

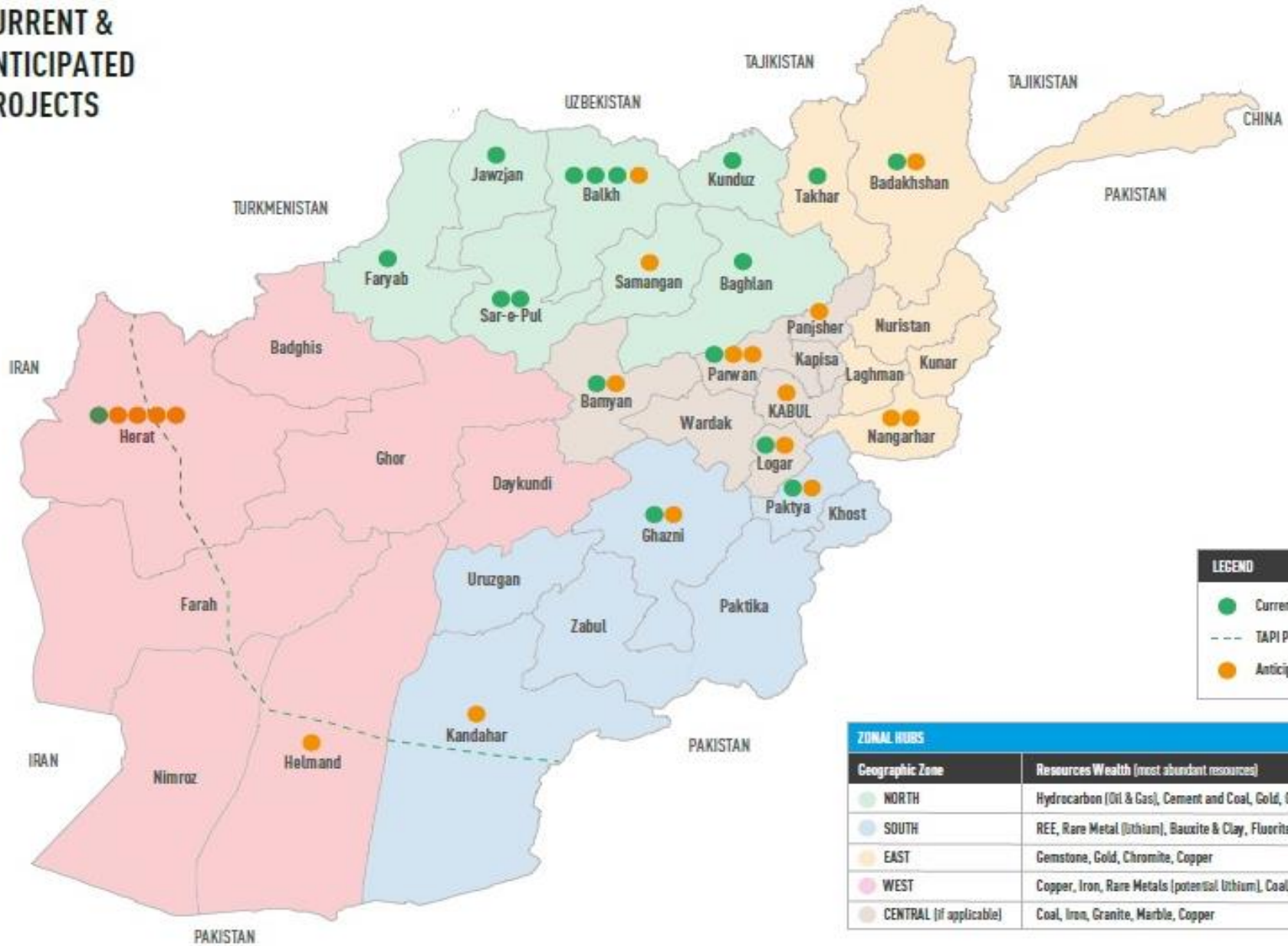


Islamic Republic of Afghanistan
Ministry of Mines and Petroleum

Second Donor Coordination Meeting
Contract Management and Compliance

August 15, 2018

● CURRENT &
● ANTICIPATED
PROJECTS



LEGEND	
●	Current Projects
- - -	TAPI Pipeline
●	Anticipated Projects

ZONAL HUBS	
Geographic Zone	Resources Wealth (most abundant resources)
NORTH	Hydrocarbon (Oil & Gas), Cement and Coal, Gold, Copper
SOUTH	REE, Rare Metal (lithium), Bauxite & Clay, Fluorite, Marble and Onyx
EAST	Gemstone, Gold, Chromite, Copper
WEST	Copper, Iron, Rare Metals (potential lithium), Coal, Marble and Onyx
CENTRAL (if applicable)	Coal, Iron, Granite, Marble, Copper

