

Ministry of Mines

وزارت معادن



Islamic Republic of Afghanistan

جمهوری اسلامی افغانستان

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Afghanistan Minister of Mines Denies Bribery Allegations

Afghanistan Ministry of Mines

The Afghanistan Minister of Mines, Dip. Eng. Mohammad Ibrahim Adel, denies that he accepted bribes from the winning bidder of the Aynak Copper Tender as has been alleged in a Washington Post newspaper article. "I am responsible for the revenue and benefit of our people," Adel said. "All the time I'm following the law and the legislation for the benefit of the people."

In a Press Conference held in Kabul on Wednesday afternoon, 18 November, the Minister strongly denied the bribery allegations, and outlined the procedures involved in awarding the Aynak contract. The tender process for the Aynak Copper Project was conducted by the Afghanistan Ministry of Mines and Government in line with global tendering practices, and was monitored by international consultants from beginning to end. The goal of the Tender was to secure the best offer possible for the development of the Aynak copper deposit for the people of Afghanistan.

The Aynak Tender attracted worldwide attention due to the world-class scale of the deposit. On November 21, 2007, the MCC-JCL Consortium (between the Metallurgical Construction Corporation of China and Jiangxi Copper Limited Company) was selected as the preferred bidder, by approval of the 20 member selection committee (with its 6 oversight observers from Parliament), the Inter-Ministerial Committee, and also by President Hamid Karzai. A table summarizing the main components of the bids tendered is attached hereto as **Comparative Table of Bidding Companies**. "It is easily seen from this table that MCC tendered by far the strongest bid for the Aynak Copper Project development", said Minister Adel.

President Karzai commented in his congratulation on the inauguration of the Project: "MCC was selected as preferred bidder in the transparent bidding process. The Contract was signed according to the laws of Afghanistan and international practices."

"The public can pass judgment on the various bids tendered on the basis of the information contained in the table" said the Minister of Mines.

Comparative Table of Bidding Companies(AYNAK)

Company Name	MCC	Hunter Dickinson, Inc.	Kazakhmys Corporation, LLC	Phelps Dodge Corporation, LLC	Strikeforce Limited Cyprus
Total Investment	\$2.9 Billion USD	\$1.7 Billion USD	\$2.2 Billion USD	\$0.9 Billion USD	\$2.4 Billion USD
Production Process (Phases)	All Production - Concentration, Smelting, And Cathode Copper to be Processed in Afghanistan	Initial Production of Concentrate and Cathode Cu via SX/EW In Afghanistan, Potential for Proprietary Concentrate Leach	All Production - Smelting, And Cathode Copper to be Processed in Afghanistan	Initial Production of Concentrate and Cathode Cu via SX/EW in Afghanistan, Potential for Proprietary Concentrate Leach	Production of Concentrate in Afghanistan
Start Of Production	Initial Heap Leach, SX/EW, Year Five, Based On RFP Year Six	Year Seven	2 Years Heap Leach 4 Years Concentrate	Year Six	Year Four
Maximum Royalty Percentage	19.5%	15%	18.1%	12.5%, Capped At \$100M USD/Yr	7.5%
Energy Production	400 Mw	100 Mw	350 Mw	15 Mw	Import Power from Outside
Environment	World Bank Equator Standards	World Bank Equator Standards	No Commitment	World Bank Equator Standards	World Bank Equator Standards
Bonus To Government Of Afghanistan In Millions	\$808 3 Installments	\$100 Multiple Installments	\$2 1 Installment	\$243 Multiple Installments	\$238 Multiple Installments
Infrastructure (Railway Investment)	Yes	No	Yes	No	No