

(PART 1)

REPLY AGAINST THE QUERIES RAISED BY BIDDERS BY MBL
(TENDER NO TE089/2016)
COAL MINING OPERATION SERVICES

1. We request and extension to submit bid for 24th March 2017

Reply : Last date for submission of bids is being extended 13.03.2017.

2. We will not present EMD bank guarantee with our proposal

Reply :- EMD has been kept to ensure only serious bidders participate in the tender and hence bids without EMD are liable to be rejected. Therefore we request you to submit the EMD amount. The EMD will be returned immediately after finalization of the tender.

3. ROM and waste monthly mining schedule – Pricing can not be estimated without a base schedule. We request MBL to provide a base mining schedule for pricing purposes. This include monthly volumes (waste and coal), vertical and horizontal haul distances, volume of material to be blasted monthly (coal and waste) , volume that is free dig. Any other production related information that is available is welcome as it helps to reduce uncertainties.

Reply:-The monthly Coal to be mined is 375000 MT +/- 20% to be transported over a distance of 2.6 to 3.2 km depending on the seams from which it is fed and that of waste is 1743750 BCM +/- 20% transported over a distance of 2.02 to 3.4 km with a maximum lift of 118 meter depending on the location of waste. The similar quantity of coal and waste are needed to be blasted. The free dig material is nominal.

LEAD AND LIFT AS ON 31.12.2016						
Pit	Item	END OF DEC 2015				
	COAL/WASTE		From	To		
		Lead	level	level	Lift	
		Mtrs	Mtrs	Mtrs	Mtrs	
	Overbuden Seam C	3.391	78	196	118	Waste Dump
	Overbuden Seam D NORTH OF SOUTH PIT	3.444	117	210	93	Waste Dump
	Overbuden Seam D SOUTH OF SOUTH PIT	2.415	139	210	71	Waste Dump
	Overbuden Seam E	2.033	134	165	31	Waste Dump
	Overbuden Seam E	2.019	113	146	33	Waste Dump
	Coal Seam C					
C - Coal to ROM	3.218	60	159	99	ROM	
Coal Seam D						
D - Coal to ROM	2.600	68	159	91	ROM	

Coal Seam D					
D - Coal to ROM	2.650	136	154	18	ROM
Coal Seam E					
E - Coal to ROM	2800	120	159	39	ROM

4. Pumping water: Annexure A requires a pumping capacity of 1.3 million liters per hour. What is the current volume of water in the pit and in how many days all the water has to be pumped? 1.3 million liters per hour pumping capacity sounds bigger than required.

Reply: Presently there is about 800 million liters of water in the pit. The water has to be pumped out in 30 days.

5. Facilities: As per documentation, contractor has to build new facilities on site to support its operation. MBL will not allow contractor to use existing facilities? Fuel storage, workshops, offices, etc...

Reply: The existing facilities belong to earlier contractor Eqstra. The party can directly deal with them to acquire those.

**Contact detail : Stuart Wright
Area Director , Mozambique
MCC contract Mining & Services
Cell no 00258843803887
E mail : Sturatw@mccgroup.co.za**

6. The list of equipment (quantity and capacity) and personnel presented on Annexure A is mandatory or contractor can suggest a different set up?

Reply: The list of equipment given is indicative only. The party can suggest technically suitable equipment to meet the requirement.

7. Annexure A mentions a simulator trainer. Will an equipment simulator be mandatory on site?

Reply:- No. It is just a suggestion for better training.

8. MBL will supply water (potable and raw) and power (22Kv) to the contractor at cost. Please inform cost of water and power to be charged to contractor. Will be supplied at prevailing rate charged by government authority to ICVL.

Reply: Water and power shall be provided at the rate charged by Government authority to ICVL. Presently, water and power tariff is 0.6 Metical per cubic meter and USD 0.1275 per KWH respectively.

9. Item 1.9 of scope of works mention provision of "suitable road sheeting material". Not clear who is responsible for providing such material. If MBL please specify what type of material, volume available and at which location will it be available (distances). If the contractor is to provide please inform if there is any borrow area within the mining license (location, distances and type of material).

Reply:-This will be made available, if required, within the lease area located at a distance of 4 to 7 kms. Soil/reject shall be transported by contractor at his own cost.

10. Water management: as per item 1.10.1 MBL will nominate pit pumping capacity. Please inform for contractor to calculate costs of pumping. Please inform if the pit is serviced by power lines or if pumps have to be driven by diesel engines.