1. Current Contracts

Project	Status	Way Forward/Anticipated Constraints
<p>Amu Darya (EPSC)</p>	<ul style="list-style-type: none"> ▪ The Contractor failed to resolve its internal conflict and comply with its obligations under the Contract. ▪ The Ministry issued Notice of Termination as per Article 25 of the EPSC, providing a Cure Period until July 12 2018. ▪ The Contract is terminated as the Contractor failed to fulfill its obligations. ▪ Transitional/Takeover Plan to be implemented after August 18, 2018. ▪ The Ministry met the Contractor to discuss the transitional/takeover plan. Its agreed that the Contractor will submit their proposal regarding buying out one another by August 18, 2018 ▪ Authorized team of the Ministry is in the Contract Area for initial assessment prior to the commencement of transition of the Contract Area to the Ministry. ▪ Authorized team has completed their assessment and listed all the equipment's and its condition. 	<ul style="list-style-type: none"> ▪ The Ministry will make decision with regards to the future of the project after the Contractor provides its final stand on the termination and the project. ▪ Re- tendering or G2G arrangement with Uzbekistan. ▪ The Contractor may opt for arbitration against GoIRA. ▪ The Contractor does not agree with the transition/takeover plan. ▪ The Ministry may reach to court of law/arbitration for taking over the Contract Area and recover the losses/seek compensation from the General Performance Guarantee.

<p>Afghan Tajik (EPSC)</p>	<p>Side Letter (certain amendments to the EPSC) is signed after being endorsed by the High Economic Council and ratified by the Cabinet.</p>	<ul style="list-style-type: none"> ▪ Contractor will submit their request for facilitating their security with APPF. ▪ The Contractor is now obliged to invest 60 Million USD to conduct seismic of 1030-1200 KM and drill a well with depth of 5500 meters within next 24 months i.e., by June 30, 2020. ▪ Contractor will commence mobilization by end of September 2018. ▪ The project will initially create direct and indirect employment for 400 afghan citizens.
<p>Mis E Aynak</p>	<ul style="list-style-type: none"> ▪ The Contractor has proposed 56 amendments to the Contract including reduction of royalty rate. ▪ Initial evaluation of the proposed amendments and other technical aspects is completed. ▪ A detailed report of the project was presented to H.E. the President. ▪ The Ministry has also in parallel commenced resolving issues related to Land Acquisition and Re-settlement, Cultural Relics and Security. 	<ul style="list-style-type: none"> ▪ Negotiations with the Contractor will resume on September 10, 2018. ▪ The Ministry will prepare the negotiation strategy with assistance of its legal counsel (DLA Piper) and technical expert Mr. Vaughn Smith. ▪ The Ministry may face lack of expertise in technical and financial aspects during the negotiations. ▪ Lack of full-fledged and consistent cooperation of APPF. ▪ Increased threats due to lack of efficient security management in the

Land Acquisition, Social Issues and Resettlement:

- Prior decisions taken with regards to Land Acquisition, causing failure to resolve local community's demands are being analyzed, consultations with local community is being conducted, in the light of applicable Laws and Regulations the local communities' demands will be shared with the Land Authority of Afghanistan, and the registration of the affected community will be re-evaluated as well.

Cultural Relics:

- Finalization of a MoU with MoIC with regards to excavation and transferring of cultural relics in the Contract Area is underway, meanwhile a proposal is being prepared in collaboration with UNESCO, MoIC, Cheryl Benard and WB for safe and speedy transfer of cultural relics and handing over of the site to the Contractor.

Security Section:

- APPF Security Contract is being re- evaluated for the purpose of amendment, and arrangements are underway for implementing the regular operational plan for the security of the Contract Area in coordination with the security agencies of Logar province. The Ministry is

mining area.

- Slow process from government stakeholder's side.
- People's abundant demands beyond the law.

	<p>also continuously monitoring the implementation of plan and security activities in Aynak mining area.</p>	
<p>Ghori Cement (Baghlan)</p>	<ul style="list-style-type: none"> ▪ The Contract is terminated due to excessive outstanding dues of the Contractor and failure to comply with the obligations as per the Contract. ▪ Interim technical unit is established within the Ministry to take over the Contract Area and the factories. ▪ Inter- Ministerial Committee led by Ministry of Finance is established to clear and obtain the outstanding dues. 	<p>The Contractor may refer to court of law or arbitration, which in adverse will cause delay in re- tendering the project.</p>
<p>Bayat IPP</p>	<ul style="list-style-type: none"> ▪ Design of pipeline and list of its accessories are finalized by Afghan Gas Enterprise (AGE). ▪ 3 international experts are repairing amine plant. ▪ Problem with amine plant optimization is identified and purchase order has been issued by AGE. 	<ul style="list-style-type: none"> ▪ 750 meter pipeline will be constructed within 2 months once Bayat Power import the pipe and related equipment to the site, and the pipe and all other accessories are in place. ▪ Amine Plant will be optimized by end of September 2018.
<p>Mazar IPP</p>	<ul style="list-style-type: none"> ▪ The construction of pipeline is in progress. ▪ 45 km pipeline is constructed. ▪ 13 km of the pipeline is tested. ▪ The contract for security of the project is signed with APPF. ▪ APPF issued their first invoice to the Ministry. ▪ Problem with Amine plant optimization is identified and 	<ul style="list-style-type: none"> ▪ Pipeline Supervision Company will be hired by December 2018. ▪ Amine Plant will be optimized by end of September 2018. ▪ Well No. 31 and 37 will be completed by end of August 2018. ▪ Pipeline construction will be completed by end of December 2019.

