

**INVESTMENT PROPOSAL
“ERECTION OF A SHEET MILL”**

1. General

- 1.1 This investment proposal regulates the requirements regarding an investor for the implementation of the investment project "Erection of a sheet mill".
- 1.2 Investor requirements set forth in this investment project are the basic data for carrying out an open tender to choose an investor for the implementation of the investment project "Erection of a sheet mill". This investment proposal is a part of the tender documents.
- 1.3 An investor is a person (legal and natural persons, a foreign organization not being a legal entity, a state represented by authorized bodies and its political subdivisions represented by authorized bodies) carrying investment activity in the form determined by the existing law of the Republic of Belarus.
- 1.4 The investment project "Erection of a sheet mill" is initiated by the Ministry of Industry of the Republic of Belarus together with the Production Association "Byelorussian Steel Works".
- 1.5 General concept of the project can be adjusted in the course of the project implementation with consideration of the opinion of all partners.

2. Technical and economic description of the project.

- 2.1 Erection of a sheet mill implies building of a facility for hot-rolled coils production.
- 2.2 Planned output capacity of the facility is up to 1.2 million tpy of finished product depending on the range of production.
- 2.3 The hot-rolled sheet facility should provide for the increase of the output up to 2.4 million tpy of finished products for the optimization of the casting and rolling modules.
- 2.4 The sheet mill is a separate independent enterprise. The proposed location of the mill: see. Annex 1.
- 2.5 The proposed finished product range is determined on the basis of the sheet market study and includes hot-rolled sheet in coils, thickness 0.8 – 25 mm, width: 800 – 1850 mm.
- 2.6 The proposed grade list of the finished products: see Annex 2.

3. Terms and conditions for participation in the tender and investor requirements.

- 3.1 Investment activity under the project "Erection of a sheet mill" corresponds to formation of either a legal entity of the Republic of Belarus – a joint-stock

company with an investor share from 50 to 100 percent or a legal entity with a share of foreign investments of 100% and being the total ownership of a foreign investor. It is supposed to use financial funds, equipment, technology, know-how, etc. in accordance with the existing law of the Republic of Belarus as an investment.