Reply:- The contractor with the assistance of our Geo-technical Engineer will decide pit pumping capacity. The pit is not served by power line. The pumps are to be driven by diesel engines.

11. It is understood that borehole dewatering is not required, there is no ground water and works will always be conducted above water table. In case there is need to install dewatering boreholes to control ground water and lower water table level this is MBL account. Contractor will only operate dewatering system related to rain water.

Reply:- Even if , there is some flow of ground water, it does not create any problem due to hot weather of the area during most part of the year. Rather, if any water accumulates in sump, it is used for water sprinkling purpose.

12. Land clearing and grubbing: any large trees in the areas to be cleared? If yes, how will they be handled? If not, can all trees and vegetation be pushed with dozers outside the footprint of waste dump/pit?

Reply:- Only, bush clearing is to be done by dozing.

13. PAF dumps have to be sealed with clay. Please inform source of suitable clay (distances), volumes requires and technical details of the sealing layer (compaction, thickness, etc...). It is understood that MBL geology department is responsible for indicating PAF and non PAF material.

Reply: This will be taken care by our Geologist in case the situation arises along with solution to be implemented by the party.

14. Coal feed: Please inform distance from ROM stockpiles to crusher to calculate costs of coal re-handle when direct feed is not possible.

Reply: 200 to 500 mts.

15. Explosives: Please inform if MBL licence allows construction of explosive plant on site (explosives to be manufactured within mining licence area)

Reply: No.

16. Stemming: Please inform is there is any suitable stemming material on site and if not , inform if drill cuttings are acceptable as stemming material.

Reply:- Drill cuttings may be used as stemming material.

17. Monthly invoicing: Please confirm if monthly invoicing will be based only in ROM coal mined (contractor will offer only USD/t of ROM rate). If this is correct then please inform how contractor will be paid by waste removed, daywork services, dewatering and all other related services that not coal mining. Also inform guaranteed stripping ratio per month to ensure fixed amount of waste is mined to remove coal.

Reply:- The monthly invoicing will be based only on ROM coal fed to CHPP. The USD/ton of ROM rate has to be quoted taking care of all activities like waste removed and dewatering etc except daywork which will be decided at the time of placement of order based on the prevailing rate. The average stripping ratio is 4.65 BCM per ton of ROM Coal.

18. Rate: please confirm that rates will be net of VAT (IVA).

Reply :-Price to be quoted as per Format 6 – Price Bid . Base price and taxes are to be quoted separately.

19. Please inform expected date of award/contract execution date.

Reply :- As early as possible.

20. Please provide information about material to be mined (different types of waste and coal), such as: seam height, Uniaxial compressive Strength (UCS in MPa), swell factor, in situ density (in t/m³) and any other technical information about the materials to be mined.

Reply : The Top Soil is sand. The sub-soil is clay stone and finally over burden is sand stone and shale. The average thickness of C,D and E seams are 14, 11 and 14 mts. respectively. The distance between C and D seams is 60 to 70 mtrs and that of D and E is also 60 to 70 mtrs. Swell factor is 30%. In situ densities of waste and coal are 2.6 and 1.6 ton/ m³. UCS is not available with us.

21. Please provide all technical information regarding drilling and blasting (drill patterns, drill productivity and penetration rates, drilling diameter, powder factors for different rocks, hole depths, subdrill and stemming, etc....) available from previous operation.

Reply :- In Waste rock, the blast hole diameter is 250 mm. with staggered pattern of drilling having burden and spacing of 7.5 and 8.5 mtrs respectively. In coal, the drilling hole diameter is 115 mm. with staggered pattern of drilling having burden and spacing of 4 and 4 mtrs respectively. The powder factors for waste and coal is 0.6 kg per BCM of rock and 0.3 kg per ton of coal. Hole depth in waste is 12 mtrs and that of coal is 5/6 mtrs. The subdrill is 10 %. Penetration rate in waste is 30 mtrs per hour and that in coal is 40 mtrs per hour. Steaming depth is 1/3 of hole depth.

22. Please inform how contractor will be paid for services and coal/waste mined before reaching commercial production date (50% of required ROM production – Item 3.6 of Chapter 3 - Definitions).

Reply:-Mobilization amount will be paid as per clause 7.2.2. of the tender.

23. Site Security: We understand that contractor will only be responsible for security of its own premises and equipment. Security of the whole mine (fencing, patrolling, etc...) and of areas shared with other contractors and ICVL will be ICVL responsibility. Please confirm and inform what was the number of security personnel employed during operations at the mining area. Please also inform if ICVL allow armed security on site.

