

**MINING CONTRACT FOR THE AYNAK COPPER
DEPOSIT**

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MINING CONTRACT FOR THE AYNAK COPPER DEPOSIT

Between

The Government of Afghanistan

And

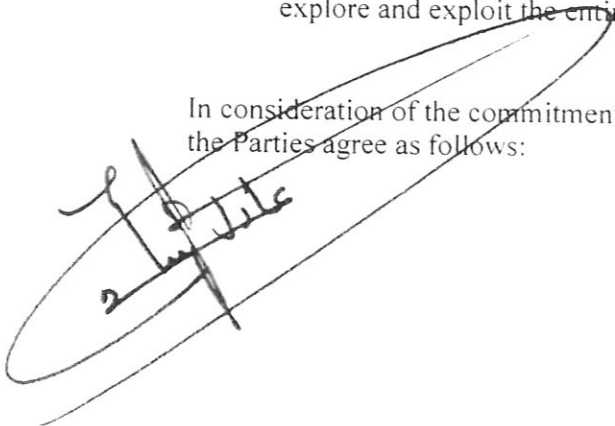
MCC-Jiangxi Copper Consortium ("MCC")

This Mining Contract is made this _____ day of _____, 2008
between the Government of Afghanistan and MCC (the "Parties").

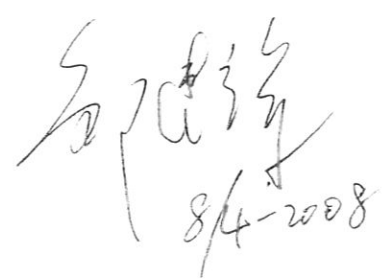
Whereas

- (A) MCC was selected as the preferred bidder, through a transparent, competitive tender process conducted in accordance with international best practice, to negotiate the legal rights and authorizations to undertake exploration, exploitation, processing, smelting and sale of the Aynak Copper Deposit, as more particularly described in this Mining Contract;
- (B) The Ministry of Mines and MCC have agreed to enter into a Mining Contract in accordance with the requirements of the Aynak public tender and the laws of Afghanistan, including the Minerals Law, in order to effectuate and enforce the promises and commitments made by MCC in its bid;
- (C) The Mining Contract has been prepared by the Ministry of Mines and submitted for Inter-Ministerial Committee endorsement and final approval by the Council of Ministers pursuant to Article 7 of the Afghanistan Minerals Law;
- (D) The Ministry of Mines wishes to maximize the value of the Aynak Copper Deposit to Afghanistan while promoting sustainable development and protecting important environmental, social and economic aspects of Afghan society. To that end, the Ministry of Mines requires that MCC shall start commercial production within 60 months following the effective date of the Mining Contract and that processing of ores proceed to final copper product within Afghanistan; and
- (E) MCC understands and acknowledges the importance of the Aynak Copper Deposit to the development of Afghanistan's economy, and agrees to fully explore and exploit the entire License Area.

In consideration of the commitments and obligations set forth in this Mining Contract,
the Parties agree as follows:



Handwritten signature and date in the bottom left corner, partially obscured by a large scribble.



Handwritten signature and date in the bottom right corner, dated 8/4-2008.

PART I: GENERAL RIGHTS AND OBLIGATIONS

1 Definitions

In this Mining Contract the following expressions (except where the context otherwise requires) shall have the following meanings:

- (a) Agreement Period: The term as set forth in Part XVII of this Mining Contract and any extensions or other modifications to the term agreed to by the Parties.
- (b) Associated Minerals: Minerals which geologically occur together with, are inseparable from and must necessarily be mined and economically processed together with the principal mineral. For the purposes of this Mining Contract, Associated Minerals shall include, but not be limited to lead, zinc, gold, silver and cobalt. In the event of disagreement between MCC and the Ministry of Mines as to what constitutes an Associated Mineral, the Ministry of Mine's judgment shall prevail.
- (c) Aynak Copper Deposit: The economically recoverable copper mineralization located in the Aynak area of Logar province for which the Mineral Right will be granted.
- (d) Bankable Feasibility Study: A feasibility study prepared in sufficient depth and detail so that the study would be normally acceptable to international lending institutions.
- (e) Commence Commercial Production: the first day, after the completion of testing, on which product that is suitable for sale is produced.
- (f) Effective Date of the Mining Contract: the date two months from the date on which the Parties sign the Mining Contract and the Parties obtain final approval from the National Development and Reform Commission, in the case of MCC and the Council of Ministers, in the case of the Ministry of Mines.
- (g) Environment: Physical factors of the surroundings of human beings, including land, water, atmosphere, climate, sound, odors, tastes, artifacts, and biological factors of animals and plants and the social factors of aesthetics.
- (h) Exploitation: As defined in Article 3(13) of the Minerals Law, any activity by which, from an identified deposit, exploration, pre-production development and extraction of mineral substances takes place by means of open (surface) and/or underground works for processing, use or sale.
- (i) Exploration: As defined in Article 3(15) of the Minerals Law, any activity carried out to discover, demarcate, or evaluate the quality and quantity or exploitation potential of mineral substances.
- (j) License Area: That land area described in Appendix 1 to this Mining Contract.

- (k) MCC-Jiangxi Copper Consortium (“MCC”): The entity comprised of China Metallurgical Group Corporation and Jiangxi Copper Company Limited that was selected as the Preferred Bidder during the Aynak Tender Process to negotiate and conclude the Mining Contract with the Ministry of Mines and which will be bound by the terms of the Mining Contract, jointly and severally, together with any successor entities.
- (l) Mineral Right: The rights to explore and exploit minerals granted by the Afghanistan Minerals Law.
- (m) Mining: All recovery activities aimed at the economic exploitation of a certain ore deposit.
- (n) Ministry of Mines: The Ministry of Mines of the Government of Afghanistan or any successor entity, acting on behalf of the Government of Afghanistan with respect to the Mining Contract and the Project.
- (o) Month: All references to months in this Mining Contract shall be based on the solar calendar specified in Article 18 of Afghanistan’s Constitution.
- (p) Pollution: Any direct or indirect alteration of the physical, thermal, chemical, biological, or radioactive properties of any part of the Environment by discharging, emitting, or depositing wastes so as materially to affect any beneficial use adversely, or to cause a condition which is hazardous or potentially hazardous to public health, safety or welfare, or to animals, birds, wildlife, fish or aquatic life, or to plants. The term “pollute” shall have a corresponding meaning.
- (q) Processing: As defined in Article 3(38) of the Minerals Law, ore dressing or other metallurgical processes applied to ore or other mineral substances which results in obtaining products for sale, including, without limitation, crushing, concentration, beneficiation, smelting, washing and refining.
- (r) Smelting: A metallurgical thermal processing operation in which the metal is separated from non-metallic materials or other undesired metals with which it is associated.
- (s) The Project: MCC’s total operations under this Mining Contract.
- (t) The Project Facilities: Facilities defined in Part V of this Mining Contract.
- (u) Waste: Any matter, whether liquid, solid, gaseous or radioactive, which is discharged, emitted or deposited in the Environment in such volume, consistency, or manner as to cause an alteration of the Environment.

2 MCC’s General Rights with Respect to the Aynak Copper Deposit

- (a) In consideration of MCC’s performance of the various commitments and obligations specified in this Mining Contract, including any ancillary agreements



appended to this Mining Contract, the Ministry of Mines, hereby grants to MCC and MCC hereby accepts the exclusive Mineral Rights, as defined under Article 15 of the Minerals Law, to conduct all of the operations hereinafter described, for the term set forth in Part XVIII, in the License Area and in such other areas as may be approved by the Ministry of Mines.

- (b) MCC shall have the exclusive right and shall receive the necessary licenses and authorizations required under the Minerals Law to (i) search for and mine copper and Associated Minerals within the License Area, (ii) concentrate, smelt, refine or otherwise process such minerals within the License Area or elsewhere in Afghanistan as specifically approved by the Ministry of Mines, and (iii) subject to limitations specified in this Mining Contract and in the Minerals Law, to transport or sell or otherwise dispose of such materials abroad.
- (c) MCC shall be entitled to the protections provided by Article 94 of the Minerals Law with respect to expropriation, nationalization, deprivation and confiscation of any Mineral Substances produced pursuant to this Mining Contract or any assets owned and/or used by MCC in conducting Mineral Activities pursuant to this Mining Contract.

3 **MCC's General Obligations with Respect to the Aynak Copper Deposit**

- (a) MCC hereby accepts the obligations to conduct its operations and activities in accordance with the terms of this Mining Contract and the applicable laws and regulations of Afghanistan. The Parties acknowledge and agree that MCC shall have a reasonable time period in which to modify its operations and activities to incorporate legally required technological advancements or to achieve compliance with new laws or regulations that may apply to the Project in the future. MCC acknowledges and agrees that it shall conduct all such operations and activities in a sound manner in accordance with best international mining engineering standards and practices and in accordance with modern and accepted scientific and technical principles applicable to the mining and processing of copper ore and to beneficiating, smelting, and manufacturing operations. All operations and activities under this Mining Contract shall be conducted in accordance with environmental protection and reclamation plans approved by the Ministry of Mines prior to the commencement of operations so as to avoid waste or loss of natural resources, to protect natural resources against unnecessary damage, and to prevent pollution and contamination of the environment. MCC shall take all appropriate risk management measures to prevent damage to the rights and property of the Government of Afghanistan or third parties. In the event of negligence or carelessness on the part of MCC or its agents or of any subcontractor carrying on operations or activities for MCC under this Mining Contract, MCC will be liable for such injuries in accordance with the applicable laws of Afghanistan.
- (b) MCC shall install and utilize such internationally recognized modern safety devices and shall observe such internationally recognized modern safety precautions and risk management measures as are provided and observed



internationally under conditions and operations comparable to those undertaken by MCC under this Mining Contract.

- (c) MCC shall observe internationally recognized measures, including risk management measures, for the protection of the general health and safety of its employees and of all other persons having legal access to the area covered by this Mining Contract. MCC shall comply with such instructions as may from time to time be given in writing by the Mine Inspectorate.
- (d) MCC shall pay all applicable fees, rents, penalties and other non-tax charges to the Ministry of Mines as set forth in this Mining Contract.
- (e) Insofar as such obligations are not otherwise covered by the terms of this Mining Contract, MCC shall comply with the terms of the Minerals Law and all other applicable laws and regulations, from time to time in effect in Afghanistan.

4 Project Schedule

MCC shall commence activities in accordance with the schedule and commitments set forth in Appendices II and VI of this Mining Contract. The Ministry of Mines agrees to grant to MCC a two month preparation period immediately prior to the six month period during which MCC must commence pre-exploitation activities. As a result, the effective date of this Mining Contract shall be the date two months from the date on which the Mining Contract is signed by the Parties, following approval by the Parties' respective governments.

5 Project Financing

MCC shall have sole responsibility for financing the Project and determining the terms on which said financing shall be obtained, including the extent to which the financing shall be accomplished through issuance of shares of, or borrowing by MCC. MCC may, as authorized by Article 23 of the Minerals Law, pledge such rights, licenses and authorizations obtained in accordance with this Mining Contract, to secure financing for the Project.

6 Exploitation of Other Minerals or Other Natural Resources

In the event that any other mineral or natural resources, other than Associated Minerals, are discovered in the License Area and MCC wishes to mine, develop, or otherwise exploit such mineral or other natural resources, MCC shall report such discovery to the Ministry of Mines and request an amendment to this Mining Contract or, if required by the Ministry of Mines, submit an application, in accordance with the applicable requirements of the Minerals Law and the Mining Regulations, to develop such mineral or other natural resource. Provided, however, that if, after six months from the date of such amendment request or application, the Ministry of Mines and MCC fail to reach an agreement with regard to the exploration and exploitation of such mineral or other natural resource, the Ministry of Mines shall have the right to negotiate and conclude an agreement with a third party.

7 Third-Party Agreements

In the event that the Ministry of Mines authorizes a third party to explore and exploit some mineral or other natural resource other than those which are the subject of this Mining Contract within the License Area, but excluding the exploitation area, the Ministry of Mines will exercise all reasonable precautions to minimize the impact of such third-party activities on the activities and operations of MCC under this Mining Contract. The Ministry of Mines will also require that such third party or parties make fair and reasonable compensation to MCC for any loss of property rights sustained as a result of the establishment of additional operations and for any unamortized development costs to the extent that such development costs can be reasonably related to the discovery of such other mineral or other resources.

8 Government Right of Access

The Ministry of Mines reserves the right to access the License Area for the purpose of any authorized investigation allowed by the laws of Afghanistan, provided that if damage results to MCC's property from such investigation, the Ministry of Mines agrees to provide fair and reasonable compensation to MCC for such damage, except in cases where such damage is caused by an act of MCC.

9 Use of Subcontractors

Without in any way detracting from MCC's responsibilities and obligations under this Mining Contract, MCC may engage subcontractors for the execution of such phases of its operations as MCC deems appropriate. MCC will have full responsibility and assume all risks related to the activities of its subcontractors in accordance with the terms and conditions of this Mining Contract. The records of such subcontractors shall be made available to Ministry of Mines' inspectors as provided in Appendix 3.

10 Cooperation of the Parties

The Ministry of Mines will cooperate with MCC to the extent permitted under the laws of Afghanistan and will take such actions as may be desirable to achieve the mutual objectives of this Mining Contract.

- (a) The Parties of this Mining Contract agree that they will at all times use their best efforts to carry out the provisions of this Mining Contract to the end that the Project may at all times be conducted efficiently and for the optimum benefit of the Parties.
- (b) MCC agrees to plan and conduct all operations under this Mining Contract in accordance with the standards and requirements imposed elsewhere in this Mining Contract for the sound and progressive development of the mining industry in Afghanistan, to give at all times full consideration to the aspirations and welfare of the people of Afghanistan and to the development of Afghanistan, and to cooperate in promoting the growth and development of Afghanistan's economic

and social structure, and pursuant to the provisions of this Agreement, at all times to comply with the laws and regulations of Afghanistan.

- (c) At any time during the term of this Mining Contract, upon request by either party, the Ministry of Mines and MCC may consult with each other to determine whether in the light of all relevant circumstances the financial or other provisions of this Mining Contract need revision in order to ensure that the Mining Contract operates equitably and without major detriment to the interests of either Party. Such circumstances shall include the conditions under which the mineral production is carried out, including, but not limited to, the size, location and overburden of mineral deposits, the quality of the mineral, the market conditions for the mineral, the prevailing purchasing power of money and the terms and conditions prevailing for comparable minerals ventures. In reaching agreement on any revision of this Mining Contract pursuant to this paragraph, the Parties shall ensure that no revision of this Mining Contract shall prejudice MCC's ability to retain financial credibility abroad and to raise finance by borrowing internationally in a manner and on terms normal to the mining industry. Such consultation shall be carried out in a spirit of cooperation with due regard to the intent and objectives of the respective Parties. Both Parties desire to realize the success of the Project for the benefit of the people of Afghanistan, the development of the nation, and economic and social growth and development.