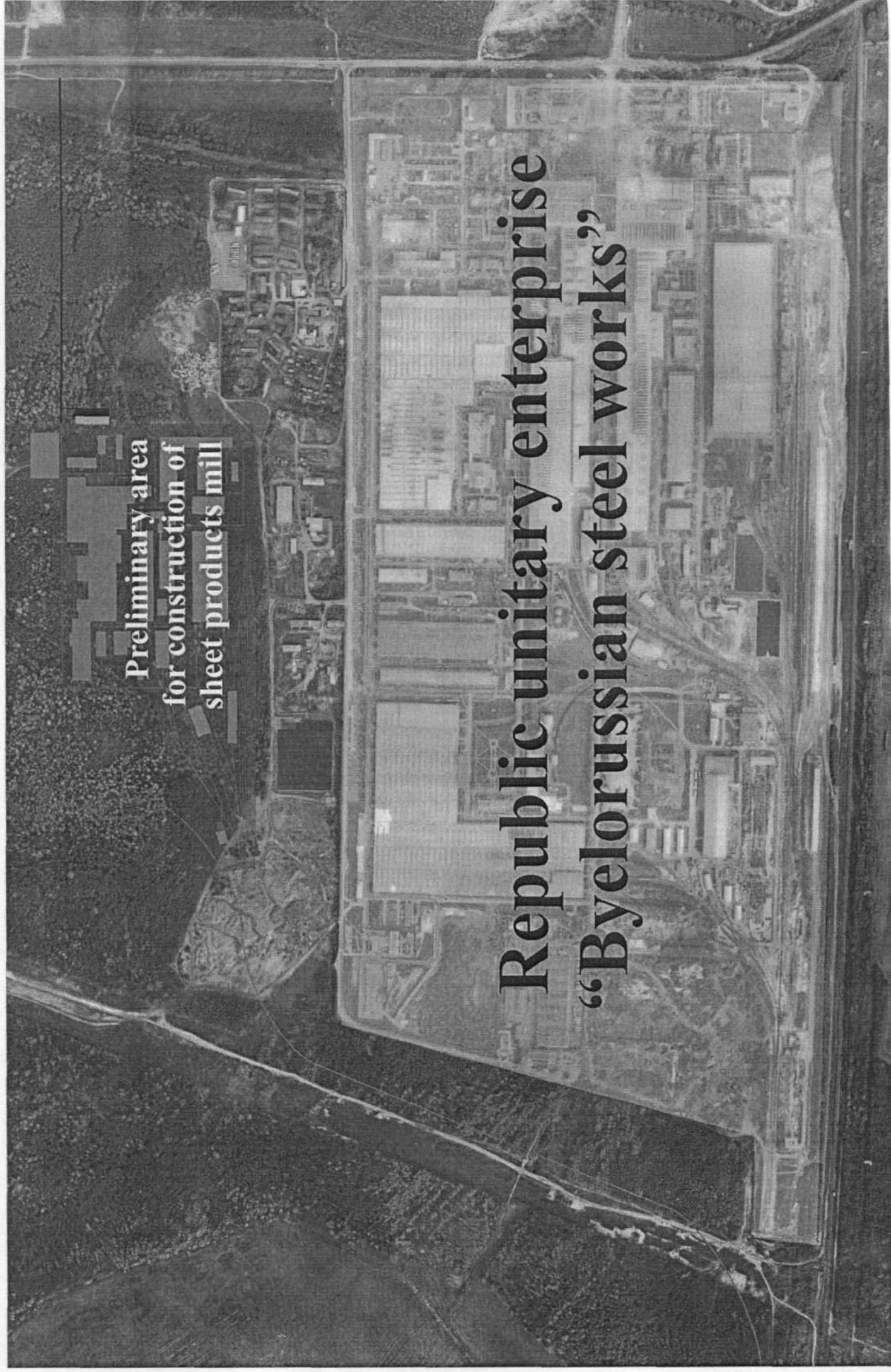
- 3.2 A pretender should send an application for participation in the tender to the tender committee followed by a tender proposal.
- 3.3 The tender proposal should be a document comprising detailed information about the form of the investor's participation in the project and in the technical and economic indicators of the project.
- 3.4 Rules of a tender proposal execution:
 - 3.4.1 A tender proposal should be presented in Russian. The pretender bears responsibility for the correctness of the translation of the tender proposal into Russian.
 - 3.4.2 Specifications, layouts, drawings, sketches and requirements should be based on the objective technical and quality characteristics of the goods, the services and the works purchased and rendered. Requirements or references to a certain trade mark, a name, a patent, a design, a model, a source of origin or a certain manufacturer are allowed in case of absence of other clear and exact means of describing the goods, the works and the services purchased and rendered subject to inclusion of the words "or equivalent".
 - 3.4.3 When making outlines, specifications, sketches and drawings standard rates (requirements, reference designations and terms) related to the technical and quality characteristics of the goods, the works and the services purchased and rendered should be used, if possible. Standard rates should be based on international standards. If there no international standards, the standard rates should be based on technical specifications, the standards or the codes existing in the Republic of Belarus.
- 3.5 A tender proposal of a pretender should include the following compulsory information:
 - 3.5.1. Information about the participant – investor of the project "Erection of a sheet mill".
 - 3.5.2. If several investor participate in one proposal: distribution of shares of the participants in the authorized capital as well as detailed information about each participant of the joint tender proposal.
 - 3.5.3. Organizational and legal form of the enterprise formed.
 - 3.5.4. Authorized fund amount and the procedure of its formation.
 - 3.5.5. Maximum amount of investments in the project, sources of financing and approximate schedule of the project financing.

