



General Directorate of Large Scale mines

General Directorate of Large Scale mines Project's Assessment report on the cancellation of awarded contract of Badakhshan Gold

Introduction

The Government of the Islamic of the Republic of Afghanistan, through the Ministry of Mines and Petroleum has announced by Request for Expressions of Interest dated 6 December 2011 the opening of Badakhshan Gold tender process.

Legislative procedure

Deadline for submission of EoI documents was 16 March 2011 which the following companies had submitted their EoI documents on time:

- Aga Khan Fund for Economic Development
- Saffron Consortium (CAPG)
- Turkish Afghan Mining Company
- Kaz Exploration Mining

All proposals were evaluated by the Technical Board of the Ministry of Mines and Petroleum, the official representatives of the Ministerial Commission on Mines in cooperation with technical and legal consultants of SRK Consulting, Mayer Brown LLC, and CANNACORT under the supervision of the International Institute for Supervision and Transparency The Marx Group by the year 2012. Consequently, in a conference the Turkish Afghans Mining Company as Preferred Bidder and Saffron Consortium as Reserve Bidder were announced November 26, 2012.

Followed process in practice Conclusion

On October 5, 2018 the Badakhshan Gold mining contract was signed between The Ministry and Turkish Afghans Mining Company. Due to the violation of the obligations during the two extensions of the contract and the inability of the contractor to implement it, The Ministry submitted the issue of the High Economic Council's decision to terminate the contract to the Cabinet of the Islamic Republic of Afghanistan in accordance with the Mining Law. And the esteemed members of the Cabinet in session No. 11 which was held on January 17, 2020, after hearing the issue, approved the decision of the High Economic Council and instructed the Ministry to take further legal action to terminate the contract.

Based on this decision, the Ministry sent the notice of termination of the contract to the contracted company on January 18, 2020. The matter was referred to the Early Warning Meeting of the Presidential Legal Unit, which considered the meeting with



the company a waste of time. After that, the issue of ending the termination process was left to the legal unit of the presidency under the guidance of the leadership. December 23, 2019

The DG-LSM will work on the preparation of documents to begin the re-tendering process for the Badakhshan Gold reserve after the completion of the termination process and will re-tender the project.

Assessing the legal procedure and practice followed, it is found that the Badakhshan Gold contract is cancellation of awarded without any deviation from the applicable legal procedures.