PART II: MCC'S TECHNICAL COMMITMENTS AND OBLIGATIONS

MCC shall perform, undertake or otherwise comply with the following requirements:

11 Commencement of Activities

The Parties acknowledge and agree that upon the effective date of this Mining Contract, MCC will commence pre-exploitation activities related to the Aynak Copper Deposit including, but not limited to, additional prospecting, drilling, sampling, as well as activities related to the development of a Bankable Feasibility Study and Mine Development Plan for the Aynak Copper Deposit. MCC's commitments and obligations related to pre-exploitation activities are more fully specified in Appendix 6 of this Mining Contract and are specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. The commencement and performance of such activities shall occur according to a schedule proposed by MCC and approved by the MoM (the "Project Schedule"). The Project Schedule shall be incorporated into this Mining Contract and be fully enforceable under this Mining Contract. MCC acknowledges and agrees that it shall commence these activities as soon as economically practicable, but no later than six (6) months, following the effective date of this Mining Contract.

12 Bankable Feasibility Study and Mine Development Plan

The Parties acknowledge and agree that MCC shall submit its Bankable Feasibility Study for the Aynak Copper Deposit to the Ministry of Mines for review no later than three (3) months following the completion of its pre-exploitation activities or within sixteen (16) months of the effective date of this Mining Contract, whichever is earlier. MCC's

commitments and obligations concerning the preparation of a Bankable Feasibility Study for the Aynak Copper Deposit are more fully specified in Appendix 6 of this Mining Contract and are specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. The Project Schedule shall include deadlines for the preparation of the Bankable Feasibility Study. Within one (1) month of its completion of the Bankable Feasibility Study, MCC shall submit its Mine Development Plan to the Ministry of Mines for review and approval. The Ministry of Mines shall use its best efforts to complete its review of the Mine Development Plan within two (2) months of receipt from MCC.

13 Construction Period

The Parties acknowledge and agree that MCC shall commence construction of Project facilities and structures in accordance with the approved Project Schedule. Construction shall be completed within sixty (60) months from the effective date of this Mining Contract. MCC's commitments and obligations related to construction of Project facilities and structures are more fully specified in Appendix 6 of this Mining Contract and are specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. The Parties acknowledge and agree that delays which occur during the construction period shall be subject to the following conditions, if the delays are not subject to the force majeure provisions of Part XIII of this Mining Contract. The construction period shall be extended for any delay in the construction period which is not caused by the fault of MCC. The construction period shall not be extended for any delay which is caused by the fault of MCC, its subcontractors or any entities affiliated with MCC. MCC shall promptly notify the Ministry of Mines in writing of any event which MCC believes will delay the construction period. The Ministry of Mines shall reply in writing within two weeks from the date of receipt of MCC's notice. The Parties shall agree as to the amount of time necessary to address the delay.

14 Commercial Production Period

The Parties acknowledge and agree that MCC shall commence commercial production no later than sixty (60) months from the effective date of this Mining Contract. MCC's commitments and obligations related to operations and commercial production are more fully specified in Appendix 6 of this Mining Contract and are specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract.

V

Signature

15 Environmental Protection

MCC's commitments and obligations with respect to environmental protection are more fully specified in Appendix 6 of this Mining Contract and are specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. MCC has made broad commitments to the Ministry of Mines concerning environmental protection including, without limitation, its commitment to comply with the applicable environmental laws and regulations of Afghanistan, Afghanistan's environmental and social protection guidelines and policies, all World Bank Environmental and Social Safeguard Policies, the Equator Principles and the Voluntary Principles on Security and Human Rights. In the event of a conflict between the above referenced laws, regulations, guidelines and policies, the Parties agree to adhere to the strictest applicable standard in order to protect Afghanistan's environment and people. In light of these commitments, the Parties acknowledge and agree as follows:

- (a) MCC shall manage its activities in a technically, financially, socially, culturally and environmentally responsible manner to achieve the environmental protection and sustainable development objectives and responsibilities required by this Mining Contract, the laws of Afghanistan and any applicable international conventions to which Afghanistan is or may become a signatory, including without limitation the Kyoto Protocols.
- (b) MCC shall prepare an environmental and social impact assessment in accordance with the requirements of the Minerals Law, the Environment Law and the above referenced environmental and social protection guidelines, principles and policies. MCC shall, at a minimum, undertake the environmental and social impact assessment program specified in Appendix 6 of this Mining Contract which is specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. MCC shall submit its environmental and social impact assessment program to the Ministry of Mines for review and approval prior to commencing construction of project facilities and structures. MCC acknowledges and agrees that the Ministry of Mines may require additional assessment activities as a condition of approval.
- (c) MCC shall prepare an environmental management plan that presents a detailed, technically and scientifically sound approach to the management, mitigation or elimination of Project impacts and risks to the environment and local residents. At a minimum, MCC shall undertake the environmental management plan, including all of the sub-plans identified by MCC, specified in Appendix 6 of this Mining Contract which is specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. MCC shall submit its environmental management plan to the Ministry of Mines for review and approval prior to commencing mining operations or commercial production. MCC acknowledges and agrees that the Ministry of Mines may require additional or alternative environmental management provisions, including ISO14001, as a condition of approval.
- (d) MCC shall comply with the standards regulating the discharge or emission of pollutants into the environment specified in Appendix 6 of this Mining Contract

which are specifically adopted and incorporated by reference into Part II of this Mining Contract as an enforceable part of this Mining Contract. MCC acknowledges and agrees that it shall comply with additional or alternative standards that may be required in the future by the Ministry of Mines in connection with the enactment of new laws or the promulgation of new regulations by the Government of Afghanistan. MCC further acknowledges and agrees that it shall be subject to fines, penalties and fees in the event that MCC breaches the terms of this Mining Contract, including without limitation, emissions and discharge standards which MCC is required to comply with pursuant to this Mining Contract.

- (e) MCC shall not dispose of any overburden, waste rock, tailings, or waste created as a result of its operations under this Mining Contract in an area or in a manner not previously approved by the Ministry of Mines. MCC shall, when any overburden dump or tailings impoundment established under this Mining Contract, ceases to be utilized for such purpose, ensure that such structures are reclaimed in accordance with the requirements of applicable laws and regulations and MCC's approved reclamation plan.
- (f) MCC shall provide fair compensation, as determined by a mutually agreeable third party, for any loss suffered by any local inhabitant resulting from any damage done (whether to land, anything on land, water, or otherwise) or any interference with any right to use land or water caused by MCC's disposal of any overburden removed in the course of, or tailings produced as a result of, its operations under this Mining Contract.
- (g) The Parties acknowledge and agree that MCC shall be responsible for the preparation and submission of a final mine closure plan to the Ministry of Mines for approval. At a minimum, the final mine closure plan should identify the measures and financial requirements necessary to decommission the mine, complete reclamation and rehabilitation and establish agreed upon post-mining land uses.

PART III: MCC'S FINANCIAL COMMITMENTS AND OBLIGATIONS

MCC shall perform, undertake or otherwise comply with the following requirements:

16 Premium

MCC acknowledges and agrees to pay the Ministry of Mines the amount of eight hundred and eight million dollars ("USD 808,000,000.00") for the rights specified in Section 2 of this Mining Contract (the "Premium"). The Parties agree that the Premium should be paid to the Ministry of Mines in connection with certain milestones identified in the Project Schedule specified in Section 4 of this Mining Contract. Failure by MCC to make scheduled premium payments on time shall be subject to the non-performance provisions specified in this Mining Contract. Within ten days of the effective date of the Mining Contract, MCC shall pay to the Ministry of Mines the amount of eighty million, eight hundred thousand dollars ("USD 80,800,000.00"), which shall constitute ten percent (10%) of MCC's premium payment obligation. Immediately upon approval of the feasibility study, MCC shall pay to

the Ministry of Mines the amount of one hundred sixty one million, six hundred thousand dollars (“USD 161,600,000.00”), which shall constitute twenty percent (20%) of MCC’s premium payment obligation. Immediately upon commencement of commercial production, MCC shall pay to the Ministry of Mines the amount of five hundred-sixty five million, six hundred thousand dollars (“USD 565,600,000”) which shall constitute the remaining seventy percent (70%) of MCC’s premium payment obligation.

17 Financial Assurance

- (a) In accordance with the Project Schedule developed and approved pursuant to Section 4 of this Mining Contract, MCC shall submit to the Ministry of Mines as security for performance of its commitments and obligations under this Mining Contract an irrevocable bank guarantee in the amount of sixteen million, one hundred sixty thousand dollars (“USD \$16,160,000.00”) within 60 days of the effective date of this Mining Contract. This amount is equivalent to two percent (2%) of MCC’s total premium payment. This security deposit shall be released at the commencement of commercial production. In the event that, during the time period from the effective date of the Mining Contract to the commencement of commercial production, MCC defaults in the making of minimum expenditure or in undertaking working obligations or prematurely terminates its operations without cause, or fails to make payments required under this Mining Contract to the Ministry of Mines, or otherwise defaults in its obligations, all or part of such security deposit shall be forfeited to the Ministry of Mines. Nothing in this section shall limit the ability of the Ministry of Mines to invoke the sanctions or remedies specified in this Mining Contract.
- (b) In accordance with the Mine Development Plan and the reclamation and closure requirements of the Environmental Management Plan developed and approved in accordance with Section 15 of this Mining Contract, MCC shall submit to the Ministry of Mines financial assurance sufficient to fund the reclamation and closure requirements applicable to the Project. The amount of such financial assurance shall be determined by the Ministry of Mines following review of MCC’s reclamation and closure plan. MCC shall establish an Aynak Mine Closure Fund or other appropriate financial assurance with the Ministry of Mines within sixty (60) days of the Ministry of Mines’ determination of the amount of financial assurance. MCC’s financial assurance shall be in a form which is issued and guaranteed by an institution acceptable to the Ministry of Mines and immediately available to the Ministry of Mines in the event that MCC’s reclamation and closure obligations are not fulfilled. This financial assurance requirement is in addition to the performance security requirements specified in subsection (a) above.

18 Minimum Expenditures

- (a) MCC shall, within 18 months of the effective date of this Mining Contract, and in accordance with its approved Mine Development Plan, spend on the Project no less than 90% of its proposed budget as defined in Appendices IV and VI on exploration and development work within the License Area. Such expenses may not include general organizational overhead and administrative expenses incurred abroad.
- (b) If at the end of 24 months from the effective date of this Mining Contract or any time thereafter, it appears to the Ministry of Mines that MCC has seriously neglected its obligations under this Mining Contract to develop the Project in accordance with the agreed schedule and has failed to make the minimum expenditures as provided in this Section, except where the failure is not attributable to MCC, the Ministry of Mines may require MCC to deliver a financial guarantee in a sum which shall not exceed the total outstanding expenditure obligations remaining unfulfilled deposited in a new account and notify the Ministry of Mines. Such guarantee may at the end of a 12 month period be forfeited to the Ministry of Mines to the extent that MCC has failed to fulfill its expenditure obligations.
- (c) In connection with MCC's obligations under this Part, MCC shall submit quarterly reports to the Ministry of Mines setting forth the items and amounts in expenditures during the preceding quarter. MCC shall support such reports with documentation. Such reports shall be submitted to the Ministry of Mines on or before 30 days after the end of the quarter. Reporting requirements are specified in Appendix 3.

19 Relinquishment

- (a) Subject to MCC's obligations and liabilities under this Mining Contract, MCC may, by written notice to the Ministry of Mines, relinquish all or any part of the License Area at any time during the Agreement Period. Such notice shall comply with the requirement of Article 24 of the Minerals Law.
- (b) MCC shall, after consultation with the Ministry of Mines, relinquish any land within the License Area which the parties determine is not needed by MCC for its exploration and exploitation activities under this Mining Contract.

20 Tax Obligations

- (a) Taxes shall be applied in accordance with the provisions of the Income Tax Law of Afghanistan. The Government of Afghanistan and MCC acknowledge and agree that, upon the grant of the Aynak Mineral Rights to MCC, MCC shall qualify for treatment as a Qualified Extractive Industries Taxpayer ("QEIT") under Chapter 12 of the Income Tax Law.

(b) Maintenance of Accounting Books and Records

- (i) MCC shall submit accounting and income tax returns for the full term of this Mining Contract in accordance with the provisions of Afghanistan's Income Tax Law. In determining MCC's taxable income as defined in the Income Tax Law, International Financial Reporting Standards using sound, consistent, and generally accepted accounting principles as usually used in the copper mining industry shall be employed, provided, however, that where more than one accounting practice is found by the Government of Afghanistan to prevail with regard to any item, the Government of Afghanistan shall determine which practice is to be applied by MCC with regard to the particular item.
- (ii) MCC shall, at its offices in Afghanistan, maintain books of accounting stated in United States Dollars in accordance with generally accepted accounting principles. All payments to the Government of Afghanistan shall be calculated in Afghani in accordance with the official exchange rate of the Da Afghanistan Bank and paid in Afghani or in such other currencies as may be acceptable to the Ministry of Finance or any Government of Afghanistan agency which is a successor in function thereto. MCC shall within a period as provided by the prevailing law and regulations furnish annually to the Government of Afghanistan audited financial statements prepared in accordance with International Financial Reporting Standards together with production statistics in reasonable detail. The accounts shall be audited by an internationally recognized accounting firm acceptable to the Government of Afghanistan.
- (iii) MCC shall permit the Ministry of Mines, through a duly authorized representative, to inspect at all reasonable times the books of account and records of MCC relative to any shipment, sale, utilization, or other disposition of any ore or finished product. Such books of account and records shall be maintained at MCC's offices in Afghanistan. MCC shall take reasonable steps to satisfy the Ministry of Mines by certificate of an internationally recognized, competent independent party acceptable to the Ministry of Mines as to all weights and analyses of finished product. Due regard shall be given to any objection or representation made by the Ministry of Mines as to any particular weight or assay of finished product which may affect the amount of income tax payable by MCC.
- (iv) The Government of Afghanistan shall be entitled to complete its audits of MCC accounts in accordance with the Companies Law and the Income Tax Law. MCC shall maintain all relevant records for a period of ten years for each tax year that is necessary to audit MCC's accounts. In the event that MCC fails to maintain all relevant records and make available to the Government of Afghanistan those records upon reasonable request, the Government of Afghanistan shall be entitled to make reasonable estimates of the information normally provided by such records and issue assessments to income tax accordingly.

- (c) In the event that the Government of Afghanistan enters into a contract or agreement with a third party engaged in the mining or industrial sectors that, based on the laws in force in Afghanistan at the time, affords more favorable treatment with respect to the stability of fiscal or other tax terms than have been granted to MCC under this Mining Contract, the Parties agree that the Mining Contract shall be amended to apply the more favorable treatment to MCC.

