



Competitions for supplying services and their results

Competition #1: Carrying out excavation on flat-fee terms.

Competition #2: Equipment lease and employees retaining on hourly wage terms to carry out operations at the Kumtor mine.

1. Announcement of the opened bid admittance with respect to the competitions for excavation, equipment lease and labor hiring on hourly wage terms to carry out operations at the Kumtor mine were published in the newspaper Becherny Bishkek on January 11, 2013, and posted on the Company's website at www.kumtor.kg.
2. Replies to organizations' additional questions were provided within hours. Requests for additional information were granted within a working day. All bidders were duly interviewed and advised on the competition terms.
3. All applicants were advised to email their bids to localbuyer@kumtor.com. Some of the bids were emailed while others were delivered via courier in sealed or unsealed envelopes.
4. All bids were duly registered as they were submitted. Excavation bids totaled 19 while bids for equipment lease and labor hiring on hourly wage terms were 21. Seven organizations submitted bids for participation in both competitions.
5. A Board was formed on February 11, 2013, to produce a statement indicating the total number of bids submitted. All sealed envelopes were opened at the Board's first meeting and considered by the Board.
6. A special classification system was developed to analyze the compliance of the bids submitted with the competition rules and to appraise the applicants' competence. All information contained in the bids was transferred to summary tables.
7. The deadline for bidding was February 8, 2013, and no bids were admitted after that date. The Company didn't get in touch with any of the applicants for additional information or documents.
8. All bidders were preliminarily appraised according to the following criteria:
 - experience (years in business);
 - actual availability of equipment (rather than the applicant's readiness to purchase equipment after closing of the deal) and availability of full-time employees;
 - service prices;
 - location of the applicant, number of personnel and ability to retain additional labor;
 - description of the applicant's completed projects and the partners' recommendations.
9. The contractors thus preliminarily selected were additionally tested for competitiveness according to the following criteria:
 - service prices;
 - equipment's year of manufacture and operability;

comparison of the prices requested for the lease of equipment and the equipment's operability (preference was given to bidders offering more reliable equipment at the lowest price);

- availability of full-time employees and the bidder's experience in implementing projects of this kind.

The comparison in respect of each of the above categories awarded a certain number of scores which afterwards were summarized for each long-listed applicant. Thus the bids were compared both in respect to individual categories and in total.

10. The Company has decided to enter into agreements with a number of companies with a view of enabling as many contract organizations as possible to work at the Kumtor mine.
11. Equipment was distributed among the winning bidders according to the Kumtor mine's anticipated demands for various types of equipment in 2013 and in line with the total points scored by the bidders.
12. As regards organizations that proved competitive but failed to submit all the necessary documents, requests were sent to them for additional documents, and, additional information considered, the final decision was made.
13. As regards organizations that proved competitive but owned only one or two units of equipment, possible merger with more successful contractors was considered for them. Such organizations were as well appraised in terms of degree to which the Kumtor mine needed their equipment and opportunities of employing similar equipment provided by other bidders were considered.