- 3.5.6. Raw material delivery schedule and sources of deliveries providing the facility output of at least 1.2 million tpy of finished products.
- 3.5.7. Finished product sale scheme and sales markets. Availability of own sheet product distribution network is advisable.
- 3.5.8. Project implementation time.
- 3.6 Ground area for the sheet mill location is allocated to the investor in accordance with the existing law of the Republic of Belarus.
- 3.7 The winner of the tender has the right to the conditions and privileges stipulated in the normative legislative acts of the Republic of Belarus.
- 3.8 Supply of utilities to the boundaries of the sheet mill is fulfilled by and at the expense of an investor.
- 3.9 Hot-rolled sheet facility should be erected on the turn-key basis with maximum attraction of the equipment producers, design and erection organizations of the Republic of Belarus.
- 3.10 An investor should guarantee observation of the requirements of the law of the Republic of Belarus in the area of environment, labour protection and industrial safety as well as requirements of the Labour Code of the Republic of Belarus.

Annex No.1 of the investment proposal “Erection of a sheet mill”

Preliminary area
for construction of
sheet products mill

Republic unitary enterprise
“Byelorussian steel works”



Annex No.2 of the investment proposal "Erection of a sheet mill"

Type of steel and dedication	GOST, TS, steel grade
General-purpose simple carbon steel	GOST 380-94: St1sp, St2sp, St3sp, St4sp, St5sp
Low-alloy structural steel for bridge engineering	GOST 6713-75: 16Д, 10XCHД, 15 XCHД
Carbon structural boiler steel	GOST 5520-79: 12K, 15K, 16K, 18K, 20K, 22K, 16 ГС, 09Г2С, 10Г2С1, 12 XM, 10X2M, 17Г1С
Steel with higher strength	GOST 19282-89: 09Г2, 09Г2С, 14Г2, 10Г2С1, 17ГС, 17Г1С, 10XCHД, 15XCHД, 12ГС
Spring steel	GOST 14959-79: 60, 65, 70, 60Г, 65Г, 70Г
General-purpose quality structural carbon steel	GOST 1050-88: 08, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60.
Structural quality carbon steel for cold forming	GOST 4041-71: 08ps, 08Ю, 08ЮА, 10ЮА, 15ЮА, 18ЮА, 20ЮА.
Alloy structural quality steel, general-purpose and special-purpose	GOST 4543-71: 15Г, 20Г, 25Г, 30Г, 40Г, 50Г, 10Г2, 35Г2, 20X, 30X, 40X.
General-purpose steel	ASTM A568/A568M and ASTM A635/A635M: SAE1006, SAE 1008, SAE1009, SAE1010, SAE1012, SAE1015, SAE1017, SAE1019, SAE1020, SAE1021, SAE1022, SAE1023, SAE1025
Steel for welded, riveted, and bolted structures	EN 10025:S235 (JR, JRG2, J0, J2G4), S275 (JR, JO, J2G4), S355 (JR, K2G4, J0, J2G4), E295 DIN 17100: St37-2, RSt37-2, St44-2, St44-3, St52-3
Constructional steel	ASTM A570/A570M: Gr.30, Gr.33, Gr.36, Gr.40, Gr.45, Gr.50, Gr.55.
Steel for welded pipes (strip): Simple carbon steel Low-alloy steel Quality carbon structural steel	GOST 380-94: St1sp, St2sp, St3sp TU 14-1-1921-76: 12Г2С, 17ГС, 17Г1С TU 14-1-1950-89: 17ГС, 17Г1С, 17Г1С-У, 16Г2СФ, 14ХГС TU 14-1-3956-85: 22ГЮ TU 14-1-4358-87: 08ГБЮ, 09ГБЮ TU 14-1-3636-96: 13Г1С-У, 13ГС TU 14-2-551-78: 08Г2СФ TU 14-1-4083-86: 10Г2БТ, 09Г2ФБ, 09Г2БТ GOST1050-88: 08, 10, 15, 20 API 5L: A25, A, B, X42, X46, X52, X56, X60, X65, X70