21 Royalties

- (a) MCC shall pay royalties on minerals mined and processed from the Aynak deposit in accordance with the royalty details table attached to this Mining Contract as Appendix 5. Royalties shall be paid in United States Dollars or such other currency as may be mutually agreed and shall be paid on or before the last day of the first month following the end of each calendar quarter. Each payment shall be accompanied by a statement in reasonable detail showing the basis of computation of royalties due in respect of production made during the preceding calendar quarter.
- (b) Royalties will be computed as follows:
- (i) Metal Quantities
1. The tonnage or quantity of copper and Associated Minerals by weight used in the computation shall be that quantity delivered for shipment or for domestic sale. The quantity by weight of each mineral subject to royalty shall be properly determined by internationally accepted assay methods. The value of the Associated Minerals will be converted to copper equivalent weight by using metal prices as defined below and added to the tonnage of copper subject to the royalty calculation.
- (ii) Metal Prices
1. For copper and Associated Minerals having a London Metal Exchange (“LME”) price quotation or for which the saleable mineral content has an LME price quotation. The price used in the computation shall be the US Dollar price per unit for the same or most equivalent traded type of grade of the Minerals concerned, calculated as the average of the LME daily official settlement prices for the calendar quarter.
 2. For those Associated Minerals having no London Metal Exchange price quotation the price used in the computation shall be the average calendar quarter US Dollar price as published in the *Metals Week* Monthly Average Report for the calendar quarter.
- (iii) Royalty Rates
1. The royalty rate is a sliding scale royalty based on the copper price and is described in detail in Appendix 5. The formula for the calculation is:

- a. When the copper price is equal to or less than US\$1.00/pound, the royalty rate = 2.5% x 120%, or 3.0%;
 - b. When the copper price is greater than US\$1.00/pound and equal to or less than US\$2.00/pound, the royalty rate is based on:

Royalty rate = (10 x copper price (US\$/ pound) – 7.5) x 120%;
and
 - c. When the copper price is greater than US\$2.00/pound, the royalty rate=15% x 130%, or 19.5%.
- (iv) Tax shall not be payable on any construction materials obtained from the License Area and used by MCC for public purposes such as but not limited to roads, bridges, railways, port facilities, airports, community buildings, housing or any other infrastructure used in relation to the Project.
- (c) MCC agrees that any mining, processing or treatment of ore prior to domestic sale or export shipment by MCC shall be conducted in accordance with best international mining standards as are economically and technically feasible, and in accordance with such standards MCC undertakes to use all reasonable efforts to optimize the mining recovery of ore and metallurgical recovery of minerals from the ore provided it is economically and technically feasible to do so, and shall submit evidence to the Ministry of Mines of compliance with this requirement.
- (d) If in the opinion of the Ministry of Mines, MCC is failing without good cause to recover Minerals in accordance with paragraph (c) of this Section, it may give notice in writing of such deficiency to MCC. Within three (3) months of the receipt of this notice, MCC shall either:
- (i) Commence work to improve its mining method, treatment and processing facilities to the reasonable satisfaction of the Ministry of Mines provided that MCC shall in no event be obliged to conduct mining, processing or treatment activities otherwise than as provided in its approved Bankable Feasibility Study, or
 - (ii) Submit to the Ministry of Mines evidence justifying its performance. In the event that the Ministry of Mines remains unsatisfied with MCC's performance, the Ministry of Mines shall have the right to commission independent technical studies to determine a fair average recovery rate taking into account the nature of the proven reserve and the ore and the economic and technical feasibility of achieving increased recovery by MCC. Such studies shall be carried out by internationally recognized consultants appointed by the Ministry of Mines and agreed to by MCC.
 - (iii) The Ministry of Mines and MCC shall have the right to prepare submissions to the consultants. If the said consultants find that the performance of MCC's operations is not satisfactory, then the cost shall be

borne by MCC. If it is found that MCC's performance of its obligation is satisfactory, then the cost shall be borne by the Ministry of Mines.

- (iv) If following the completion of such studies, MCC fails within a reasonable period to achieve the recovery rate indicated by such studies, the Ministry of Mines shall have the right to increase the amount of royalty applicable to the Minerals delivered for export shipment or domestic sale in proportion to the extent that the recovery of such Minerals by MCC falls short of the fair average rate indicated by such studies. However, at no time shall the payment of such increased royalty, free MCC from the obligation to perform in a manner consistent with its approved Bankable Feasibility Study and Mine Development Plan.
- (e) The Ministry of Mines may, in lieu of some or all of the royalties prescribed in this Section, elect to receive a part of the finished product produced by MCC. Such election may be made by the Ministry of Mines giving not less than one year's notice to MCC, and when made shall continue for such period as was stated in the notice given by the Ministry of Mines. Delivery of finished product which the Ministry of Mines has elected to take shall be effected at such times and points of delivery as may be agreed upon by the Parties. When the Ministry of Mines takes payment in kind, MCC shall be deemed to have paid royalties in an amount equal to the value of the finished product delivered to the Ministry of Mines. The value of the finished product delivered to the Ministry of Mines shall be calculated on the basis of the same formula used to calculate MCC's royalty obligation.

PART IV: MCC'S SOCIAL AND SUSTAINABLE DEVELOPMENT COMMITMENTS AND OBLIGATIONS

MCC shall perform, undertake or otherwise comply with the following requirements:

22 Local and Regional Benefits

In order to adequately address the social impacts of the Project and to maximize and sustain the regional economic and social benefits which the Project will generate, MCC shall:

- (a) Coordinate all of its studies of the Project's infrastructure requirements impacts with infrastructure studies undertaken by the national and local Governments with a view toward integration of the infrastructure of MCC's operations with that of the province, region, and country; and
- (b) Assist and advise the Government of Afghanistan in its planning of the infrastructure and regional development which MCC may deem useful to the Project and to existing and future industries and activities in the region of the Project.



23 Resettlement and Compensation Plan

MCC shall be required to compensate local residents adversely affected by mine development activities at or in the vicinity of Aynak. Compensation shall be determined through the application of applicable Afghan law and internationally accepted principles of fairness and reasonableness. The Parties acknowledge and agree that in the event that certain residents will be required to move their residences, such residents will be properly resettled in a location and condition that does not result in a diminishment of the resettled resident's standard of living or adversely impact the resident's livelihood. Such resettlement shall be conducted in accordance with World Bank Resettlement Guidelines. In addition, the Parties acknowledge and agree that mine development and operations will impact surrounding villages and residents. To address such impacts, MCC shall, in consultation with appropriate governmental officials, develop and finance an aid program established for the benefit of the surrounding villages and residents. At a minimum, MCC's efforts in this area shall be coordinated with the local and regional benefits specified in Section 22 of this Mining Contract.

24 Housing

MCC shall provide housing facilities of sufficient quality and quantity for its employees and their immediate families at a reasonable rental rate. The precise number, type and location of such housing facilities shall be determined through the previously approved social impact assessment prepared by MCC and in consultation with appropriate governmental officials. MCC agrees that sufficient housing facilities shall be completed and available prior to need for each stage of the Project's development. MCC agrees that the rules, regulations and standards established by the Ministries of Social Welfare, Rural Rehabilitation and Development and Urban Development and Housing shall be followed in satisfying its housing commitment.

25 Medical Facilities

MCC shall furnish such free medical care and attention to all its employees and families of employees and to all Government of Afghanistan officials working in the area covered by this Mining Contract as is reasonable and shall establish, staff, and maintain sufficient dispensary, clinic, and hospital facilities which shall be reasonably adequate under the circumstances. The Parties acknowledge and agree that management and oversight of these medical facilities shall be subject to the rules, regulations and standards of the Ministry of Health. MCC shall be responsible for the construction, management, salaries and operating expenses of these facilities.

26 Schools

MCC shall provide, free of charge, adequate primary and secondary school education for the children of all employees and residents of the area surrounding Aynak specified in the approved social impact assessment. At a minimum, MCC shall construct adequate schools, of sufficient size and with sufficient equipment to provide such primary and secondary

education. In addition, MCC shall provide adequate nursery and kindergarten facilities for its employees' use. In connection with its commitment to train and employ Afghan citizens set forth in Sections 38 and 39 of this Mining Contract, MCC shall also establish an adequate facility for vocational training. MCC agrees that the rules, regulations, and standards established by the Ministry of Education shall be followed.

27 Entertainment and Shopping

MCC shall construct and fund the operation of adequate recreational activity centers such as gymnasiums and sports fields for the use of employees and local residents. The Parties acknowledge and agree that, prior to construction, MCC shall engage in consultation with appropriate governmental officials concerning such recreational activities in order to select the location and features of the recreational activities centers. In addition, MCC shall construct a market/shopping area for the use and convenience of employees and local residents. The Parties acknowledge and agree that, prior to construction, MCC shall engage in consultation with appropriate governmental officials concerning the market/shopping area in order to select the location and features of the market/shopping area.

28 Protection and Respect of Religious Belief

MCC has expressed its commitment to respect and protect the religious beliefs of the Afghan people. To demonstrate this commitment, MCC shall provide employees and their families with special places to conduct their religious activities. The Parties acknowledge and agree that MCC shall engage in consultation with appropriate religious and governmental officials concerning the implementation of its commitment to protect and respect religious belief.

29 Government's and Third Parties' Right to Use Company's Facilities

(a) MCC shall:

- (i) Allow the public and the Government of Afghanistan to use free of charge any roads located outside the Project Area constructed and/or maintained by MCC, provided, however, that such use shall not unduly prejudice or interfere with MCC's operations hereunder;
- (ii) Allow the Government of Afghanistan to have access over the License Area, provided that such access does not unduly prejudice or interfere with MCC's operations hereunder.
- (iii) Allow the Ministry of Mines and third parties to explore for and exploit minerals and other substances within the License Area in accordance with Part I, Section 7 of this Mining Contract.



PART V: COMMITMENTS AND OBLIGATIONS CONCERNING PROJECT INFRASTRUCTURE, FACILITIES AND MANAGEMENT

MCC shall perform, undertake or otherwise comply with the following requirements:

30 Railway

MCC has made a commitment to the Government of Afghanistan to construct, at MCC's sole expense, a railway associated with the Project. The Government of Afghanistan has made a commitment to use its authorities to assist MCC in securing the land and route necessary to construct the railway. The Parties acknowledge and agree that, as of the date of this Mining Contract, the specific conditions and requirements for the route, construction and operation of the railway have not been definitively established by the Parties. Nonetheless, in order to conclude this Mining Contract in a timely manner, the Parties acknowledge and agree that MCC's commitment to construct a railway shall be memorialized in a Memorandum of Agreement ("MOA"), attached as Appendix 7, which shall be adopted and incorporated into this Mining Contract as an enforceable part of this Mining Contract. The MOA requires the Parties to negotiate in good faith to conclude a railway agreement within twelve (12) months of the effective date of this Mining Contract. The Parties acknowledge and agree that the failure to conclude a railway agreement within this timeframe shall constitute cause for the Parties to revoke this Mining Contract pursuant to Section 47 of this Mining Contract.

31 Power Supply

MCC has made a commitment to the Ministry of Mines to construct, at MCC's sole expense, one, four hundred (400) megawatt capacity coal fired power plant to supply electrical power to the Project and to Kabul. The Ministry of Mines has made commitments to MCC to make available sufficient coal resources for MCC's use in the power plant and to make available adequate land to establish the power plant. The Parties agree that the coal resources shall be granted to MCC pursuant to a sole source process under the Minerals Law and on the basis of MCC paying a reasonable royalty agreed to by the Parties. The Parties also agree that MCC's exploration, development, exploitation and use of the coal resources shall be at MCC's sole expense and in compliance with all applicable requirements under the laws of Afghanistan, including those requirements concerning the payment of royalties and income tax. The Parties agree that they will work co-operatively to locate suitable areas where coal resources are likely to be of a sufficient quantity and quality to fuel the power plant. MCC agrees that it will undertake all exploration, development, and exploitation activities in the areas identified by the Parties. The Ministry of Mines agrees to provide all necessary assistance with respect to making available information and licenses to plan and expedite the necessary coal exploration and mine development. Upon identification by MCC of a coal reserve of suitable quantity and quality, the Ministry of Mines will diligently process the approvals necessary to allow MCC to exploit the coal reserve and fuel the power plant. The Parties acknowledge and agree that, as of the date of this Mining Contract, the specific conditions and requirements for the location, construction and operation of the power plant, have not been definitively established by the Parties. With respect to the sale of surplus power to the Government of Afghanistan by MCC, the Parties agree that the price of surplus power shall be determined by the mutual agreement of the Parties. Nonetheless, in

order to conclude this Mining Contract in a timely manner, the Parties acknowledge and agree that the Parties' commitments concerning Project power supply shall be memorialized in a MOA, attached as Appendix 8, which shall be adopted and incorporated into this Mining Contract as an enforceable part of this Mining Contract. The MOA requires the Parties to negotiate in good faith to conclude a power supply agreement within two(2) months of the effective date of this Mining Contract and the negotiations can be extended for an additional two (2) months if the Parties cannot reach agreement within the first two (2) months. The Parties acknowledge and agree that the failure to conclude a power supply agreement within this timeframe shall constitute cause to revoke this Mining Contract pursuant to Section 47 of this Mining Contract.

32 Water Supply

MCC has made a commitment to the Government to construct water supply wells and pipeline system, at MCC's sole expense, in the vicinity of the Project to supply the Project's fresh water requirements. MCC has also committed to reuse and re-circulate process water to the extent possible. The Government of Afghanistan has made a commitment to MCC to make available sufficient water resources for MCC's use in the Project. Subject to the requirements of Section 37(c) of this Mining Contract concerning the protection of local water use, the Parties agree in principle that MCC may obtain water from local water sources to supply its needs. In the event that sufficient water is not available from these sources, the Parties agree that they will work co-operatively to locate water supplies that are likely to be of a sufficient quantity to meet MCC's requirements. The Government agrees to provide all necessary assistance with respect to making available information and licenses to plan and expedite the necessary water supply development. Upon identification of water supplies of suitable quantity, the Government will diligently process the approvals necessary to allow MCC to utilize the water supplies. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the location, construction and operation of the water supply system have not been definitively established by the Parties. Nonetheless, in order to conclude this Mining Contract in a timely manner, the Parties acknowledge and agree that MCC's commitments concerning water supply shall be memorialized in a MOA, attached as Appendix 9, which shall be adopted and incorporated into this Mining Contract as an enforceable part of this Mining Contract. The MOA requires the Parties to negotiate in good faith to conclude a water supply agreement within three (3) months of the effective date of this Mining Contract and the negotiations can be extended for an additional three (3) months if the Parties cannot reach agreement within the first three (3) months. The Parties acknowledge and agree that the failure to conclude a water supply agreement within this timeframe shall constitute cause to revoke this Mining Contract pursuant to Section 47 of this Mining Contract.

