mine in Ghazni Province is insecure from 12 years up to now, so the presence of Engineers and Technical Personal of the Ministry in the area is almost impossible and the implementation of this contract is not applicable. The company has no ability to perform any action in the area because the Terrorists are all over the province and they have landed so many anti-tanks and vehicles land-mines as well as the Preferred Bidder did not issued its Bid Bond to The Ministry. we can declare that the **termination** of Tendering process of this contract was Based on the following reasons:

- Benefit of The Government of Afghanistan
- The implementation of the contract
- The security of the area
- Land-mines

The honorable Members of the Inter Ministers Committee unanimously has declared the process has finished. And the termination of the tendering process of Zarkashan deposit has been sent to cabinet of GoIRA by letters No. 182 dated 2016/2/1 and No. 215 dated 2016/3/13 in order to include it in the Agenda.

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