	purchase order has been issued by AGE.	
TAPI	The pre-planned activities of the project is going on according to the schedule.	

2. Pending Projects

Project	Status	Way Forward/Anticipated Constraints
<p>Badakhshan Gold Mine and Balkhab Copper Mine (CENTAR)</p>	<ul style="list-style-type: none"> ▪ The Preferred Bidder's claim under the Afghan-German and Afghan- Turkey BITS and Mining Law 2010 are rejected. ▪ As a result of discussions since September 2017, the Preferred Bidder submitted requested information and documents essentially required for resolving Conflict of Interest and providing financial commitments. ▪ Conflict of Interest is resolved after the resignation of Minister Sayed Mansoor Sadaat Naderi. ▪ Pursuant to the decision of the High Economic Council, inter- ministerial committee led by Mr. Ajmal Ahmadi has commenced negotiations with the Preferred Bidder with regards to financial aspects/commitments of the project. ▪ The Committee presented its report to the High Economic Council as a result of which award of the Contracts are approved. 	<p>The Ministry will commence negotiations on finalization of the draft Contract with the Preferred Bidder.</p>

<p>Shaida Copper Mine</p>	<p>Negotiations to conclude the Contract are being conducted. Most of the issues are agreed, whereas four main issues: Royalty Rate, Performance Bonds, Force Majeure and Security, are still being negotiated.</p>	<p>The Ministry will present the project to the High Economic Council as soon as the negotiations are concluded.</p>
<p>Zarkashan Gold and Copper Mine</p>	<ul style="list-style-type: none"> ▪ The Ministry presented its re- evaluation report on the bidding process to the High Economic Council and proposed to terminate the process. ▪ Pursuant to the decision of the High Economic Council, an inter- ministerial committee comprising of Ministry of Finance, Ministry of Economy and Ministry of Mines and Petroleum is established to evaluate the claims, if any, and requested information/documents on the current financial status, beneficial ownership and technical capacity of the preferred bidder. ▪ The Committee aims to present its final report by end of August to the High Economic Council for final decision. 	<ul style="list-style-type: none"> ▪ If terminated, the Ministry may opt for re- tendering of the project. ▪ Security situation in the mining area is a concern, which will be evaluated by the Ministry in collaboration and assistance of the related government entities.
<p>Hajigak Iron Ore Block A, B, C and D</p>	<p>The Preferred Bidders have officially expressed their intention with regards to resumption of negotiations.</p>	<ul style="list-style-type: none"> ▪ The Ministry will soon commence re- evaluation of the bid documents and preparation for the negotiations. ▪ Main reason for no progress in this project is lack of technical and financial assistance. ▪ Assistance is required in terms of technical and financial aspects before resumption of and during the negotiations. ▪ The Ministry is expecting such support in this project like it has been provided in other projects, in particular Mis e Aynak.

<p>Totimaidan</p>	<ul style="list-style-type: none"> ▪ The Ministry has sent the information and relevant documents to the Embassy of Kazakhstan. ▪ Recently a delegation from Kazakhstan Government has officially met the Ministry. Improvements of this project is dependent to comprehensive collaboration of Kazakhstan. 	<ul style="list-style-type: none"> ▪ The Ministry is intending to enter into G2G agreement. ▪ The Ministry is yet to receive Kazakhstan official response related to their interest in the block.
<p>Tirpul Oil and Gas Field</p>	<ul style="list-style-type: none"> ▪ The Ministry has shared the information with Kazakhstan, Indonesian and Uzbekistan Embassies. ▪ The Ministry is yet to receive response. 	<p>The Ministry is intending to enter into G2G agreement.</p>
<p>Katawaz Basin</p>	<p>The Ministry has announced project tendering many times, but could not find qualified bidders. After failing of the limited bidding, the Ministry sent an official letter to NPA for single source approval. As per the NPA's letter, the Ministry is willing to enter into initial negotiations with interested company. Once the Ministry confirmed company's interest in the project, the Ministry will present the outcome to NPC for final approval.</p>	<ul style="list-style-type: none"> ▪ No bidding by qualified companies. ▪ The Ministry may opt for single source bidding once again, being previously not approved by NPA. ▪ NPC may not approve the single source recruitment.
<p>Ghorian Iron Ore</p>	<ul style="list-style-type: none"> ▪ The Ministry has shared the information with Uzbekistan Embassy. ▪ After receiving response from Uzbekistan next steps will be taken. 	<p>The Ministry requests World Bank to make the financial model for the development of hosting agreement between the two countries.</p>