33 Phosphate, Limestone and Quartz (Silica) Supply

In order to fulfill its commitment to the Government to fund, construct and operate a smelter in Afghanistan, MCC has requested that the Government provide access to deposits of phosphate, limestone and quartz for MCC's use in the Aynak Project. The Government has made a commitment to MCC to make available potential sources of limestone and quartz that MCC can use in the Aynak Project. In addition, the Government will use its best efforts to make available potential sources of phosphate for MCC's use in the Aynak Project. The

Parties agree that the phosphate, limestone and quartz resources shall be granted to MCC pursuant to a sole source process under the Minerals Law and on the basis of MCC paying a reasonable royalty agreed to by the Parties. The Parties also agree that MCC's exploration, development, exploitation and use of the phosphate, limestone and quartz resources shall be at MCC's sole expense and in compliance with all applicable requirements under the laws of Afghanistan, including those requirements concerning the payment of royalties and income tax. The Parties agree that they will work co-operatively to locate suitable areas where such mineral resources are likely to be of a sufficient quantity and quality to meet MCC's requirements. The Government agrees to provide all necessary assistance with respect to making available information and licenses to plan and expedite the necessary mineral exploration and mine development. Upon identification of mineral reserves of suitable quantity and quality, the Government will diligently process the approvals necessary to allow MCC to exploit the mineral deposits. The Parties acknowledge and agree that, as of the date of this Mining Contract, the specific conditions and requirements for the location and supply of phosphate, limestone and marble have not been definitively established by the Parties. Nonetheless, in order to conclude this Mining Contract in a timely manner, the Parties acknowledge and agree that the Government's commitments concerning phosphate, limestone and marble shall be memorialized in a MOA, attached as Appendix 9, which shall be adopted and incorporated into this Mining Contract as an enforceable part of this Mining Contract. The MOA requires the Parties to negotiate in good faith to conclude a mineral supply agreement within three (3) months of the effective date of this Mining Contract and the negotiations can be extended for an additional three (3) months if the Parties cannot reach agreement within the first three (3) months. The Parties acknowledge and agree that the failure to conclude a mineral supply agreement within this time frame shall constitute cause to revoke this Mining Contract pursuant to Section 47 of this Agreement.

34 Project Facilities

- (a) Project facilities shall include, but not be limited to, the mines, processing facilities, wastewater treatment, and transportation, communication, water supply, power house, and other necessarily related facilities as set forth below, for which MCC is, subject to the rights of third parties, authorized to construct and operate in accordance with such reasonable safety regulations relating to design, construction, and operation as required by best international mining practice and the laws of Afghanistan. The facilities may include, but are not limited to:
- (i) The mines and other operating facilities: development of mines will require opening of roads, bridges, and storage areas, and may entail construction of aerial tramways, conveyor belts, pipelines, and other transportation facilities;
 - (ii) Additional roads, including roads to provide access to housing for MCC personnel;
 - (iii) A modern wireless communications system that complies with Ministry of Communication requirements;
 - (iv) Water supply facilities, including water dams, pumping stations, purification systems, and distribution lines;

- (v) In addition, the project may require other buildings, workshops, warehouses, storage areas, sewage disposal, foundries, machine shops, repair shops, and all such additional or other facilities, plant and equipment as MCC shall consider necessary for its operations or to provide services or to carry on activities ancillary or incidental to such operations. The Parties acknowledge and agree that the Government shall make available appropriate land in Kabul on which MCC shall construct an office. The land and all appurtenant structures shall be returned to the Government upon the expiration of this Mining Contract.
- (b) All Project Facilities shall be the personal property of MCC and may be mortgaged, pledged or otherwise encumbered during the term of this Mining Contract, with written notification to the Government, by MCC subject to the provisions of Part XVII relating to Assignment and Part XII relating to Termination of the Mining Contract.
- (c) Subject to the security requirements that may be established in accordance with the security agreement to be negotiated between the Parties pursuant to Section 35 of this Mining Contract, MCC shall be entitled to import necessary raw materials and manufacture explosives solely for MCC's use in connection with the Project. Prior to commencing imports of the raw materials to manufacture explosives, MCC shall provide the Government with a detailed inventory of the types and amounts of raw materials to be imported, a transportation and storage security plan, and a detailed calculation of the amount of explosives to be manufactured and used in order to allow the Government to track the import of raw materials, and the manufacture and use of explosives in connection with the Project. MCC shall be required to maintain records of its raw material imports and explosives manufacture and use and make such records available for Government review and confirmation.

35 Control of Operations

MCC shall have full and effective control and management of all matters relating to the operation of the Project including the production and marketing of its products in accordance with sound, long-term policies. MCC may, subject to complying with the applicable requirements of the Minerals Law and this Mining Contract and receiving approval from the Ministry of Mines, make material expansions or modifications of the Project Facilities, and may add new facilities, as MCC shall consider necessary for the operation of the Project or to provide services or to carry on activities ancillary or incidental to the Project. All such expansions, modifications, improvements, replacements, and additions shall be considered part of the Project Facilities.

Subject to periodic review by the Government, MCC shall be entitled to maintain off-shore bank accounts in connection with the Project. MCC shall submit detailed quarterly reports to the Ministry of Mines for each such off-shore bank account which provide information concerning the use of each such account for Project purposes. In addition, MCC shall be entitled to open and maintain local and foreign currency accounts in Afghanistan and to freely convert and move foreign currency into and out of Afghanistan.

36 Project Security

The Parties acknowledge and agree that security for the Project is a necessary condition for the successful construction and operation of the Project. The Parties acknowledge and agree that the Government shall be responsible for the overall security of the Project. The Parties also agree that MCC shall cooperate with the Government in taking security measures requested by the Government. The Parties further acknowledge and agree that, as of the date of this Mining Contract, the specific conditions and requirements for the establishment and maintenance of adequate Project security have not been definitively established by the Parties. Nonetheless, in order to conclude this Mining Contract in a timely manner, the Parties acknowledge and agree security commitments shall be memorialized in a MOA, attached as Appendix 10, which shall be adopted and incorporated into this Mining Contract as an enforceable part of this Mining Contract. The MOA requires the Parties to negotiate in good faith to conclude a comprehensive security agreement within two (2) months of the effective date of this Mining Contract. The Parties acknowledge and agree that the failure to conclude a security agreement within this timeframe shall constitute cause to revoke this agreement pursuant to Section 47 of this Mining Contract.

PART VI: OCCUPATION OF SURFACE AND OTHER RIGHTS

37 General

(a) Right to use land:

- (i) Subject to the provisions of this Mining Contract and Article 34 of the Minerals Law, MCC shall have the right to enter and occupy any land within the License Area for the purpose of undertaking operations and activities under this Mining Contract. During the term of this Mining Contract, MCC shall pay a nominal rent for its use of public lands, whether inside or outside the License Area, calculated on a per hectare basis. In the event that exemptions from the surface rent requirements of the Minerals Law are established in the future, the Parties agree that the Project shall be eligible to receive the benefits of such exemptions. Subject to the applicable laws and regulations of Afghanistan, MCC shall have the right to occupy and utilize for the duration of this Mining Contract, or for a lesser period, the surface of such suitable areas outside the License Area as may be necessary for the construction and operations of roads, railways, and pipelines necessary for its activities and operations under this Mining Contract. With regard to public lands lying outside the License Area, MCC shall apply to the Government for the right to use such land. The right to use such land shall not be unreasonably denied by the Government. With regard to private lands lying either within or without the License Area, the Government shall, at MCC's expense, complete the requirements necessary to obtain the rights to use the private land, including the requirements for buying, leasing or transferring land or relocating privately owned buildings, as may be necessary. MCC shall make reasonable compensation, as determined by a mutually agreeable

third party, for those owners of private lands who suffered economic loss due to the aforesaid relocation.

- (ii) Blasting or other dangerous operations may only be conducted in accordance with the requirements of an approved blasting plan which includes the type of explosive, blast design, blast frequency, blast distance, and necessary safety precautions.

(b) Accessory works and installation:

- (i) Subject to the provisions of section (a) above, MCC shall have the right to construct, maintain, alter, and operate the following types of facilities:

1. Industrial buildings and installations including mining, crushing, milling, ore refining, leading and pumping stations, warehouses, storage places and storage tanks;
2. Facilities for shipping;
3. Living accommodations and amenities, including but not limited to hospitals;
4. Schools and recreational facilities, for MCC's employees and their families;
5. Other buildings, installations, and works necessary for MCC's operation and activities under this Mining Contract.

- (ii) Rights of way shall be acquired and maintained in accordance with applicable law and regulations.

(c) Subject to the approval of the Government and consistent with the requirements specified in the water supply MOA attached as Appendix 9 to this Mining Contract, MCC may appropriate and use water found within or outside the License Area for MCC's operations and activities under this Mining Contract. For water appropriated from outside the License Area, the Government will facilitate the acquisition of water resources. MCC shall not utilize agricultural water or deprive any lands, villages, houses, or watering places for animals of a reasonable supply of water insofar as such water has, through custom, been utilized for such lands, villages, houses, or animals. Nor shall MCC interfere with any water rights or existing uses of water enjoyed by any persons under the law of Afghanistan.

(d) Subject to the approval of the Ministry of Mines, MCC may appropriate and use gravel, sand, clay, or stone found within the License Area for purposes necessary and useful to MCC's operations and activities under this Mining Contract. Provided, however, that such gravel, sand, clay, or stone shall be sold only with the approval of the Ministry of Mines and subject to such conditions as may be imposed (including conditions relating to fees to be paid to the Government) and provided further that upon termination of this Mining Contract, any excavation

shall be rehabilitated by MCC in accordance with its approved mine development, environmental management and reclamation plans.

- (e) MCC shall have the right to cut, appropriate and use the brushwood, undergrowth and timber (except protected trees) which may be found on public lands within the License Area, subject to the general forestry laws of Afghanistan. Such cutting, appropriation, and use shall be permitted only to the extent necessary to the operations and activities of MCC under this Mining Contract. Such cutting, appropriation, and use may be for the purpose of facilitating ingress and egress into and from the License Area, for the purpose of clearing land for the erection of machinery, plant and buildings connected with MCC's operations and activities, and for the purpose of construction required for MCC's operations and activities. Provided, however, that such timber shall be sold by MCC only with the prior approval of the Government and subject to such conditions as may be imposed (including conditions relating to fees to be paid to the Government).

PART VII: LOCAL PURCHASING: PROMOTION OF NATIONAL INTERESTS

38 Services and Supplies

MCC, including its subcontractors, shall use its best efforts to purchase goods and services in Afghanistan if there are available in Afghanistan goods and services of suitable and reasonably comparable quality, and at no higher price than goods available from abroad. In comparing prices of goods available in Afghanistan to the prices of goods imported by MCC, the following conditions shall apply: For goods and services imported during the construction period, customs duties shall not be added to the other expenses incurred up to the time the imported goods are landed in Afghanistan. For goods and services imported during operations, customs duties for raw materials shall be added to the other expenses. The Parties agree that the process of comparing locally available goods and services to imported goods and services shall not delay MCC's construction activities or operations.

PART VIII: EMPLOYMENT AND TRAINING OF AFGHAN NATIONALS

39 Employment of Afghan Nationals

- (a) MCC shall employ Afghan personnel, to the maximum extent practicable, and upon terms which are acceptable to MCC, in all classifications of full-time employment, for its operations in Afghanistan. For the Aynak Project, MCC shall employ 100% Afghanistan nationals as unskilled labor. The following percentages of all positions in each employment classification shall be held by Afghanistan nationals within the periods agreed to by the Parties, starting with the commencement of production. The classifications of employment for the purpose of this Part shall include the following: managerial, technical, professional, administrative, clerical and skilled labor:

	<u>Up to 3 years</u>	<u>5 years</u>	<u>8 years</u>
Skilled labor	50 percent	100 percent	100 percent
Clerical and supervisory	50 percent	75 percent	85 percent
Technical	50 percent	75 percent	90 percent
Management; Professional	50 percent	75 percent	85 percent

For the construction period, MCC shall employ the above categories to the maximum extent available. MCC's failure to achieve said percentages will be considered a breach of contract in accordance with Section 47 of this Mining Contract except where MCC can justify such failure on grounds acceptable to the Government. The employment and the terms and conditions of such employment and the discharge or disciplining of Afghan personnel shall be carried out in compliance with the applicable labor laws and regulations of Afghanistan.

40 Training

- (a) MCC shall provide for the training of suitable persons of Afghanistan citizenship in order to qualify them for skilled, clerical and supervisory, technical, and management and professional posts in MCC's operations and activities in Afghanistan.
- (b) Education Grants. MCC shall establish and cooperate in a program of foreign scholarships for Afghan nationals and grants to educational institutions of Afghanistan.

41 Non-Afghan Personnel

- (a) Subject to the requirements of Sections 38 and 39 of this Part, MCC and its subcontractors may bring into Afghanistan such non-Afghan personnel as in MCC's judgment are required to carry out construction and operations efficiently and successfully, and at MCC's request (which shall be accompanied by information concerning the education, experience, and other qualifications of the personnel concerned), the Government shall cause all necessary permits and visas to be issued within a reasonable time period and without hampering the continuous and efficient performance of MCC under this Mining Contract. In this connection MCC shall have the right periodically to submit manpower requirement plans and the Government will, within a reasonable time period during which it will conduct its review of MCC's proposal, thereupon issue the necessary permits and visas for all personnel covered by any such plan subject only to completion of the required security checks. MCC shall bear all costs related to the issuance of such permits and visas for non-Afghan personnel. All MCC employees entering Afghanistan shall respect the religious and cultural traditions of Afghanistan.

- (b) There shall at all times be equal treatment, facilities, and opportunities for all employees, both Afghan and non-Afghan, in the same job classification regardless of nationality.

42 Employee Accident Compensation

MCC shall be responsible for the medical and rehabilitation costs for any employee injured performing his or her duties while employed by MCC at the Project. Injured employees shall be entitled to return to the same or similar positions following recovery from injury. In the event that an employee is killed performing his or her duties while employed by MCC at the Project, MCC shall be responsible for the payment of an adequate death benefit to the immediate family of the deceased employee.

PART IX: IMPORTS AND EXPORTS

43 Imports

- (a) This Mining Contract authorizes MCC, including its subcontractors, to import into and for use in Afghanistan all equipment and materials, such as machinery, supplies, and equipment necessary for the operation of the Project, including its Kabul office, subject to the payment of the customs duties specified in this Mining Contract. The import of equipment and materials by MCC shall be in accordance with expedited customs procedures, by routes selected by MCC and identified to the Government and any means of transport. Prior to commencing imports, MCC shall provide a list of equipment and materials to the Ministry of Mines for review and shall provide all necessary documents required by the Customs Office of the Ministry of Finance, as necessary, for customs clearance. This authorization shall apply to the following categories of imports:
- (i) All of the capital assets, construction materials and raw materials related to the Project including, but not limited to, machinery, machine units, vehicles (excluding sedan cars), mine facilities and equipment, smelter facilities and equipment, refinery facilities and equipment, office equipment; appliances, office buildings, employee housing, security facility equipment, schools, hospitals, domestic goods and personal effects including household and living equipment and goods belonging to foreign personnel employed in the project and especially provided from abroad shall be exempted from the payment of import duties during the construction period, which shall expire sixty (60) months from the effective date of this Mining Contract unless extended by mutual agreement of the Parties;
- (ii) During the operations period which shall commence immediately upon expiration of the construction period, MCC shall be required to pay import duties only on raw materials in accordance with the Customs Law;

- (b) Re-exports. Any items imported by MCC or its subcontractors for use in connection with the Project and no longer needed for such use may be sold outside Afghanistan and re-exported free of all customs duties and levies. No imported items shall be sold domestically except after compliance with customs and import laws and regulations which shall at the time of such sale be in effect.
- (c) The exemption from import duties set forth in this Section shall not apply where MCC, including its subcontractors, fails to use best efforts to purchase goods in accordance with the requirements of Section 38 of this Mining Contract concerning local purchasing.
- (d) Subject to the requirements of Section 43(a) of this Mining Contract, the Government, through the Ministry of Finance, shall have the right to inspect and inventory any articles imported by MCC for which MCC claims import duty exemption.
- (e) Imports not exempted from duties under this Section shall be subject to the payment of the appropriate duty in accordance with applicable Afghanistan law.
- (f) If MCC, including its subcontractors, intends to sell or transfer any articles which have been imported free of duty under this Section, a declaration shall be made to the Ministry of Finance before such sale or transfer is effected, and, unless such goods are sold or transferred to another company or contractor entitled to the same exemption, such import duty shall be paid as may be assessed by the Ministry of Finance in accordance with the customs laws and regulations as from time to time in effect.
- (g) If MCC applies any article which has been imported free of duty under this Mining Contract to a nonexempt purpose, a declaration shall be made to the Ministry of Finance within thirty days of such initial use of nonexempt purposes and such import duty shall be paid as may be assessed by the Ministry of Finance in accordance with the laws and regulations governing customs.
- (h) In order to enjoy the benefits granted by this Part, all articles which are imported and for which a duty exemption is claimed must be marked with the name or marks of MCC in a manner difficult to delete.
- (i) MCC, including its subcontractors, shall be liable for violations of the requirements of Afghanistan's Customs Law.
- (j) MCC shall maintain depreciation records for all imported items subject to the exemptions established by this Section and submit such records to the Ministry of Finance annually.