Reply:- The contractor will be responsible for security of its own premises and equipment. Number of security personnel employed during operation was about 10. Armed security personnel is allowed.

24. In the rise and fall formula ICVL has considered 15% weightage for diesel (page 32 of 188 of the tender doc) in total Mining Cost whereas by industry standards and with our mining experience the diesel allocation to a mining project it comes closer to 30 % of the total mining cost.

Reply: Based on previous experience and the consumption pattern, weightage of 15% for diesel has been considered.

25. On the same lines weightage of 5% has been given to explosives, in comparison to industry standards of 20% for the same. Therefore kindly clarify the basis on which 15% & 5% weightage has been considered for diesel & explosives respectively.

Reply : Based on previous experience and the consumption pattern, weightage of 5% for explosives have been considered

26. ICVL has put a maximum cap of 10% variation in prices on yearly basis. As Mozambique is a hyper inflationary country and due to volatility in the oil market the oil prices are changing day by day due to international pressures and depreciation of currency and other political considerations .Therefore kindly clarify the basis of 10% cap kept for revision in prices

Reply : The rates are in US\$ / t of ROM delivered. Since the rates are in USD, the impact of inflation would get compensated with the exchange rate fluctuation. Thus, it is considered that 10% variation either side would be a reasonable one.

27. ICVL in the rise and fall formula has proposed revision of prices on yearly basis for all components of cost, As the impact of the Diesel and explosives will be in millions of dollars , for a mining contractor this would immediately affect the cash flows thus the operational efficiencies. Kindly reconsider the basis for taking one year timeline to revise the prices specially for fuel and explosive cost.

Reply: The fuel price (diesel) is controlled by the Government of Mozambique. Thus, as and when the notification with regard to revision in price is announced, the price variation in respect of Diesel will be given effect to. However, for explosives, the prices are based on long term

contracts with the private suppliers as such the revision may be considered annually as per the tender terms.

28. Annexure-A: Schedule: Start of Mobilisation of Equipment & Manpower is the very date of award of LOI = Zero Date. This is practically impossible for any Bidder.

Reply : It will be as per the tender document

29. Annexure-A: Schedule: Start of Dewatering within 15 days of the LOI. This is also practically impossible for a Mammoth dewatering target of @ 1.3 million litres of water per hour. The penalty of USD \$10,000 / day for delay in commencement of dewatering under Cl. No. 7.10.1 is also too harsh & unprecedented after a mobilization period of 15 days only.

Reply:-It will be as per the tender document .

30. Annexure-A: Schedule: Start of Waste Removal is within 30 days of LOI. This is also impossible to comply with & the penalty @ USD \$10,000/ day for delay in commencement of waste removal under Cl. No. 7.10.2 is also too harsh to participate in the Tender.

Reply:-It will be as per the tender document . However the penalty imposed shall be refunded if the party compensates for the lost production within 165 days instead of 136 days mentioned in the tender document .

31. Annexure-A: Schedule: Achievement of 50% of production, 80% of full production & 100% of full production within 75 days, 105 days & 136 days respectively — The successful Bidder has to approach a Bank, negotiate with the Bank, obtaining credit, negotiate with the Equipment Manufacturer, entering into proper supply contract, getting supply & transportation to Mine Site, recruit manpower etc. All the above activities require time, at least a year or so. But these are impossible within the schedule provided by you.

Reply:-It will be as per the tender document .

32. Annexure-A: Equipment Mobilisation: The Equipment size in terms of Capacity & Quantity is too large to produce 4.5 MTPA with an average stripping ratio around 4.65. We request you to kindly leave Equipment specification in terms of quantity & individual capacity to the scope of the Bidder.

Reply:-The size of the equipment given in the tender is indicative only.

However, the party may suggest technically suitable equipment to achieve the target. "Note" under Facilities (Annexure "A") may be referred.

33. Last date of Bid Submission: *The* invitation of Tender was issued on 09/02/2017 & the last date of Bid Submission is 03/03/2017. This period is too small to prepare the Bid like Benga holistically will proper Techno-economic assessment after discussing with all of our Stakeholders like Equipment Manufacturer, Financial Institution other Consortium Members etc.

