

AUCTION DOCUMENT FOR HOMDHAR STONE QUARRY



Department of Geology and Mines
Ministry of Energy and Natural Resources
Royal Government of Bhutan
Thimphu

28th August 2023



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NOTICE FOR AUCTION OF HOMDHAR STONE QUARRY

The Department of Geology and Mines (DGM) under the Ministry of Energy and Natural Resources (MoENR) will be auctioning the rights to operate Homdhar Stone Quarry located at Ngangkhor Gewog under Zhemgang Dzongkhag through a SEALED-BID AUCTION.

All interested Bhutanese individuals, firms or companies can download the Auction Document and relevant reports from the MoENR's website at www.moenr.gov.bt or DGM's website at www.dgm.gov.bt

All interested bidders shall submit the sealed bid envelope in person to the Offtg. Chief Engineer, Mining Division, DGM, MoENR, Thimphu on 28th August 2023 from 9:00 AM till 12:00 Noon. The opening of the bids shall be carried out on the same day at 2:30 PM at DGM's Main Conference Hall.



Director
Department of Geology and Mines
Ministry of Energy and Natural Resources



Important Information

1. This auction document is being issued pursuant to the approval granted by the Ministry of Energy and Natural Resources (MoENR) vide Note sheet No. MIN-154/DGM/2023/702 dated 2nd June 2023 with the intent to solicit sealed bids from interested bidders for the lease of Homdhar Stone Quarry for extraction of construction materials.
2. This auction document is neither an agreement nor an offer by the DGM, MoENR to the interested bidders or any other person. The purpose of this auction Document is to provide interested bidders/parties with information that may be useful in making their bids pursuant to this auction document
3. The issue of this Auction Document does not imply that the DGM is bound to select a Bidder or to appoint the Preferred Bidder as a Successful Bidder for the operation of Homdhar Stone Quarry. The DGM, MoENR reserves the right to reject all or any of the Bidders or bids without assigning any reason whatsoever.
4. Each Bidder shall bear all costs associated with or relating to the preparation and submission of its bid including but not limited to preparation, copying, postage, delivery fees, site visit, etc.
5. The DGM, MoENR also accepts no liability of any nature howsoever arising from reliance of any Bidder upon the statements contained in this Auction Document

Scope of offer

The summary on the bid property i.e. the right to mine Homdhar Stone Quarry is as follows:

1. Name of the quarry: Homdhar Stone Quarry
2. Rock type: Quartzite (construction grade)
3. Location: Tingtibi, Ngangkhör Gewog under Zhemgang Dzongkhag
4. Area: 61.71 acres (24.97 hectares) of SRF land
5. Reserve:
 - a. Probable Geological reserve of 1.64 million MT
 - b. Mineable reserve of 0.75 million MT
6. Clearances obtained:
 - a. Land Lease Certificate (lag-thram): **From 26th June 2023 till 26th June 2033**



- b. Environment Clearance: With validity, up to 5 years at a time shall be sought within 2 weeks from the completion of the auction. However, payment of applicable fees shall be borne by the successful bidder.

7. Lease period: **Till 26th June 2033**

Eligibility to participate in the auction

1. A Bhutanese individual or Company or Business Firm shall be eligible to participate in the above-mentioned auction. However, Clause 22 of the Mines and Minerals Management Regulations (MMMR) 2022 shall be applicable.
2. A prospective candidate or bidder must fulfil the following conditions to bid in the auction:
 - a. Submit an application for an ELIGIBILITY CERTIFICATE in the format enclosed herein as Appendix III.
 - b. Submit a 'Letter of Commitment' duly signed in the format enclosed herein as Appendix IV.
 - c. Applicants who are in arrears of royalty, mineral rent, land lease rent, mining licence fee and other taxes will not be granted an ELIGIBILITY CERTIFICATE.

Only upon receipt of the above-mentioned documents by the Office of the Director, Department of Geology and Mines, an ELIGIBILITY CERTIFICATE shall be issued.

Application for ELIGIBILITY CERTIFICATE has to **be submitted latest by 14th August 2023.**

Pre-Auction Requirement

1. Prior to the auction, the intending bidders are required to deposit a sum of **Nu. 50,000/- (Ngultrum fifty thousand only)** in the form of a demand draft or cash warrant payable to the Chief Finance Officer, as earnest money with the Finance Division, Directorate Services, Ministry of Energy and Natural Resources for participating in the auction. The earnest money shall be submitted in the enclosed envelope along with this Auction Document.
2. Before participating in the auction, all intending bidders should thoroughly study the mineral-bearing areas in which they are interested, particularly with regard to their location, accessibility, workability, market, cost analysis and other relevant matters.