44 Exports

- (a) MCC shall, subject to the conditions set forth in Part II, have the right to export and sell free of customs duties all products obtained from its operations under this Mining Contract.
- (b) It is understood and agreed that exemption from customs duties shall not liberate MCC, including its subcontractors, or its agents and personnel from the obligation to fulfill all customs formalities necessary for statistical verification and other purposes.

45 Cooperation

All imports and exports of articles under this Mining Contract shall be handled simply and expeditiously and the Government will, at MCC's request, cooperate with MCC in making appropriate arrangements between MCC and the customs authorities to this end. The Government agrees to establish a customs facility in the License Area, which shall be funded, constructed and operated by MCC, to facilitate and complete the customs clearance of all the import and export items. The Parties agree that import shipments will receive customs seals at the border, but shall only be opened upon arrival at the Project's customs facility.

PART X: SUSPENSION OF OPERATIONS

46 General

At any time after the effective date of this Mining Contract, MCC may notify the Government that MCC is suspending, in whole or in part, its operations because in MCC's judgment economic or other conditions make it necessary to do so. MCC may, following consultation with the Government during which the Government will express its view as to the basis for suspension, suspend operations and may continue such total or partial suspension of operations for a period of up to six (6) months. MCC shall not be entitled to suspend operations for a period of longer than six (6) months except where the Government defaults under the Mining Contract; a force majeure exists that lasts longer than six (6) months; or if the LME copper price continues to be lower than the break-even copper price, identified in the Bankable Feasibility Study, for more than 6 months and MCC runs into a loss, MCC shall, with the agreement of the Ministry of Mines, have the right to partially or fully suspend the production operations until the LME copper price returns above the break-even copper price. In all other cases, MCC's suspension of material operations for a period of longer than six (6) months shall constitute cause for the Government to revoke the Mining Contract pursuant to Section 47 of this Mining Contract. Suspension of operations shall not relieve MCC of its obligations under this Mining Contract. MCC shall consult with the Government and keep it fully informed regarding any suspension of operations under this Part. During any suspension of operations, MCC shall remain obligated to comply with all applicable provisions of Afghanistan's Labor Law.



PART XI: REVOCATION

47 Revocation for Cause

- (a) In the event that:
- (i) MCC fails to commence commercial production within 60 months of the effective date of this Mining Contract as required by Section 13 and 14 of this Mining Contract, or
 - (ii) No commercial shipment of finished product is made within 12 months after commercial production, or
 - (iii) Any tax or other payment payable by MCC under this Mining Contract or the laws of Afghanistan shall be in arrears or unpaid for a period of 6 calendar months, or
 - (iv) MCC assigns to a third party the whole or part of the rights held by it under this Mining Contract without the previous written consent of the Government provided in Part XVII, or
 - (v) MCC has knowingly submitted to the Government any false statements which were a material consideration for the execution of this Mining Contract, or
 - (vi) MCC intentionally extracts any minerals other than copper ore, or Associated Minerals without express authorization by the Government, or
 - (vii) MCC fails to produce fifty percent (50%) of its proposed copper production rate, as defined in its Bankable Feasibility Study and Mine Development Plan, during the first year of commercial production or eighty percent (80%) of its proposed copper production rate for each subsequent year, as measured in metric tonnes of finished product, or
 - (viii) MCC fails to comply with any final decisions by the arbitral tribunal in controversy arising with the Government under this Mining Contract, or
 - (ix) There exists any other material breach or nonobservance by MCC of any of the terms, obligations, or conditions of this Mining Contract, or of any law of Afghanistan, or
 - (x) MCC shall make or enter into any agreements for composition with creditors that are unacceptable to the Government or shall go into liquidation, whether compulsory or voluntary, or if a receiver is appointed, other than for the purpose of reconstruction of the Project and only if the interest expected by the Government under or from this Mining Contract is materially or fundamentally damaged by such composition, liquidation or reception, or

- (xi) MCC fails to establish a smelter and refinery in accordance with Appendix 4 and 6 of this Mining Contract.

The Government may, subject to the provisions of this Part, revoke this Mining Contract and be entitled to the rights specified in Section 49.

(b) In the event that:

- (i) The Government takes back or revokes the exclusive mineral right without cause or legal justification, or
- (ii) The Government allows other parties to exploit copper and associated metals in the License Area in violation of this Mining Contract, or
- (iii) MCC's operations are interfered so seriously by the Government that MCC is not able to maintain the normal operation, or
- (iv) The Government fails to provide sufficient security for the Project in accordance with the terms of an executed security agreement, or
- (v) The Government fails to comply with any final decisions by the arbitral tribunal in controversy arising with the Government under this Mining Contract, or
- (vi) There exists any other material breach or nonobservance by the Government of any of the terms, obligations, or conditions of this Mining Contract, or of the laws of Afghanistan.

MCC may, subject to the provisions of this Part, revoke this Mining Contract and be entitled to the rights specified in Section 49.

- (c) In the event that the Parties fail to conclude any of the definitive agreements specified in the Memoranda of Agreement identified in Sections 30, 31, 32, 33 and 36 of this Mining Contract, the following conditions shall apply. If the failure to conclude any of the agreements is due to the fault of the Government, the Government will return the premium paid to the Government and compensate MCC for its **reasonable expenses** incurred prior to termination. If the failure to conclude any of the agreements is due to the fault of MCC, the Government shall retain any premium paid to the Government and any property which the Government is entitled to retain under this Mining Contract. If the failure to conclude any of the agreements cannot be attributed to either Party, the Parties shall submit the dispute to dispute resolution in accordance with Part XIV of this Mining Contract. In the event the Parties fail to conclude any of the agreements, MCC's performance guarantee under Section 17(a) shall be returned to MCC.

48 Notification and Remedy

- (a) In the event that the Government seeks to revoke this Mining Contract pursuant to this Part, the Government shall give notice in writing specifying the particular




breach and requiring, within three calendar months of such notice (or within such extended time as the Government may deem fair having regard to the circumstances of the particular case), to remedy the same or make reasonable compensation to the Government, as the case may be, in a manner acceptable to the Government. In the event that MCC seeks to revoke this Mining Contract pursuant to this Part, MCC shall give notice in writing specifying the particular breach and proposing a time period of at least three calendar months during which the Government must remedy the breach.

- (b) If MCC or the Government shall fail to comply with said notice, the Government or MCC may, after the expiration of the time period for remedying the breach, revoke this Mining Contract, provided, however, that where there is any dispute between the Parties as to:
 - (i) Whether there has been any breach or nonobservance by MCC or the Government of any term, obligation, or condition of this Mining Contract, or
 - (ii) Whether any breach or nonobservance is remediable or as to the manner in which it should be remedied, MCC or the Government may, within one year of notice refer the dispute to arbitration, and the Government or MCC shall not exercise its power of revocation until the result of arbitration is known, and then subject to the terms of the award. Provided, however, that if MCC or the Government elects to refer the dispute to arbitration, it shall be prompt in prosecuting its claim before the arbitral tribunal.
- (c) Upon the revocation of this Mining Contract by the Government, all rights granted to MCC hereunder shall terminate, subject to, and without prejudice to, any obligation or liability imposed or incurred under this Mining Contract prior to the effective date of revocation and subject to, and without prejudice to, the rights and obligations of the parties under this Part. Upon the revocation of this Mining Contract by MCC, MCC shall be entitled to the rights specified in Section 49 of this Mining Contract.

49 Penalties

- (a) Unless otherwise specifically provided for in this Mining Contract or any law referred to in this Mining Contract and notwithstanding the Government's right of revocation under this Part, the penalty for any breach of this Mining Contract shall be damages which shall be fixed by applicable laws and regulations currently in effect or which may be enacted or promulgated in the future.
- (b) Notwithstanding the provisions of this Part, in the event MCC shall be in default in the making of any payment of money to the Government which MCC is required to make pursuant to Part III, the period within which MCC must cure such default shall be 30 days after the receipt of notice thereof. The penalty for late payment shall be an interest charge on the amount as defined by the Ministry of Finance, based on the current LIBOR rate (London Interbank Overnight Rate).



PART XII: TERMINATION

50 Transfer of Property and Compensation at Termination

- (a) In the event that this Mining Contract is revoked by the Government for cause pursuant to Section 47:
- (i) Subject to the environmental protection and reclamation obligations established in Part I of this Mining Contract, upon the expiration or earlier revocation for cause of this Mining Contract, MCC shall leave, in good and safe running order, the mine and its associated structures including, but not limited to, all shafts, pits, and underground workings, all fixed assets such as buildings, roads, railroad, or airstrips constructed by MCC under this Mining Contract, and all plants and equipment necessary for the continued operation of the mine, and the same shall revert to the Government free of any liens, charges, encumbrances or liabilities and shall become the property of the Government without compensation to MCC.
 - (ii) Subject to any claims which the Government may have against MCC, arising under this Mining Contract or otherwise, all normal stockpiles and other liquid assets used by MCC in connection with its operations and activities under this Mining Contract shall remain the property of MCC and may be freely withdrawn, exported, sold, or otherwise disposed of in accordance with applicable laws and regulations and the terms of this Mining Contract, without payment of any duty, provided, however, that the Government shall have the first right to purchase, at a fair price to be determined between the parties, any such stockpiles or other liquid assets. In the event that the Government fails to exercise such right of purchase within ninety days after the termination of concession, MCC may remove such stockpiles and other liquid assets.
- (b) In the event that this Mining Contract is revoked by MCC for cause pursuant to Section 47:
- (i) MCC shall be entitled to receive fair compensation from the Government. For the purposes of this Mining Contract, the term "fair compensation" may include any or all of the following components: premium payments, investment and working capital, purchased inventory, and partially finished or finished products produced through MCC's investment. The actual amount of fair compensation shall be determined by the Parties either through agreement or by arbitration. The Parties shall endeavor to reach agreement on the amount of compensation which is fair under the circumstances of the revocation. In the event that the Parties cannot reach agreement on the amount that constitutes fair compensation, the amount of fair compensation shall be determined by an international arbitration tribunal or pursuant to Section 55 of this Mining Contract.

51 Continuation of Rights and Duties

Rights and obligations which have come into effect prior to the termination of this Mining Contract and rights and obligations relating to transfer of currencies and properties which have not yet been completed at the time of such termination, shall continue in effect for the times necessary or appropriate fully to exercise such rights and discharge such obligations.

52 Infrastructure

At the end of the term as provided in Part XVIII or upon termination of the Mining Contract as provided in this Part XII, or when no longer needed by MCC, and at no cost to MCC, any such property of MCC in Afghanistan moveable and immovable, as shall be in use for public purposes such as roads, schools, and hospitals, shall be transferred as a gift to the Government.

PART XIII: FORCE MAJEURE

53 General

Any failure by the Government or any of its Ministries or subdivisions, or by MCC, to carry out any of its obligations under this Mining Contract shall not be deemed a breach of contract or default if such failure is caused by *force majeure*. If, through *force majeure*, the fulfillment by either Party of any terms and conditions of this Mining Contract is delayed, curtailed or prevented, then, anything in this Mining Contract to the contrary notwithstanding, the time period for fulfilling the obligation thereby affected and the term of this Mining Contract specified in Part XVIII shall each be extended for a period equal to the total of the periods during which such causes or their effects were operative. For purposes of this Mining Contract, *force majeure* shall include wars, insurrections, civil disturbances, blockades, embargoes, strikes and other labor conflicts, riots, epidemics, earthquakes, storms, floods, or other adverse weather conditions, explosions, fires, lightning, orders or directions of any government *de jure* or *de facto* or instrumentality or subdivision thereof, and acts of God or the public enemy. Provided, however, that only such loss, damage or injury as could not have been avoided by the taking of proper precautions, due care or such reasonable alternative measures as aforesaid shall be regarded as the consequences of any failure caused by *force majeure*.

54 Notice

The Party whose ability to perform its obligations as affected by *force majeure* shall, as soon as possible after the occurrence, notify the other Party thereof in writing, stating the *force majeure* and identifying the additional time period necessary to address the *force majeure*. The Parties shall agree as to the amount of time necessary to address the *force majeure* and the parties shall endeavor to do all reasonable within their power to remove such cause and resume activities within the agreed upon time period; provided, however, that neither party shall be obligated to resolve or terminate any disagreement with third parties.

including labor disputes, except under conditions acceptable to it or pursuant to the final decision of any arbitral, judicial, or statutory agencies having jurisdiction to finally resolve the disagreement. As to labor disputes, the Government and MCC will cooperate in a joint endeavor to alleviate any conflict which may arise.

55 Disputes

Any differences regarding interpretation or application of this Part, including differences concerning the period by which the terms of this Mining Contract and of rights and obligations thereunder should be extended, shall, if not otherwise amicably resolved, be determined through means of settlement stipulated under Part XIV.

PART XIV: SETTLEMENT OF DISPUTES

56 Method of Dispute-Settlement

- (a) If, during this Mining Contract or thereafter, there shall be any question or dispute with respect to the structure, meaning, or effect of this Mining Contract, or arising out of or in connection with this Mining Contract, either Party shall have the right, subject to no conditions precedent, to refer the dispute to the International Centre for Settlement of Investment Disputes ("ICSID") for settlement by conciliation and/or arbitration as hereinafter provided. Any of the parties to such dispute may commence conciliation or arbitration proceedings by giving notice to the other party and to the Secretary-General of ICSID (including in such notice a statement of the question or dispute and of the claim or contention of the Party giving the notice). The assignment, transfer, lease or pledge of Mineral Right or any part thereof by MCC as per provisions of Section 60 of this Mining Contract shall not prejudice MCC's rights under this Section 55.
- (b) The Rules of Conciliation and Arbitration of ICSID shall govern the conciliation and arbitration. The place of conciliation or arbitration shall be such as may be agreed by the parties and in default of agreement shall be as provided in the Rules of ICSID.
- (c) Pending the issue of a decision or award, the operations or activities that shall have given rise to the arbitration need not be discontinued, but if the decision or award recognizes that a complaint was justified, provision may be made in the award for such reparation or compensation in respect of such continued operations and activities as shall be decided by the arbitrator to be appropriate.
- (d) The decision of the arbitrator shall be final and binding upon the parties to this Mining Contract and upon any person who participated as a party in such arbitration proceedings, and he shall comply in good faith with the decision.
- (e) Should ICSID be replaced by, or its functions substantially devolve upon or be transferred to, any new international body of similar type and competence, the function of the Arbitration Tribunal of ICSID provided by this Article shall be



exercisable by the chief officer of such international body without further agreement among the parties hereto.

