



Subject: Assessment report of Herat Salt contract granting to Nasir Omid Mining Company.

Introduction:

This assessment report is prepared in the subject to evaluate the mining contract granting process to the Nasir Omid Mining Company which were applied for concession of Salt mine of Ghorian area of Herat province to ensure that the mining licensing process to the mentioned company has been carried out in accordance with applicable laws and regulations.

Legal Procedures:

The contract granting process is held base on Minerals law 1393 and Mining regulation 1387.

Legal Procedures in the practice:

Considering the chapter 4 Article No. 16. Of The Mining Law 1393 the proposed area was announced on 12/18/2015 for bidding.

After the announcement of the mentioned mine for concession, the Ministers commission for Mining Affairs set the amount of 1000 Afghanis per ton of salt as royalty. The bidding meeting was held on 1395/02/6 The assigned committee submitted its report, Since the proposed royalty of the companies participating in the first round was in contradiction with the decision of the esteemed commission, the announcement of the second round with a royalty of 1000 Afghanis started on 1395/04/1.

During the second round of the mine announcement, three companies submitted their bidding documents and proposals after going through the administrative process. The assigned committee for bidding in a session presented its evaluation report on 1395/06/30. based on the amount of extraction and proposed royalty: Nasir Omid Mining Company had proposed the annual extraction volume of 2500 tons and their proposed royalty amount of 1065 Afghanis per ton of salt.

According to the decision of the assigned committee, the issue has sent to the National Procurement Authority dated 16/09/1395. However, the National Procurement Authority returned back the issue to this ministry without any resolution.

Taking into account the submitted letter from Nasir Omid Mining Company, the issue is presented to the High Economic Council for a decision. MoMP proposed two options to HEC:

- 1- Signing the contract with Nasir Omid Company with an extraction volume of 25,000 tons per year and a royalty of AFN 1065 per ton of salt.
- 2- Re-announcement of the mentioned mine.

The High Economic Council, during its meeting No. 13 dated 21/8/1396, decided to negotiate and conclude a contract with Nasir Omid Mining Company with an extraction volume of 25,000 tons per year.

Based on the mentioned decision, the negotiation process conducted with the mentioned company and the contract signed on 12/10/1396 with an extraction volume of 25,000 tons per year and a royalty of AFN 1065 per ton of salt.

On 04/01/1397, the board of directors presented their report on the company's performance in the mining area, in which the company didn't conduct activities based on the contract terms. The

contract was terminated by MoMP in accordance to the decree No. 234 dated 30/01/1397 of the president of GIROA.

Conclusion:

Based on the above clarifications, the D.G.Cadaster hereby couldn't find any deviations according with mineral law 1393 in contract granting and termination process.