Provision
for a tender procedure for selection of an investor for
implementation of investment project
“Erection of a sheet mill”

Chapter 1

GENERAL PROVISIONS

- 1.1 The present Provision defines conditions for preparation and holding of a tender for selection of investor with the frameworks of investment project "Erection of a sheet mill" implementation in order to make implementation of project more effective, create competition between potential investors, establish positive investment climate and develop national metallurgy industry.
- 1.2 Tender organizer – Ministry of Industry of the Republic of Belarus together with Production Association "Byelorussian Steel Works".
- 1.3 Tender documents – set of documents including the present Provision for the tender procedure and investment proposal "Construction of sheet mill" containing information about subject and conditions of the tender.
- 1.4 Tender proposal – a document prepared by investor in accordance with requirements of investment proposal "Erection of a sheet mill".
- 1.5 Tender committee (here and after Committee) – specially established competent authority consisting of representatives of Ministry of Industry, PA "BMZ", other Ministries, departments and public institutions.

Chapter 2

BASIC DATA OF THE INVESTMENT PROJECT "ERECTION OF A SHEET MILL"

2.1 Basic data for holding of investor selecting tender for project "Erection of a sheet mill" constitutes investment proposal developed by Committee and includes following information:

- Name of investment project
- Name of initiator of investment project
- Complex output capacity
- Preliminary product mix and grade list of finished product
- Supposed location of the complex
- Requirements to a scope of supply ("turn-key basis", with involvement of domestic organizations, etc.)
- Term of project implementation
- Form of investment activity
- Amount of collective investment fund of established body corporate.

- Conditions of participants' shares ratio in collective investment fund of established body corporate.
- Other requirements to investor (availability of raw materials sources, developed commodity distribution network, etc.)

2.2 Investment proposal is studied, agreed with and approved by members of Committee.

Chapter 3

TENDER PROCEDURE FOR SELECTION OF AN INVESTOR FOR IMPLEMENTATION OF INVESTMENT PROJECT "ERECTION OF A SHEET MILL"

- 3.1 Investor for implementation of investment project "Erection of a sheet mill" will be determined by decision of Technical and Economic Council of Ministry of Industry of the Republic of Belarus on the basis of open international tender results in compliance with current legislation in the Republic of Belarus.
- 3.2 Procedures for announcement of open tender on project "Erection of a sheet mill", sending of invitations for participation, receiving of proposals from investors, envelopes opening and preliminary consideration of tender proposals are carried out by Committee established by order №17 of General Director PA "BMZ" from 18.08.2009.
- 3.3 After opening of envelopes with candidates' proposals Committee will develop summary report and send it together with copies of proposals to Ministry of Industry of the Republic of Belarus.
- 3.4 For participation in the tender a candidate should provide written application to the Committee with the following data:
 - 3.4.1 Name of investor (for natural person – name, nationality), and also names of participants (for public corporation – stockholders having 5% of shares and more) or owners (founders) of body corporate – investor.
 - 3.4.2 State title in accordance with which legislation body corporate was established – investor and its participants (for public corporation – stockholders having 5% of shares and more) or owners (founders) of body corporate, state title of permanent location (residence) of investor and his participants or owners (founders).
 - 3.4.3 Permanent residence of body corporate – investor (permanent residence of natural person) and his participants (for public

corporation – stockholders having 5% of shares and more) or owners (founders).