- (f) Principles of fairness and good faith shall apply during the arbitration if no applicable law or regulation exists.
- (g) If the services of ICSID are unavailable to the parties to this Mining Contract, then such unsettled dispute shall be referred to the Arbitration Institute of the Stockholm Chamber of Commerce for arbitration pursuant to the Rules of Arbitration of the United Nations Commission on International Trade Law (“UNCITRAL”). The place of the arbitration shall be in Stockholm and the arbitration tribunal shall be composed of three arbitrators appointed in accordance with the Rules of UNCITRAL. The award of the arbitration tribunal shall be final and binding on the Parties to this Mining Contract and on any persons who participated as a party in such arbitration proceedings. Both Parties agree to accept the jurisdiction of the said Arbitration Institute of the Stockholm Chamber of Commerce and execute voluntarily the award of the said Arbitration Tribunal of this Arbitration Institute of the Stockholm Chamber of Commerce.
- (h) The arbitration fee shall be borne by the losing party.

PART XV: REVIEW OF CONTRACT TERMS

57 Fiscal Provisions

- (a) The parties shall, at five-year intervals from the effective date of this Mining Contract, review the economic terms of this Mining Contract to determine whether the Mining Contract shall be amended to provide for an adjusted allocation of economic benefits between MCC and the Government.
- (b) In undertaking such review, the Parties shall bargain in good faith with a view toward providing a fair and equitable division of profits in light of the economic factors prevailing at the time of the review.
- (c) In undertaking such review the Parties shall be guided by, but not limited to, consideration of the following factors:
 - (i) the economic value of the license.
 - (ii) terms of other copper agreements of comparable investment size and resource conditions negotiated by the Government within the five-year period preceding the date of review.
 - (iii) terms of other copper agreements of comparable investment size and resource conditions negotiated by MCC within the five-year period preceding the date of review.
 - (iv) terms of other copper agreements of comparable investment size and resource conditions negotiated by third parties .

- (d) Disputes arising pursuant to this Section shall be resolved in accordance with the requirements of Section 55 of this Mining Contract.

58 General Review

- (a) The Parties shall, at 5 year intervals from the effective date of this Mining Contract, review the Mining Contract (excluding those sections covered in Section 56 above) to determine whether, in the light of changed circumstances, the Mining Contract should be amended.
- (b) The Parties agree that they shall each carry out such review in good faith and shall give due regard to the legitimate interests of the other party.
- (c) Disputes arising pursuant to this Section shall be resolved in accordance with the requirements of Section 55 of this Mining Contract.

PART XVI: DOMICILE; SERVICE OF PROCESS

59 General

MCC shall be domiciled and licensed to do business in Afghanistan, be subject to the jurisdiction of Afghan courts for disputes that are not subject to the dispute resolution provisions specified in Section 55 of this Mining Contract, and shall maintain an office or agent in Afghanistan for receipt of service of process or notification or other official or legal communication.

60 Notices

- (a) Notices for the purpose of this Mining Contract shall be sufficiently served if delivered or sent by registered post:
 - (i) In the case of the Government, to the Ministry of Mines.
 - (ii) In the case of MCC, to the manager of the Kabul office.
- (a) All notices, requests or other communications required by, provided for in, or relative to this Mining Contract shall be in writing. E-mails and facsimiles shall be considered as written communications.

PART XVII: ASSIGNMENT

61 General

In accordance with the requirements of Article 23 of the Minerals Law, MCC may not assign, transfer, lease or pledge, the mineral rights or any part thereof granted under this

Mining Contract or any rights, privileges, liabilities or obligations granted or imposed by this Mining Contract, or any interest in the mineral rights without the previous consent in writing of the Government. The consent of the Government shall not be required where (i) the assignment is solely for the purpose of providing security for the financing of the Project or (ii) the assignment is to another company controlled by MCC through share-holding, provided that the Government shall be informed of any such assignment within thirty days of the assignment.

- (a) The Government shall not give its consent unless it is satisfied:
- (i) That the proposed assignee is itself of good reputation or is a member of a group or groups of companies of good reputation or is owned by a company or companies of good reputation;
 - (ii) that there is likely to be available to the proposed assignee either from its own resources or through other companies in the group of which it is a member, or otherwise, sufficient technical knowledge, experience and know-how and sufficient financial resources to enable it effectively to carry out a program satisfactory to the Government for the operations hereunder; and
 - (iii) That the proposed assignee is in all other respects acceptable to the Government. The Government may impose such conditions on the assignment as it considers appropriate.

The assignee shall have all the rights and privileges and shall assume all the liabilities and obligations of the assignor with respect to what is assigned without relieving MCC of such liabilities and obligations unless the Government expressly consents to such a release.



PART XVIII: AGREEMENT PERIOD

62 General

This Mining Contract shall continue in force for a period of 30 years following the effective date of this Mining Contract. As provided in Section 62, this Mining Contract is subject to renewal in accordance with the terms and conditions specified in Article 22 of the Minerals Law, and other applicable provisions of this Mining Contract. It is understood and agreed that if, at any time, MCC shall propose a substantial new investment in the Project or shall require an extension of the term of this Mining Contract in order to facilitate additional financing, long-term sales contracts or otherwise, and in any event at least five years prior to the expiration date of this Mining Contract, the Government will give sympathetic consideration to a request by MCC to extend the term of this Mining Contract to permit continuation of the Project on the basis of long-term planning and sound mining and operating practices and to assure continuing employment of those devoting their time and efforts to the success of the Project.

PART XIX: RIGHT OF RENEWAL OF MINING CONTRACT

63 General

- (a) This Mining Contract can be renewed for consecutive five year periods until exhaustion of the deposits being exploited on the same conditions except those relating to taxation, royalty payments, land rent, and other provisions relating to MCC's fulfillment of its financial obligations to the Government.
- (b) Provided however, that such rights of renewal are subject to MCC's fulfillment of its obligations under this Mining Contract.

PART XX: AMENDMENT

64 General

This Mining Contract may be amended by the mutual agreement of the Parties. Each amendment shall be in writing and shall be effective according to the specific terms of the amendment.

PART XXI: COMPLETE AGREEMENT

65 General

This Mining Contract, consisting of the above Parts ~~I-XXI~~, Sections 1-65 and Appendices 1-11, constitutes the complete agreement of the Parties and shall become effective in accordance with the terms of this Mining Contract. This Mining Contract shall be executed in English in four (4) originals with each Party holding two (2) originals and in Dari. In the event that a dispute arises under this Mining Contract, between the English and Dari versions, the English text shall be definitive as to the terms, conditions, rights and obligations of the Parties under this Mining Contract.

Agreed:

This ____ day of _____, 2008.

Ministry of Mines:

MCC-Jiangxi Copper Consortium:

V

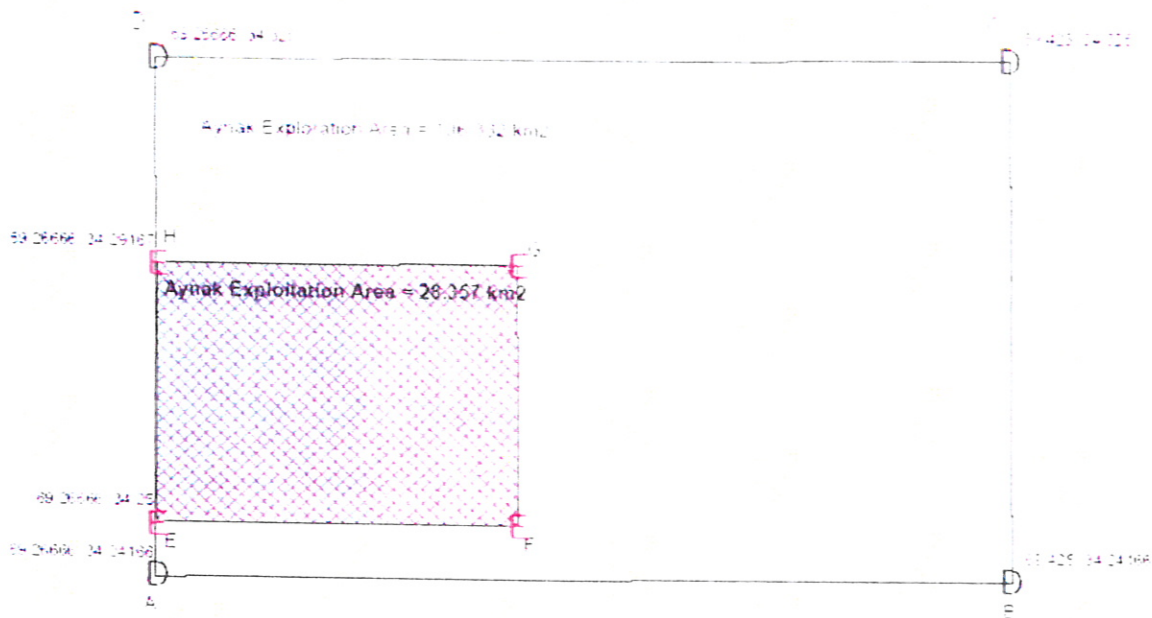
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8/4-2008

APPENDIX 1: LICENSE AREA

The Aynak Exploration and Exploitation areas are defined as follows:

Coordinates of the Aynak Reserved Areas				
Exploration Area - D		Area = 106.332 km ²		
Points	Longitude	Latitude	Decimal Degrees	
A	69° 16' 00"	34° 14' 30"	69.26666E	34.24166N
B	69° 25' 30"	34° 14' 30"	69.425E	34.24166N
C	69° 25' 30"	34° 19' 30"	69.425E	34.325N
D	69° 16' 00"	34° 19' 30"	69.26666E	34.325N
H	69° 16' 00"	34° 17' 30"	69.26666E	34.29167N
G	69° 20' 00"	34° 17' 30"	69.33333E	34.29167N
F	69° 20' 00"	34° 15' 00"	69.33333E	34.25N
E	69° 16' 00"	34° 15' 00"	69.26666E	34.25N
Exploitation Area - E		Area = 28.357 km ²		
E	69° 16' 00"	34° 15' 00"	69.26666E	34.25N
F	69° 20' 00"	34° 15' 00"	69.33333E	34.25N
G	69° 20' 00"	34° 17' 30"	69.33333E	34.29167N
H	69° 16' 00"	34° 17' 30"	69.26666E	34.29167N

The following graphic depicts the relative positions of the points described above:



The Exploitation Area ("E") provides sufficient coverage for the development of the resources and reserves of the Aynak Central and Western mineralized zones. As defined in the Mineral Laws of Afghanistan, Article 3: 13, Exploitation "means any activity which, from an identified Deposit (the Central and West Aynak zones), exploration, pre-production development and extraction of Mineral Substances (all contained minerals) takes place by means of open [surface] and/or underground works, from a natural Deposit or an Artificial Deposit for its processing, using or selling."

The Exploration Area ("D") covers other known copper prospects and land with potential for discovery of additional economic mineralization. As defined in the Mineral Laws of Afghanistan, Article 3: 15, Exploration "means any activity carried out to discover Mineral Substances, to demarcate it, to evaluate the quality and quantity of the reserves contained within it, or to evaluate the possibilities of exploiting it."

Ultimately, successful negotiation and execution of an Agreement to exploit the copper and other associated minerals at the Aynak copper deposit, will include the right to undertake a program of exploration, development, construction, mining, processing, marketing and sales under terms and subject to the conditions of the Agreement and on the basis of laws and regulations of the Islamic Republic Afghanistan.

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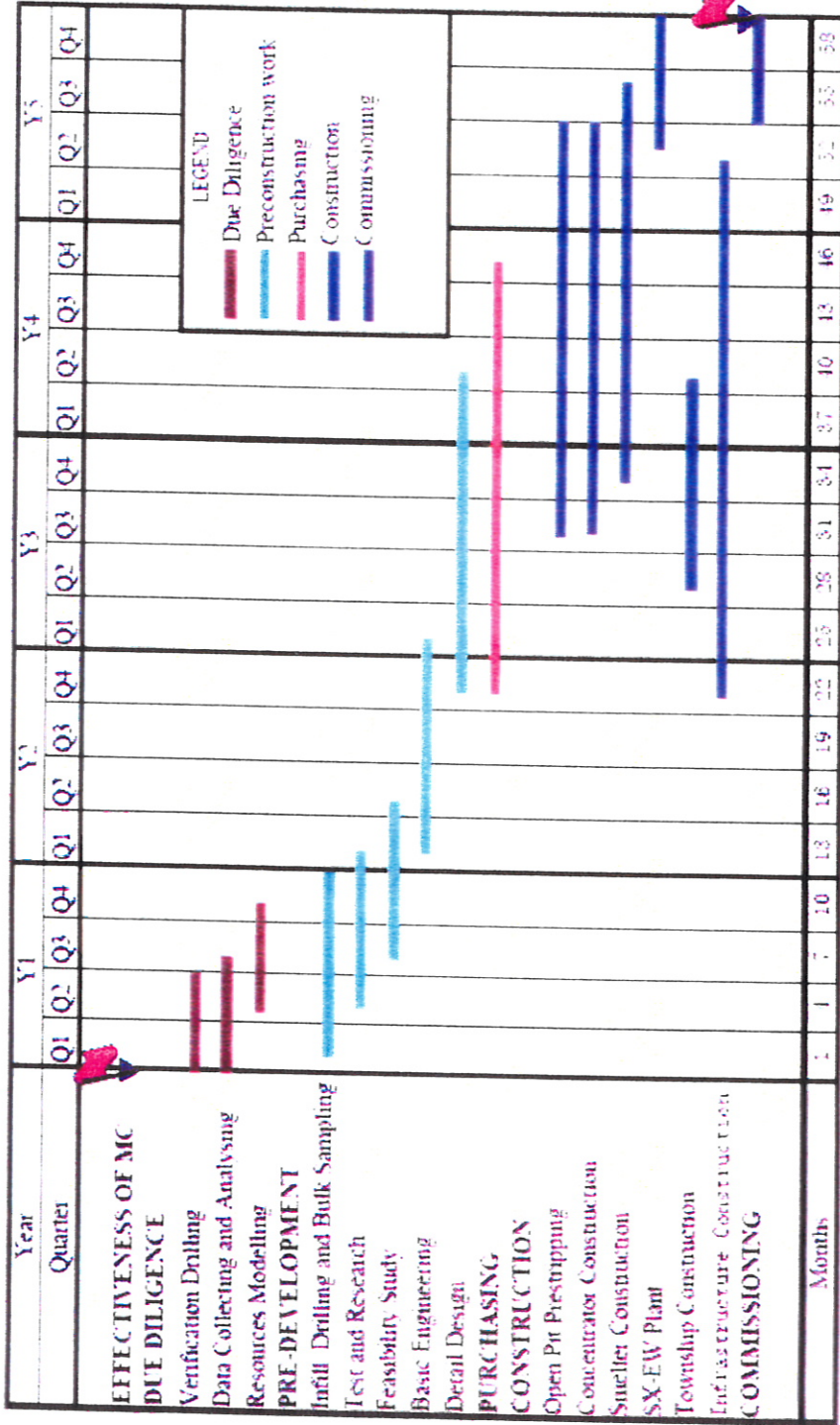


