

Pamir Badakhshan International Mining Company

Dew Dara Mining Contract

Introduction:

Pamir Badakhshan International Mining Company is an Afghan mining company, registered with the Afghanistan Investment Support Agency (AISA) (license number D-43015). Recently, Pamir Badakhshan International Mining Company has signed a contract for the extraction of tourmaline from Dew Dara deposits in the Jurm District, Badakhshan.

Pamir Badakhshan International Mining Company is keenly interested in making a significant contribution to the economic progress of Afghanistan, particularly the Badakhshan province, which is one of the country's remotest provinces, through investment in the neglected mining sector and generation of employment opportunities.

Hence, Pamir Badakhshan International Mining Company is determined to sign legal contract with individuals who previously engaged in informal mining at various sites.

In this contract, Pamir Badakhshan International Mining Company, which is the Contract Giver, is hereafter referred to as PBIM, and the Contract Acceptor Mr. _____ Son of _____ Grandson of _____ NIC No _____ resident of _____ district of _____ province, is hereafter referred to as the Contractor. (A photocopy of the Contractor's NIC is attached.)

PBIM's Obligations:

1. All formal responsibilities required by this contract and the government shall belong to PBIM and PBIM shall be accountable to the government.
2. PBIM shall, at its mining site, comply with all the laws, procedures and terms and conditions previously agreed upon in writing and as well as the applicable international conventions to which Afghanistan is a signatory.
3. PBIM shall pay a 10% royalty, 20% income tax and 2% sales tax (totalling 32%) to the government.
4. PBIM is obligated to implement all mining laws and regulations and shall do its best in doing so.
5. PBIM shall keep up with and implement the international mining standards at the mine site.
6. Protection of the environment and natural resources shall be among PBIM's priorities.
7. Promotion of the local people's social development and generating employment opportunities shall be one of PBIM's key objectives.

8. Based on the Contractor's needs and the mutual agreement of both parties, PBIM shall provide explosives, mining equipment, food and other necessities to the Contractor to be reimbursed later at the current market price.
9. PBIM shall oversee all technical affairs and recruit, if needed, professional workers to carry out the extraction work.
10. The mining activity shall be performed in accordance with the country's mining laws. PBIM shall ensure technical supervision of works and inspection of the mining site and the Contractor shall cooperate with PBIM in performing these activities.

Working Conditions

11. Responsibilities: PBIM shall take all necessary measures to ensure workplace safety, hazard mitigation, proper ventilation at the workplace, and safe working conditions. In addition, PBIM shall ensure compliance with all laws and regulations of the Government of the Islamic Republic of Afghanistan.
12. In order to develop the capacity of mine workers and raise their level of awareness, PBIM shall make all necessary arrangements, including provision of technical training to them both inside the country and abroad, and organizing workshops and seminars.

Proposed Activities before Commencement of the Extraction Process

13. PBIM shall perform a feasibility study and a Social and Environment Impact Assessment and implement the Environmental and Social Management Plan.
 - Environmental Impact Assessment
 - Social Impact Assessment
 - Implementation and Management Plan
 - Benefits of the introduction of mine extraction in a technical and skilled way
 - Developing opportunities for work and vocations

Responsibilities and Duties of the Contractor

14. The Contractor is obligated to comply with the terms and conditions agreed in writing between PBIM and the Ministry of Mines. In case of violation or failure to comply with the safety rules, which results in unexpected events, the Contractor shall be held accountable in accordance with the provisions of the law.
 - a) Baseline survey and location of mineral deposits by a geological expert
 - b) Use of standard equipment and professional workers for the Extraction process
 - c) Paving the way for mineral development for the local community

15. Method of Payment and Contract Duration

- a. The Contractor shall bear all costs related to the mining activity and it shall only pay (17%) of the total revenue from the extracted material to PBIM.
- b. This contract shall be valid for a period of () months from the Effective Date and it may be extended by mutual agreement of the Parties.

16. The place of the Contract

Work area: the mine of Deodarra, Jurm, in one shaft

Surface area:

a) height

b) width

17. The contractor cannot continue their work more than 30 metres deep without informing the expert personnel of PBIM.

18. Buying and selling of tourmaline (Beruj):

- a) According to the contract signed with the Ministry of Mines of Afghanistan, only PBIM is entitled to market and sell the mineral produced by the Contractor because only PBIM has the legal right to mine, sell, store and export it. The Contractor is obligated to sell its Tourmaline production to PBIM and shall not sell it to a third party.
- b) PBIM is obligated to buy from the Contractor its tourmaline production at the current market or a mutually agreed-upon price and to ensure that the Contractor's profit takes priority in the transaction.

19. If the Contractor, for various reasons, decides to end the contract, it shall notify PBIM one month in advance. PBIM, however, does not have the right to terminate a contract with any contractor, except when there are legal reasons for doing so.

20. This contract is three pages long and contains 20 provisions, which both parties are obligated to comply with.