Reply:-It will be extended up to 13.03.2017

34. None of the approved Mining Plan, Approve Mine Closure Plan, Feasibility Report, Geological Report, Hydrological Report etc. are provided:- Without these, a Mine for a capacity of 4.5 MTPA with an average stripping ratio around 4.65 is impossible to be planned. Request you to kindly enclose the above documents with the Tender.

Reply : We shall provide Mining Plan ,Geological & Hydrological report and also the resource model so as to understand the whole deposit very clearly. It would have been better had the party visited our mine and discussed all these requirements with our geologist and Geo Technical engineer. At this stage , when the initial contract is for Three years probably there is no need of Mine closure plan, though we have the same .

35. Commercial Production Period (Cl. No. 3.7: Definitions): The basic Commercial Production Period is 3 years. This is grossly inadequate com measurable with the large Capital Investment required for the project to ensure the payback period.

Reply : There is provision in the tender document for extending the same by two more years based on the satisfactory performance and requirement by MBL:

36. Own and maintain a fleet of HEMM under Cl no. 1.2.2 may be replaced with lease/own and maintenance of adequate size and numbers in good working condition commensurate with the production plans throughout the Contract period.

Reply : It is acceptable . Documentary evidence needs to be provided by the party

REPLIES TO QUERIES (PART 2)

1	<i>Production stopped by client for whatever reason</i>	Only compensating, 10% of production will be paid. Fixed cost should be compensated for.	Compensation to the successful Bidder shall be paid as per clause 7.10.6 of the tender.
2	<i>Rainy Season</i>	How will the compensation be done as over production in the dry season can't be done and will not be cash flowed.	If required, excess production will be done in dry season to compensate for the rainy season.
3	<i>Penalties, daily</i>	Feels it to be excessive and a double penalty.	The objective of the penalty in respect of non achievement of milestone is to ensure that all the milestones are achieved in time. Further, the penalties are very reasonable when compared to the loss, the tenderer will incur in case of non achievement of mile stones within the stipulated time. However, the penalty imposed shall be refunded if the party compensates for the lost production within 165 days instead of 136 days mentioned in the tender document.
4	<i>Not to mine over call</i>	Will not be cash flowed.	Payment will be made based on ROM qty delivered at CHPP(clause 7.11.3) as per monthly plan provided by MBL to the awardee . If there is no supply of ROM to CHPP in any month based on the advice of MBL, compensation to the successful Bidder shall be paid as per clause 7.10.6 of the tender.
5	<i>Mine box-cut _ for two(2) months no coal</i>	Will negatively influence contractor cash flow as payment gets done on coal tons.	Already coal faces are open as such no new Box cut is required.
6	<i>Pay for coal only, not overburden</i>	Some months only overburden will be removed	This sort of situation will not arise Payment will be made based on ROM qty delivered at CHPP(clause 7.11.3) as per monthly plan provided by MBL

			to the awardee . If there is no supply of ROM to CHPP in any month based on the advice of MBL, compensation to the successful Bidder shall be paid as per clause 7.10.6 of the tender.
7	Geology	Please supply, need x-sections as well	Some critical cross section will be made available.
8	Strip Ratio 4.65	Does it stay constant throughout mine, how can contractor carry responsibility for geology	This average strip ratio has been calculated based on our geology.
9	Block model	Can it please be supplied?	Yes
10	Mobilization of equipment	Timelines for build up production much shorter to what OEM' can deliver equipment.	It has to be as per tender document
11	Expats	Any rule in place on percentage allowed.	About 20 %
12	Mozambican company 90 days to register	Client requires production in 75 days from award.	Maximum time taken is 90 days. However, currently it can be registered within a month time.
13	Dewatering of 1.2Mlt per hour	What is the set-up, where pump to, stage pumping?	To be pumped to mine Run off pond through trench in single stage .
14	Payment outside scope	How will incidental, Day Work rates be applied?	It will be finalized at the time of awarding the contract based on the prevailing rate .
15	Office, workshops Contractors work area	Is this available for new contractor?	It is available . However, it has to be purchased from earlier contractor Eqstra for acquisition . Contact detail : Stuart Wright Area Director , Mozambique MCC contract Mining & Services Cell no 00258843803887 E mail : Sturatw@mccgroup.co.za

16	<i>Client supplies Water and Electricity</i>	Should the supply be interrupted the contractor cannot be penalised. Does the contractor pay for consumption?	Water and power shall be provided at the rate charged by Government authority to ICVL. Presently, water and power tariff is 0.6 Metical per cubic meter and USD 0.1275 per KWH respectively.
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