Fig. 4-9-1 Schedule of project execution

APPENDIX 3: REPORTS TO BE SUBMITTED

Subject to the promulgation of reporting requirements in the Mining Regulations as may be adopted by the Ministry of Mines in the future, the following reports shall be prepared and submitted by MCC to the Ministry of Mines:

1. Reports to the Government and Records to be Maintained

- (a) With respect to the Company's obligation to pay taxes on net income, the Company shall submit such information and documents as required in the Income Tax Law.
- (b) With respect to MCC's exploratory and mining activities, MCC shall submit such information and documents as required in Section 4 below.
- (c) In addition, the following shall be delivered to the Government: Environmental Reports, Social Reports and Other Reports as may be required by the Ministry of Mines.
- (d) MCC shall furnish to the Ministry of Mines all other information of whatever kind which the latter may request in order that the Ministry of Mines may be fully apprised of the Company's exploration and exploitation activities.
- (e) All information furnished to the Government shall be in English and translated into one of the official languages of Afghanistan. All translations shall be acceptable to the Ministry of Mines. All financial data shall be recorded in [US Dollars].
- (f) MCC shall maintain all original records and reports relating to its activities and operations under this Agreement including all documents relating to financial and commercial transactions with Independent Parties and Affiliates in its principal office in Afghanistan. These records and reports shall be opened to inspection by the Government through an authorized representative during normal working hours. Such reports and records shall be maintained in the English language and all financial data shall be recorded in [US Dollars].
- (g) The provisions of this Schedule shall apply to MMC's co-participants, affiliates, contractors, and subcontractors to the extent that such co-participant, affiliate, contractor, or subcontractor carries out operations and activities in furtherance of the Company's obligations, activities and operations under this agreement.

2. Confidential Reports

- (a) Any information supplied by the Company shall (except with the consent in writing of the Company which shall not be unreasonably withheld) be treated by all persons in the service of the Government as confidential, but the Government shall nevertheless be entitled at any time to make use of any information received from the Company for the purposes of preparing and publishing aggregated returns and general reports on the extent of prospecting or mining operations in Afghanistan, promoting mineral exploration and development in Afghanistan and

for the purpose of any arbitration or litigation between the Government and the Company.

- (b) All records, reports, plans, maps, charts, accounts, and information which the Company is or may be from time to time required to supply under the provisions of this Agreement shall be supplied at the expense of the Company. MCC shall supply such information in three paper copies and a digital form as prescribed from time to time.

3. Reasonable Inspection

Any person or persons authorized by the Government shall be entitled at all reasonable times to enter into and upon any part of the premises of the Company and inspect its work, activities, and operations to insure the proper implementation by the Company of the provisions of any law applicable to the work, activities and operations of the Company, including the provisions of this Agreement and any regulations and decisions issued for the implementation of any applicable law.

4. Progress Reports

- (a) The Company will keep the Government, through the Ministry of Mines advised concerning the Company's operations through submission of quarterly progress reports, beginning with the first quarter following the Date of this Agreement, as to the progress and results of the Company's development operations and activities under this Agreement. All reports shall be supplied in a form as agreed by the Parties.
- (b) The Company shall file with the Ministry of Mines a summary of its geological and metallurgical investigations, all geological, geophysical, topographic, and hydrographic data obtained from the general survey and exploration and a sample representative of each principal type of copper-bearing mineralization encountered in its investigations.
- (c) Exploration Reports. Quarterly reports relating to any exploration activities shall include:
 - (i) The results of geological and geophysical investigations and proving of ore deposits in the exploration area and the sampling of such deposits, including but not limited to the following to be supplied in 3 paper copies and a digital form as prescribed from time to time:
 - i. Copies of all raw and processed digital data, survey parameters and reports resulting from all geophysical and geochemical surveys;
 - ii. Copies of all geological and other technical reports including reports on reserve estimates, mining, environmental and social assessments;
 - iii. Copies of all drill logs including hole location and elevation, all descriptions of all formations intersected and depths, all geophysical down hole logs, analyses of all samples taken, and appropriate core splits from holes on the Exploitation and Exploration licenses;

- iv. MCC shall maintain a core library from all drilling at properties on the Exploration and Exploitation licenses. The Ministry of Mines will have access to the Core Library.
- (ii) The results of any general reconnaissance of the various sites of proposed operations and activities under this Agreement;
- (iii) Information concerning the selection of routes for roads and railways;
- (iv) Information concerning the planning of suitable townsites, including information of suitable water and power supplies for the townsites and other facilities;
- (v) Such other plans and information as to the progress of operations in the exploration area as the Ministry of Mines may from time to time reasonably require.

(d) Exploitation Reports:

- (i) The Company shall submit to the Ministry of Mines a monthly statistical report beginning with the first month following the commencement of mining operations which shall set forth the number and location of the workings on which work was begun during the preceding month; the number of workmen employed thereon at the end of the month, a list of the equipment at the workings at the end of the month and a brief description of the work in progress at the end of the month and of the work contemplated during the following month.
- (ii) The Company shall furnish to the Ministry of Mines quarterly reports beginning with the first quarter following the commencement of the exploitation period concerning the progress of its operations in the License Area. This report shall specify in full:
 - i. Those workings in which ore is considered to have been found, regardless of whether the deposits are deemed to be commercial or not (together with all data relative to the estimated volumes of the reserves, the kind or kinds of such ore encountered, and the analyses thereof) the number and description of workings which have been placed in commercial production and the full particulars concerning the disposition of such production; the number of workmen employed on each such working as of the work in progress at the end of the quarter in question and of the work contemplated during the ensuing quarter.
 - ii. The work accomplished during the quarter in question with respect to all installations and facilities directly or indirectly related to its exploitation program such as, but not limited to, those accessory works and installations described in Part IV hereof, together with the work contemplated for the ensuing quarter with respect to the same installations and facilities and indicating actual and estimated

investment in such installations and facilities made, committed, or to be committed with respect to such installations and facilities.

- iii. The Company shall furnish to the Ministry of Mines an annual report beginning with the first complete year following the First Mining Day which shall include:
 - (a) The number and description of the workings which were in progress at the end of the year preceding the years in question (with a showing as to which are in commercial production); the number and description of workings abandoned during the year; the production of each of the workings, regardless of whether in commercial production or not, with a full description of the kind and quality and analysis of ore produced from each working, the number of workings on which activities are continuing at year end, but which have not gone into commercial production.
 - (b) The total volume of ores, kind-by-kind, broken down between volumes mined, volumes transported from the mines and their corresponding destination, volumes stockpiled at the mines or elsewhere in Afghanistan, volumes sold or committed for export (whether actually shipped from Afghanistan or not), volumes actually shipped from Afghanistan (with full details as to purchaser, destination and terms of sale), volumes refined, processed and/or manufactured within Afghanistan with full specifications as to the intermediate products, byproducts, or final products, returned with Afghanistan (with full showing as to the disposition of such intermediate products, byproducts or final products and of the terms on which they were disposed); and
 - (c) Work accomplished and work in progress at the end of the year in question with respect to all of the installations and facilities related to the exploitation programs, including, but not limited to those referred to in this Schedule herein, together with a full description of all work programmed for the ensuing year
- iv. Monthly and quarterly reports shall be submitted to the Ministry of Mines in quadruplicate within thirty days of the end of the month or quarter in question, as the case may be. Annual reports shall be submitted in quadruplicate within ninety days of the end of the year in question.

APPENDIX 4: DEVELOPMENT PLAN AND BUDGET

See Appendix 6 for the MCC Proposal Development Plan. This is to be replaced by the Development Plan and Budget resulting from the completion of the Feasibility Study.



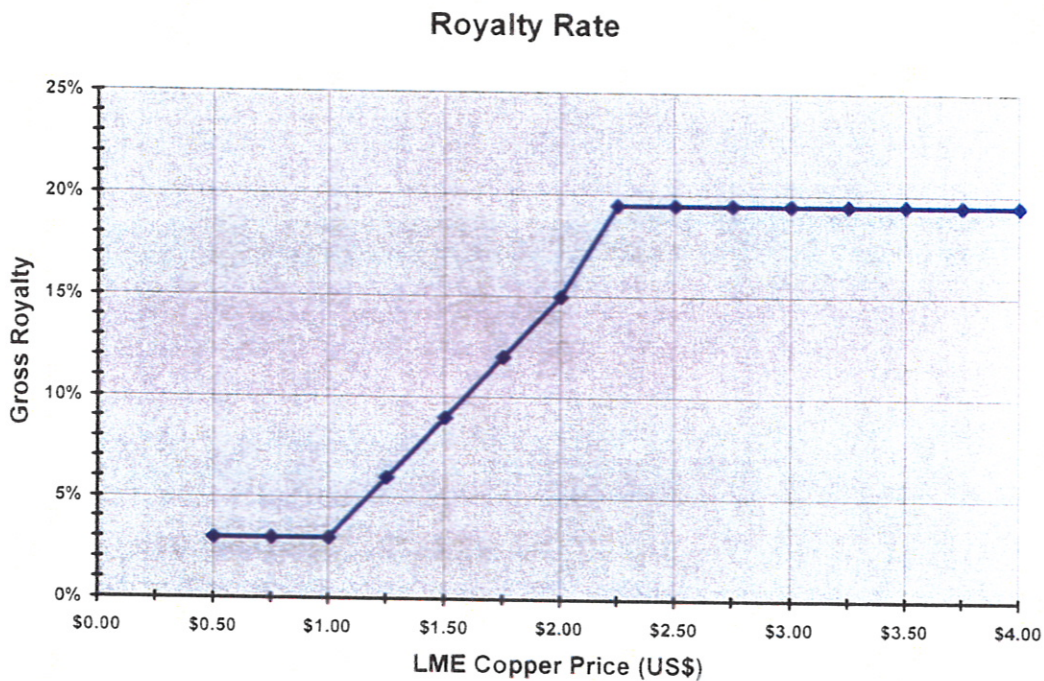
APPENDIX 5: ROYALTY DEFINITION

Section 21 of Mining Contract: Royalties

- (a) MCC shall pay royalties on minerals mined and processed from the Aynak deposit in accordance with the royalty details below. Royalties shall be paid in United States Dollars or such other currency as may be mutually agreed and shall be paid on or before the last day of the first month following the end of each calendar quarter. Each payment shall be accompanied by a statement in reasonable detail showing the basis of computation of royalties due in respect of production made during the preceding calendar quarter.
- (b) Royalties will be computed as follows:
- (i) Metal Quantities
 - 1. The tonnage or quantity of copper and Associated Minerals by weight used in the computation shall be that quantity delivered for shipment or for domestic sale. The quantity by weight of each mineral subject to royalty shall be properly determined by internationally accepted assay methods. The value of the Associated Minerals will be converted to copper equivalent weight by using metal prices as defined below and added to the tonnage of copper subject to the royalty calculation.
 - (ii) Metal Prices
 - 1. For copper and Associated Minerals having a London Metal Exchange (“LME”) price quotation or for which the saleable mineral content has an LME price quotation. The price used in the computation shall be the US Dollar price per unit for the same or most equivalent traded type of grade of the Minerals concerned, calculated as the average of the LME daily official settlement prices for the calendar quarter.
 - 2. For those Associated Minerals having no London Metal Exchange price quotation the price used in the computation shall be the average calendar quarter US Dollar price as published in the *Metals Week* Monthly Average Report for the calendar quarter.
 - (iii) Royalty Rates
 - 1. The royalty rate is a sliding scale royalty based on the copper price. The formula for the calculation is:
 - a. When the copper price is equal to or less than US\$1.00/pound, the royalty rate = 2.5% x 120%, or 3.0%;
 - b. When the copper price is greater than US\$1.00/pound and equal to or less than US\$2.00/pound, the royalty rate is based on:

Royalty rate = $(10 \times \text{copper price (US\$/ pound)} - 7.5) \times 120\%$;
and

- c. When the copper price is greater than US\$2.00/pound, the royalty rate=15% x 130%, or 19.5%.
- (iv) Royalty shall not be payable on any construction materials obtained from the License Area and used by MCC for public purposes such as but not limited to roads, bridges, railways, port facilities, airports, community buildings, housing or any other infrastructure used in relation to the Project.




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APPENDIX 6: MCC PROPOSAL

The MCC Aynak Financial and Technical Proposal is adopted and incorporated by reference in its entirety in this Mining Contract. The definitive version of MCC's Proposal is maintained in the Ministry of Mines office in Kabul, Afghanistan.



APPENDIX 7: RAILWAY MEMORANDUM OF AGREEMENT



MEMORANDUM OF AGREEMENT CONCERNING MCC's RAILWAY COMMITMENT

I. Parties

This Memorandum of Agreement ("MOA") is entered into this ____ day of ____, 2008 by and between the Government of Afghanistan ("Government") and MCC-Jiangxi Copper Consortium ("MCC"), collectively known as the "Parties."

II. Purpose of MOA

The purpose of this MOA is to incorporate MCC's binding commitment to the Government to construct and operate a railway, at its own cost and consistent with the terms specified in MCC's letter dated September 25, 2007 into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the route, construction and operation of the railway have not been definitively established by the Parties, thereby precluding the Parties from concluding a definitive railway agreement at the same time as the Aynak Mining Contract. Nonetheless, in order to conclude the Aynak Mining Contract in a timely manner and to recognize the importance which the Government places on MCC's commitment concerning the railway, the Parties acknowledge and agree that MCC's railway commitment shall be memorialized in this MOA which shall be adopted and incorporated into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that this MOA shall be binding on the Parties and shall form the basis for a definitive railway agreement to be negotiated and concluded by the Parties.

III. Commitments of the Parties

MCC has made the following commitments to the Government concerning the railway in its September 25, 2007 letter:

1. MCC will conduct reconnaissance (survey) and prepare a feasibility study according to the schedule provided in MCC's August 16, 2007 letter.
2. Upon completion of the feasibility study and on the basis of the railway project being feasible, MCC will build the railway on a "BOOT" (Build, Own, Operate, and Transfer) basis.
 - 2.1 MCC will arrange 100% financing for the construction of the railway.
 - 2.2 MCC will design and build the railway on its own.
 - 2.3 MCC will own the railway and be responsible for the overall operation and management of the railway upon completion of the railway construction and commencement of operations.
3. Within the two years before the full recovery of MCC's investment, the Government should form an operating entity (or joint venture operating entity with MCC) to work together with MCC for the purpose of studying and formulating relevant issues and policies regarding the operation and management of the railway following its take-over by the Government.