- 3.4.4 Information proving that investor has experience, technical and organizational possibilities for investment project implementation.
- 3.4.5 Information proving that investor has experience and possibilities for financial provision for investment project implementation.
- 3.4.6 Additional information (depending on requirement specification content).
- 3.5 In case several candidates intend to apply as a joined investor, information about each member of such group should be included into application as well as data about distribution of functions among them in order to meet tender requirements.
- 3.6 Information received from participants of tender will remain commercial classified information.
- 3.7 Expenses of candidates related to participation in tender will not be compensated.
- 3.8 All participants who provided their tender proposals at a stated time or their authorized representatives have right witness envelopes opening process.
- 3.9 At the time of envelopes with tender proposals opening the following information will be announced and recorded in a protocol of Committee meeting: names, location of each participant and basic parameters of their investment proposals.
- 3.10 Copies of Committee meeting protocol containing information about envelopes opening procedure will be sent to those participants who couldn't send their representatives, upon their request within three working days from the date of request receiving by tender initiator (organizer, authorized organization).
- 3.11 The following assessment criteria will be used at the time of proposals on project "Erection of a sheet mill" examination:
 - 3.11.1 Availability of raw materials sources for a sheet mill with annual production capacity of 1,2mln tones of finished product.
 - 3.11.2 Availability of confirmed financial resources required for implementation of investment project "Construction of a sheet mill".
 - 3.11.3 Existence of commodity distribution network for steel product distribution, including hot-rolled steel strips.
 - 3.11.4 Experience in erection and operation of metallurgic complexes.
 - 3.11.5 Project implementation term.
 - 3.11.6 Project effectiveness indexes.
 - 3.11.7 Power consumption of supplied equipment and complex in general.

- 3.11.8 Participation share of Byelorussian equipment producers, building and designing organization in project implementation.
- 3.12 Assessment of tender proposals can be done with involvement of independent experts, as a rule, not less than three persons. Each expert prepares its own conclusion which will be reviewed by Committee.
- 3.13 Winner of the tender should send written confirmation of readiness to fulfill his obligations, stated in his tender proposal, within 10 calendar days from the day when a decision was taken by Ministry of Industry of the Republic of Belarus.
- 3.14 Contact details for obtaining of information about project and support with organizational matters:

Please, make a note "Tender on investor selection".

RUE"BMZ"

Metallurgical Production Development Board

37 Promyshlennaya str.

Zhlobin, Gomel region

247210 Belarus

Phone: +375 2334 55570

Fax: +375 2334 55019

E-Mail: mn.urmp@bmz.gomel.by

3.15 Please, send your tender proposals to the following address:

Economic Security Department

Room 542

RUE"BMZ"

37 Promyshlennaya str.

Zhlobin, Gomel region

247210 Belarus

Phone: +375 2334 55605

Fax: +375 2334 55201

Chapter 4

RIGHTS AND OBLIGATIONS OF PARTIES DURING PREPARATION OF TENDER PROPOSALS

- 4.1 Candidate provides tender proposal to the customer according to order stated in tender documents.
- 4.2 The customer is obliged to answer to any question of investor regarding to tender documents, received at the latest 6 days prior to the final date of tender proposals acceptance and communicate explanation on received question to all other investors who provided their tender proposals not mentioning name of the investor who put a question.
- 4.3 A candidate has the right to hold negotiations with the customer in order to clarify characteristics of the project and solve questions regarding preparation and provision of his tender proposal but not later the final date of tender proposals acceptance.
- 4.4 Tender proposals should be provided to the customer in Russian language. The candidate will be responsible for correctness of translation into Russian language of provided tender proposal.
- 4.5 Tender proposals should be delivered in original in written form in a sealed envelope. Upon request the customer will provide the candidate a receipt indicating date and time of tender proposal reception.
- 4.6 Envelopes with tender proposals received after the stated final date will not be opened and will be returned to the sender.
- 4.7 In case of objective necessity tender conditions can be changed by the Organizers of the tender, provided that all changes were communicated to the candidates at the latest 25 days prior to tender beginning.
- 4.8 The organizer of the tender bears no responsibility for any expenses incurred by candidates as a result of preparation and provision of tender proposals.