3. New Tenders/Projects

Project	Status	Way Forward/Anticipated Constraints
<p>Samangan Cement (Samangan)</p>	<ul style="list-style-type: none"> ▪ Expressions of Interest (EoI) for Samangan cement production plant and raw material exploration and exploitation has been submitted to the Ministry. ▪ The evaluation committee has evaluated all the EoIs as a result of which (5) companies have been qualified. ▪ Three of five companies have paid their bid fee and the Ministry has issued the RFP. ▪ The due date for submitting of RFP is August 15, 2018. 	
<p>Herat Cement (Herat)</p>	<ul style="list-style-type: none"> ▪ Expressions of Interest (EoI) for Herat cement production plant and raw material exploration and exploitation has been submitted to the Ministry. ▪ The evaluation committee has evaluated all the (6) EoIs as a result of which (3) companies have been qualified. 	

	<ul style="list-style-type: none"> RFPs are issued upon payments of bid fee to the 2 of qualified bidders. 	
Jebel Seraj Cement Factory (Parwan)	<ul style="list-style-type: none"> Expressions of Interest (EoI) for Jebel Seraj cement production plant and raw material exploration and exploitation by (6) national and international companies has been submitted to the Ministry. EOI evaluation is commenced by the assigned committee. 	
Nangrahar Talc	<ul style="list-style-type: none"> Expressions of Interest (EoI) by (38) companies for Nangrahar Talc has been submitted to the Ministry. The EoIs are evaluated by the assigned committee, as a result of which (9) companies have qualified. RFPs will be issued as soon as the qualified companies pay the RFP bid fee. 	<p>The Ministry is facing security issues while collecting geological data.</p>
Marble (Parwan, Nangrahar and	<ul style="list-style-type: none"> The detailed survey of Kunar-Nangrahar Marble is available in the LSMU. Expression of Interest (EoI) for Kunar-Nangrahar is announced. 	<p>The Ministry is facing security issues while collecting geological data.</p>

<p>Herat)</p>	<ul style="list-style-type: none"> ▪ The deadline to submit the EoIs is September 12, 2018. 	
<p>Travertine (Ghazni, Maidan Wardak & Bamyan)</p>	<ul style="list-style-type: none"> ▪ The detailed survey of Ghazni Travertine is available in the LSMU. ▪ The Expression of Interest (EoI) for Ghazni Travertine is announced. ▪ Four Companies submitted their EoI. After the evaluation (3) companies have qualified. The remaining formalities are under process according to the bidding process. ▪ The expression of interest for Parwan Travertine is also announced. The deadline to submit the EoI is September 12, 2018. 	<p>The Ministry is facing security issues while collecting geological data.</p>
<p>Onyx (Helmand and Parwan)</p>	<ul style="list-style-type: none"> ▪ Technical Survey Team is sent to Parwan Province for conducting of preliminary Survey and the reports will be prepared in short time. ▪ The provincial directorates of the Ministry is instructed to collect the geological information regarding onyx deposits in their provinces and forward it to the Ministry. 	<p>The Ministry is facing security issues while collecting geological data.</p>
<p>Granite (Kabul, Bamyan, Wardak and</p>	<ul style="list-style-type: none"> ▪ The provincial directorates of the Ministry are instructed to collect the geological information regarding onyx deposits in their provinces and forward it to the Ministry. 	<ul style="list-style-type: none"> ▪ As the only customer herein is the government, most of the contractors are not willing to invest due lack of interest and commitment of the government. ▪ To attract the investment, the Ministry shall adopt Stone Policy and therefore requires assistance in this regards.

<p>Parwan)</p>	<ul style="list-style-type: none"> ▪ High Economic Council has approved award of a pilot project to a Company. 	<ul style="list-style-type: none"> ▪ Meanwhile, in order to get the Survey Team to the area, security cooperation of relevant authorities is required as well.
<p>Chromite (Logar, Nangrahar, Kunar and Khost)</p>	<ul style="list-style-type: none"> ▪ Value chain study of Chromite deposits is approved by High Economic Council. ▪ As per the decision of the High Economic Council, a meeting will be held with companies that are interested for investment in Chromite deposits. 	
<p>Salt</p>	<p>Value Chain Study is completed.</p>	