4. After the full recovery of MCC's investment, MCC will transfer the railway to the Government.

5. MCC will provide free training concerning the maintenance, operation and management of the railway.

The Government has made a commitment to MCC to use its authorities to assist MCC in securing the land and route necessary to construct the railway. The Parties agree that the feasibility study shall be provided to the Government for review. In the event that the Government disagrees with the conclusions of the feasibility study, the Government may retain an independent expert to review the feasibility study.

IV. Definitive Agreement

Based on the scope of MCC's commitments specified above, the Parties shall use their best efforts to conclude a definitive railway agreement on mutually acceptable terms and conditions. Pursuant to section 30 of the Aynak Mining Contract, the Parties shall negotiate in good faith to conclude a definitive railway agreement within 12 months of the effective date of the Aynak Mining Contract. The Parties acknowledge and agree that the failure to conclude a railway agreement within this timeframe shall constitute cause to revoke the Mining Contract pursuant to Section 47 of the Mining Contract.

V. Miscellaneous

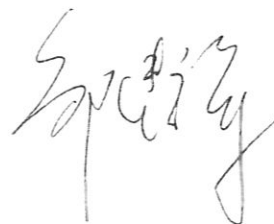
1. This MOA and the Parties' actions in implementing this MOA shall be subject to the applicable provisions of the Aynak Mining Contract, including without limitation, the provisions of the Aynak Mining Contract concerning dispute resolution, default and termination.

2. This MOA may be modified by the written agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereby execute this MOA by the signatures of their authorized representatives:

Ministry of Mines

MCC-Jiangxi Copper Consortium



APPENDIX 8: POWER SUPPLY MEMORANDUM OF AGREEMENT



MEMORANDUM OF AGREEMENT CONCERNING POWER SUPPLY

I. Parties

This Memorandum of Agreement (“MOA”) is entered into this ____ day of ____, 2008 by and between the Government of Afghanistan (“Government”) and MCC-Jiangxi Copper Consortium (“MCC”), collectively known as the “Parties.”

II. Purpose of MOA

The purpose of this MOA is to incorporate the Parties’ commitments to each other with respect to the location, construction and operation of the power supply for the Aynak Project into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the location, construction and operation of the power supply have not been definitively established by the Parties, thereby precluding the Parties from concluding a definitive power supply agreement at the same time as the Aynak Mining Contract. Nonetheless, in order to conclude the Aynak Mining Contract in a timely manner and to recognize the importance which the Parties place on development of an adequate power supply for the Aynak Project, the Parties acknowledge and agree that the Parties’ power supply commitments shall be memorialized in this MOA which shall be adopted and incorporated into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that this MOA shall be binding on the Parties and shall form the basis for a definitive power supply agreement to be negotiated and concluded by the Parties.

III. Power Supply Commitments

MCC has made a commitment to the Ministry of Mines to construct, at MCC’s sole expense, one, four hundred (400) megawatt capacity coal fired power plant to supply electrical power to the Project and to Kabul. The Ministry of Mines has made commitments to MCC to make available sufficient coal resources for MCC’s use in the power plant and to make available adequate land to establish the power plant. The Parties agree that the coal resources shall be granted to MCC pursuant to a sole source process under the Minerals Law and on the basis of MCC paying a reasonable royalty agreed to by the Parties. The Parties also agree that MCC’s exploration, development, exploitation and use of the coal resources shall be at MCC’s sole expense and in compliance with all applicable requirements under the laws of Afghanistan, including those requirements concerning the payment of royalties and income tax. The Parties agree that they will work co-operatively to locate suitable areas where coal resources are likely to be of a sufficient quantity and quality to fuel the power plant. MCC agrees that it will undertake all exploration, development, and exploitation activities in the areas identified by the Parties. The Ministry of Mines agrees to provide all necessary assistance with respect to making available information and licenses to plan and expedite the necessary coal exploration and mine development. Upon identification by MCC of a coal reserve of suitable quantity and quality, the Ministry of Mines will diligently process the approvals necessary to allow MCC to exploit the coal reserve and fuel the power plant. The Parties acknowledge and agree that, as of the date of this Mining Contract, the specific conditions and requirements for the location, construction and operation of the power plant, have not been definitively established by the Parties. With respect to the sale of surplus

power to the Government of Afghanistan by MCC, the Parties agree that the price of surplus power shall be determined by the mutual agreement of the Parties.

IV. Definitive Agreement

Based on the scope of power supply commitments described above, the Parties shall use their best efforts to conclude a definitive power supply agreement on mutually acceptable terms and conditions. Pursuant to section 31 of the Aynak Mining Contract, the Parties shall negotiate in good faith to conclude a power supply agreement within two (2) months of the effective date of the Mining Contract. The Parties agree that the negotiations can be extended for an additional two (2) months if the Parties cannot reach agreement within the first two (2) months. The Parties acknowledge and agree that the failure to conclude a power supply agreement within this timeframe shall constitute cause to revoke this Mining Contract pursuant to Section 47 of this Mining Contract.

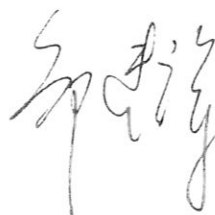
V. Miscellaneous

1. This MOA and the Parties' actions in implementing this MOA shall be subject to the applicable provisions of the Aynak Mining Contract, including without limitation, the provisions of the Aynak Mining Contract concerning dispute resolution, default and termination.
2. This MOA may be modified by the written agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereby execute this MOA by the signatures of their authorized representatives:

Ministry of Mines

MCC-Jiangxi Copper Consortium



APPENDIX 9: WATER SUPPLY MEMORANDUM OF AGREEMENT



MEMORANDUM OF AGREEMENT CONCERNING WATER SUPPLY

I. Parties

This Memorandum of Agreement (“MOA”) is entered into this ____ day of ____, 2008 by and between the Government of Afghanistan (“Government”) and MCC-Jiangxi Copper Consortium (“MCC”), collectively known as the “Parties.”

II. Purpose of MOA

The purpose of this MOA is to incorporate the Parties’ commitments to each other with respect to the location, construction and operation of the water supply for the Aynak Project into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the location, construction and operation of the water supply have not been definitively established by the Parties, thereby precluding the Parties from concluding a definitive water supply agreement at the same time as the Aynak Mining Contract. Nonetheless, in order to conclude the Aynak Mining Contract in a timely manner and to recognize the importance which the Parties place on development of an adequate water supply for the Aynak Project, the Parties acknowledge and agree that the Parties’ water supply commitments shall be memorialized in this MOA which shall be adopted and incorporated into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that this MOA shall be binding on the Parties and shall form the basis for a definitive water supply agreement to be negotiated and concluded by the Parties.

III. Water Supply Commitments

MCC has made a commitment to the Government to construct water supply wells and a pipeline system, at MCC’s sole expense, in the vicinity of the Project to supply the Project’s fresh water requirements. MCC has also committed to reuse and re-circulate process water to the extent possible. The Government of Afghanistan has made a commitment to MCC to make available sufficient water resources for MCC’s use in the Project. Subject to the requirements of Section 37(c) of this Mining Contract concerning the protection of local water use, the Parties agree in principle that MCC may obtain water from local water sources to supply its needs. In the event that sufficient water is not available from these sources, the Parties agree that they will work co-operatively to locate water supplies that are likely to be of a sufficient quantity to meet MCC’s requirements. The Government agrees to provide all necessary assistance with respect to making available information and licenses to plan and expedite the necessary water supply development. Upon identification of water supplies of suitable quantity, the Government will diligently process the approvals necessary to allow MCC to utilize the water supplies. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the location, construction and operation of the water supply system have not been definitively established by the Parties.

IV. Definitive Agreement

Based on the scope of the general water supply commitments described above, the Parties shall use their best efforts to conclude a definitive water supply agreement on mutually acceptable terms and conditions. Pursuant to section 32 of the Aynak Mining Contract, the

Parties agree to negotiate in good faith to conclude a water supply agreement within three (3) months of the effective date of the Mining Contract. The Parties agree that the negotiations can be extended for an additional three (3) months if the Parties cannot reach agreement within the first three (3) months. The Parties acknowledge and agree that the failure to conclude a water supply agreement within this timeframe shall constitute cause to revoke the Mining Contract pursuant to Section 47 of the Mining Contract.

V. Miscellaneous

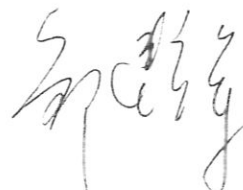
1. This MOA and the Parties' actions in implementing this MOA shall be subject to the applicable provisions of the Aynak Mining Contract, including without limitation, the provisions of the Aynak Mining Contract concerning dispute resolution, default and termination.

2. This MOA may be modified by the written agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereby execute this MOA by the signatures of their authorized representatives:

Ministry of Mines

MCC-Jiangxi Copper Consortium



APPENDIX 10: SECURITY MEMORANDUM OF AGREEMENT



MEMORANDUM OF AGREEMENT CONCERNING SECURITY

I. Parties

This Memorandum of Agreement (“MOA”) is entered into this ____ day of ____, 2008 by and between the Government of Afghanistan (“Government”) and MCC-Jiangxi Copper Consortium (“MCC”), collectively known as the “Parties.”

II. Purpose of MOA

The Parties acknowledge and agree that the establishment and maintenance of acceptable security for the Project is a necessary condition for the successful construction and operation of the Project. The Parties further acknowledge and agree that security is the general responsibility of the Government, although specific security tasks may be the responsibility of MCC. The purpose of this MOA is to incorporate the Parties’ commitment to develop, install and maintain adequate security structures, procedures and personnel for the Project into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the establishment and maintenance of adequate Project security have not been definitively established by the Parties, thereby precluding the Parties from concluding a definitive security agreement at the same time as the Aynak Mining Contract. Nonetheless, in order to conclude the Aynak Mining Contract in a timely manner and to recognize the importance which the Parties place on security, the Parties acknowledge and agree that the Parties’ security commitments shall be memorialized in this MOA which shall be adopted and incorporated into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that this MOA shall be binding on the Parties and shall form the basis for a definitive security agreement to be negotiated and concluded by the Parties.

III. Security Commitments

The Parties acknowledge and agree that the Government shall be responsible for the overall security of the Project. The Parties also agree that MCC shall cooperate with the Government in taking security measures requested by the Government.

IV. Definitive Agreement

Based on the scope of the security commitments specified above, the Parties shall use their best efforts to conclude a definitive security agreement on mutually acceptable terms and conditions. Pursuant to section 35 of the Aynak Mining Contract, the Parties shall negotiate in good faith to conclude a definitive security agreement within 2 months of the effective date of the Aynak Mining Contract. The Parties acknowledge and agree that the failure to conclude a security agreement within this timeframe shall constitute cause to revoke the Mining Contract pursuant to Section 47 of the Mining Contract.

V. Miscellaneous

1. This MOA and the Parties' actions in implementing this MOA shall be subject to the applicable provisions of the Aynak Mining Contract, including without limitation, the provisions of the Aynak Mining Contract concerning dispute resolution, default and termination.
2. This MOA may be modified by the written agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereby execute this MOA by the signatures of their authorized representatives:

Ministry of Mines

MCC-Jiangxi Copper Consortium



**APPENDIX 11: PHOSPHATE, LIMESTONE AND QUARTZ (SILICA)
MEMORANDUM OF AGREEMENT**



**MEMORANDUM OF AGREEMENT CONCERNING PHOSPHATE, LIMESTONE
AND QUARTZ (Silica) SUPPLY**

I. Parties

This Memorandum of Agreement (“MOA”) is entered into this ____ day of ____, 2008 by and between the Government of Afghanistan (“Government”) and MCC-Jiangxi Copper Consortium (“MCC”), collectively known as the “Parties.”

II. Purpose of MOA

The purpose of this MOA is to incorporate the Parties’ commitments to each other with respect to the location and supply of phosphate, limestone, quartz) identified by MCC as necessary for the operation of the Aynak Project into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that, as of the date of this MOA, the specific conditions and requirements for the location and supply of these minerals have not been definitively established by the Parties, thereby precluding the Parties from concluding a definitive agreement concerning these minerals at the same time as the Aynak Mining Contract. Nonetheless, in order to conclude the Aynak Mining Contract in a timely manner and to recognize the importance which the Parties place on the location and supply of these minerals for the Aynak Project, the Parties acknowledge and agree that the Parties’ commitments concerning these minerals shall be memorialized in this MOA which shall be adopted and incorporated into the Aynak Mining Contract as an enforceable part of the Aynak Mining Contract. The Parties acknowledge and agree that this MOA shall be binding on the Parties and shall form the basis for a definitive agreement concerning these minerals to be negotiated and concluded by the Parties.

III. Commitments Concerning Phosphate, Limestone and Quartz

In order to fulfill its commitment to the Government to fund, construct and operate a smelter in Afghanistan, MCC has requested that the Government provide access to deposits of phosphate, limestone and quartz for MCC’s use in the Aynak Project. The Government has made a commitment to MCC to make available potential sources of limestone and quartz that MCC can use in the Aynak Project. In addition, the Government will use its best efforts to make available potential sources of phosphate for MCC’s use in the Aynak Project. The Parties agree that the phosphate, limestone and quartz resources shall be granted to MCC pursuant to a sole source process under the Minerals Law and on the basis of MCC paying a reasonable royalty agreed to by the Parties. The Parties also agree that MCC’s exploration, development, exploitation and use of the phosphate, limestone and quartz resources shall be at MCC’s sole expense and in compliance with all applicable requirements under the laws of Afghanistan, including those requirements concerning the payment of royalties and income tax. The Parties agree that they will work co-operatively to locate suitable areas where such mineral resources are likely to be of a sufficient quantity and quality to meet MCC’s requirements. The Government agrees to provide all necessary assistance with respect to making available information and licenses to plan and expedite the necessary mineral exploration and mine development. Upon identification of mineral reserves of suitable quantity and quality, the Government will diligently process the approvals necessary to allow MCC to exploit the mineral deposits.



IV. Definitive Agreement

Based on the scope of the commitments described above, the Parties shall use their best efforts to conclude a definitive agreement concerning these minerals on mutually acceptable terms and conditions. Pursuant to section 33 of the Aynak Mining Contract, the Parties agree to negotiate in good faith to conclude a mineral supply agreement within three (3) months of the effective date of the Mining Contract and the negotiations can be extended for an additional three (3) months if the Parties cannot reach agreement within the first three (3) months. The Parties acknowledge and agree that the failure to conclude a mineral supply agreement within this time frame shall constitute cause to revoke this Mining Contract pursuant to Section 47 of this Agreement.

V. Miscellaneous

1. This MOA and the Parties' actions in implementing this MOA shall be subject to the applicable provisions of the Aynak Mining Contract, including without limitation, the provisions of the Aynak Mining Contract concerning dispute resolution, default and termination.
2. This MOA may be modified by the written agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereby execute this MOA by the signatures of their authorized representatives:

Ministry of Mines

MCC-Jiangxi Copper Consortium

