

140165

PRIVATE AND CONFIDENTIAL

**ZARKASHAN MINERAL TENDER EVALUATION MATRIX**

RFP Ref.	Requirement	AMG	BELHASA/ STERLING	CAPG	SKA	Comments
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**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	2	3	2	4	AMG: Use of KMC to plan program. Only 6km drilling in 3 yrs. 8yrs to feasibility. B/S: Using CCIC for plan. 12km drilling in 2 yrs. No continuous technical presence in-country. No comment on environment. CAPG: Focused on 2 placer (alluvial) gold by yr 3 and open pit by yr 4. Lacks detail given optimistic timeframe to complete. Drilling for larger hard-rock target. SKA: High quality. 57km drilling in 3 yrs. Pre feasibility yr 3. Understands deposit. Balances resource definition with exploration
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					
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	3	3	3	3	AMG: Clear stage-gates with objectives. Detailed schedule in Appendix T1. B/S: CCIC provide detail and provide project schedule diagram (not perfectly coordinated) CAPG: Timing of exploration of 3 potential mines sequenced and coordinated (in words) SKA: 3 phases. Time schedule in words
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	Social	Social	
5.4(a)(vii)	Mitigation of any technical, logistical, environmental, social, safety and other issues associated with the exploration of the Project	2	1	2	2	AMG: Logistical support via Supreme. B/S: Limited plan provided. CAPG: Partners do camps and housing. SKA: Has health and environmental policies

**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	3	3	3	3	AMG: Ken Haddow as adviser, but advisers won't go to Afghanistan. KMC to do exploration (experience in Central Asia). B/S: CCIC (good consultancy) to do exploration - committed 4 geologists to train Afghan nationals. CAPG: Impressive experience via Ulli Rath (MD) and some via CEO. Not many others. SKA: Via Aurum (very good UK consultancy)
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	3	2	2	3	AMG: Supreme has logistics. B/S: Sterling has office in Kabul, but small team. CAPG: Agreement with Beta United Engineers from Ghazni. CAPG has villa with 40 staff. SKA: Fuel supply in Afghanistan
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	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	4	0	3	3	AMG: Wardell's experience, international standards. An independent expert increases probability of performance. B/S: No mention from CICC of environment. CAPG: MD has experience at mines globally. \$3.6m (\$1.2 committed). SKA: Aurum will manage baseline studies. Detailed environmental policies
5.4(b)(v)	Commitment to prepare an environmental impact statement and a mitigation and rehabilitation plan					

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<b>TECHNICAL BID</b>						
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	3	2	3	3	AMG: 3 Afghan shareholders with significant business in country. Supreme has logistics, fuel. Not mining. B/S: Sterling has office in Kabul, but small team. CAPG: Agreement with Beta United Engineers from Ghazni. SKA: Fuel supply in Afghanistan
5.4(b)(viii)	Proposals for the training of Afghan nationals	Social	Social	Social	Social	
5.4(b)(ix)	Commitment to the employment of Afghan nationals as set out in the Model Mining Agreement	Social	Social	Social	Social	

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<b>TECHNICAL BID</b>						
<b>5.4 Exploitation</b>						
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	1	4	2	1	AMG: Lack of detail. B/S: Open pit with predicted parameters, cost curves for project variables. Detailed. CAPG: Optimistic plan for exploitation SKA: Vague. Doesn't connect well with exploration plan. No firm details
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	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)	3	2	3	2	AMG: 3 Afghan shareholders with significant business in country. Supreme has logistics, fuel. Not mining. B/S: Sterling has office in Kabul, but small team. CAPG: Agreement with Beta United Engineers from Ghazni. SKA: Fuel supply in Afghanistan (smaller impact than in exploration)
5.4(xi)	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	3	1	3	2	AMG: Supreme has logistics. B/S: Sterling has office in Kabul, but small team. CAPG: Agreement with Beta United Engineers from Ghazni. CAPG has villa with 40 staff. SKA: Fuel supply in Afghanistan
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
<b>Experience, competencies and qualifications for exploitation</b>						
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	3	2	4	AMG: Has no exploitation/environmental mgmt experience - but Wardell as contractor (environment). B/S: DRA for exploitation - good international partner. No in-house experience.  CAPG: Impressive experience via Ulli Rath (MD) and some via CEO. Not many others. SKA: Use Ausenco (respected, large firm) and KASCCO (African mining projects). Kevin Capozzi 25 yrs 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					A bidder should not be scored against whether they currently hold a mineral licence
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					
<b>EXPLOITATION SUBTOTAL</b>		8.0	10.0	10.0	9.0	
<b>TOTAL TECHNICAL SCORE</b>		28.0	24.0	28.0	30.0	

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RFP Ref.	Requirement	AMG	BELHASA/ STERLING	CAPG	SKA	Comments
<b>FINANCIAL BID</b>						
<b>5.5(a) Exploration</b>						
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	2	4	3	3	AMG: \$8m years 1-3. \$30m in years 4-6 B/S: Detailed budget of substantial quantum. \$44m excluding security CAPG: \$28m committed SKA: Detail by deposit within Zarkashan. \$34m.
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	2	2	3	AMG: Supreme has >\$100m cash, >\$250m cashflow B/S: Belhasa and Sterling have \$13m cash in total, and >\$100m in credit facilities; no undrawn amount provided CAPG: \$20m from shareholders, rest from IPO. AECOM has \$398m cash SKA: Financial backer has \$49m cash and \$48m operating cashflow
5.5(a)(x)	Other relevant financial issues identified by the Bidder and proposed strategies of addressing those issues					
5.5(a)(v)	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	1	2	All will provide a performance bond, though CAPG says 'yes' in one place, and 'probably not' in another place
5.5(a)(vii)	Terms and conditions that are being offered with the Bid					Mining Agreement
5.5(a)(vi)	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)(viii)	Expenditure with regard to the proposed training of Afghan nationals					Social
5.5(a)(ix)	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
<b>5.5(b) Other Requirements</b>						
5.5(b)(ii)-(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
<b>5.5 Exploitation</b>						
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	2	1	2	2	AMG: Shareholders "if viable to do so". May JV with mining co. B/S gives no details. Others indicate combination of equity, equipment financing, structured debt
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	2	3	2	3	AMG: fixed 6%, no sliding. 50% of royalty is credited against income (increasing tax). Very realistic. B/S: 16% fixed, 10-18% sliding with no detail on scale. Not realistic. CAPG: 3.25% Cu, 4.25% Au. No sliding scale. SKA: Cu - base 5%, sliding up to 22.5% based on price. Au - base 10%, sliding up to 25%. Sliding scale not realistic. Export duty to be deducted from royalty
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

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RFP Ref.	Requirement	AMG	BELHASA/ STERLING	CAPG	SKA	Comments
<b>FINANCIAL BID</b>						
5.5(iv)	Any other economic benefits that would accrue to the Government during the exploitation phase of the Project	0	0	1	0	CAPG: \$0.25-1.5m based on capex of exploitation projects. \$1m if production before 3 yrs
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		12.0	12.0	11.0	13.0	

  
  
  
  
  
  
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<b>Social Elements of Technical and Financial</b>						
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	1	4	4	2	AMG: \$0.3m, equivalent to \$0.1m per year B/S: \$8m - water wells, roads, mobile medical clinic, potential airstrip. \$3m per yr during exploitation (probably not realistic) CAPG: \$8m - roads, wells, medical, education facilities, mobile CSR team SKA: No \$ amount provided. Schools, renewable energy (solar), medical clinic
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	3	3	2	3	AMG: Supreme has experience. Will provide operating support and has established high standards, KMC has zero insurance incidents since 2005. B/S: Detailed SHE methodology provided. CAPG: Senior management have run large mines - no detail provided. SKA: Extremely detailed procedures and experience in distressed countries, not in mining though
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 <u>exploitation of similar projects</u> 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	2	3	2	3	AMG: Supreme directly employs 1,993 Afghans. Education in Herat. No separate expenditure. Only comments on training in Supreme. B/S: Very detailed training programmes for 1,500-2,000 nationals. \$2.9m training budget. Work towards 80% Afghans. Lack of experience. CAPG: \$1.4m over 3 yrs, + 1% of exploitation costs. Employs 40 Afghans now. Expects 400 Afghan employees. Employment <u>after</u> training. SKA: Program to reach 90% of Afghan semi-skilled employees. 90% local recruitment in Somalia, Iraq. "Afghan First" policy. No expenditure provided
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					
TC		6.0	10.0	8.0	8.0	

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<b>Mining Agreement</b>						
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	2	1	3	3	AMG: Detailed markup, but containing a number of risk transfer items. B/S: Comments detailed but unclear. CAPG: Light but detailed markup. SKA: Light but detailed markup, includes proposed royalty deductions.
5.5(a)(vii)	Terms and conditions that are being offered with the Bid					



(دکتر) محمد علی محمدی

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

AMG			
Category	score	Bid Weighting	Total Bid Weighted Score
58.8	45%	105.8	
57.5	30%	69.0	
42.5	15%	25.5	
50.0	10%	20.0	
<b>208.8</b>	<b>100%</b>	<b>220.3</b>	

BELHASA/STERLING			
Category	score	Bid Weighting	Total Bid Weighted Score
63.8	45%	114.8	
62.5	30%	75.0	
87.5	15%	52.5	
25.0	10%	10.0	
<b>238.8</b>	<b>100%</b>	<b>252.3</b>	

CAPG			
Category	score	Bid Weighting	Total Bid Weighted Score
60.0	45%	108.0	
51.3	30%	61.5	
75.0	15%	45.0	
75.0	10%	30.0	
<b>261.3</b>	<b>100%</b>	<b>244.5</b>	

SKA			
Category	score	Bid Weighting	Total Bid Weighted Score
75.0	45%	135.0	
62.5	30%	75.0	
62.5	15%	37.5	
75.0	10%	30.0	
<b>275.0</b>	<b>100%</b>	<b>277.5</b>	

محمد علی محمدی  
رئیس هیئت مدیره

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سرمایه گذاری معدن

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 Marx  
Joanne Galloway