3. They should also familiarise themselves with the Mines and Minerals Management Act 1995 and its regulation, and other applicable laws as well as with the terms and conditions of the auction. Under no circumstances, any complaints about the conditions of the mining area or the terms and conditions of the auction shall be entertained once the auction is completed.
4. All payment in relation to this auction shall be made either in cash warrant or demand drafts and *cheques shall not be accepted whatsoever.*

Auction Procedures

1. The auction of Homdhar Stone Quarry in respect of which notices have been issued will be open to all eligible bidders.
2. The bidder shall provide the details as required in the **Bid Form** for the sealed-bid auctioning of Homdhar Stone Quarry in **Appendix II** of this auction document. The interested bidders shall be required to bid a **lump sum amount for the quarry.**
3. The bidder should mention the bid amount in both figures and words. If both the figure and words are not mentioned, the bid shall be invalid. In case there is a discrepancy between the amounts in figures and words, the amount in words shall govern.
4. The bidder should submit the sealed bid envelope containing the duly completed Bid Form and duly signed auction documents in person to the **Offtg. Chief Engineer, Mining Division, DGM, MoENR, Thimphu on 28th August 2023 from 9:00 AM till 12:00 Noon.** Any bid submitted after the deadline shall not be received/accepted.
5. The bidder must submit an ELIGIBILITY CERTIFICATE awarded to him by the Department of Geology and Mines, enclosed along with the bid. In the event, the bidder fails to submit the ELIGIBILITY CERTIFICATE, his/her bid shall be considered invalid.
6. The Hard Copy of the bid shall be enclosed in a Sealed Envelope and addressed to "**The Director, Department of Geology and Mines (DGM), MoENR, Thimphu**". The envelope must be marked as:

"DGM Sealed Bid for Homdhar Stone Quarry"

"Do Not Open Before 2:30 PM on 28th August 2023"

7. The bidder shall fill up the **Bid Form** using a pen only, and if a pencil is used the bid shall be invalid. The bidder must sign on all the pages of this auction document.

Each bidder is required to submit an EARNEST MONEY as prescribed in Clause 1 of the



Pre-Auction Requirement of this document.

9. The earnest money of the winning bidder will be refunded after the receipt of the upfront payment within the deadline.
10. The earnest money of the unsuccessful bidders will be refunded after the auction by the Mining Division.
11. The sealed bid shall be opened on the same day of the submission deadline at **2:30 PM on 28th August 2023** at DGM's Main Conference Hall. The bid opening shall be carried out by a sealed-bid auction committee constituted by DGM.
12. The bid quoted by the bidders shall be announced during the bid opening. The bidder or the bidder's authorized representative may attend the bid opening to ensure transparency.
13. The evaluation of bids shall be conducted after the opening by the auction committee, which shall be primarily based on the bidder's quoted price.
14. The announcement of the successful bidder shall be made within 3 working days of the completion of the auction.
15. The bidder may inspect the bid property at the site before submission of the bid. The Regional Coordinator of the Regional Office of DGM, Phuentsholing shall assist with the inspection. The contact details of the Regional Coordinator are as follows:

Name: Tara Chand Ghalley

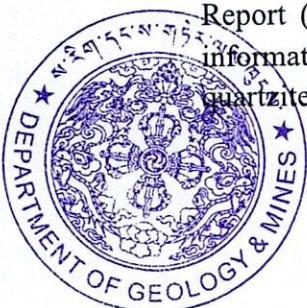
Contact: 77269437

Email: tcghalley@moenr.gov.bt

16. The bid property shall remain disposed off if the "Reserve Fixed Price" is met. However, the sealed-bid auction committee reserves the right to dispose off the bid property to the highest bidder even if the Reserve Fixed Price is not met, if deemed reasonable and necessary in the interest of time and benefits to the government.
17. The auction committee reserves the right to reject any bid, without assigning any reason and without incurring any liability to the government, and in such cases also reserves the right to re-auction the particular area or mine under dispute or award it to the next highest bidder.

Terms and Conditions of the Auction

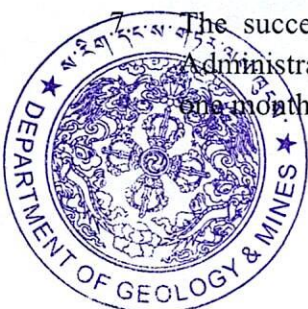
1. The Final Mine Feasibility Study Report (FMFS) and Environmental Impact Assessment Report (EIA) of Homdhar Stone Quarry (attached as Appendix I) contain geological information, topographical information and geological reserve of construction-grade quartzite. These reports also contain production targets and mine plans along with



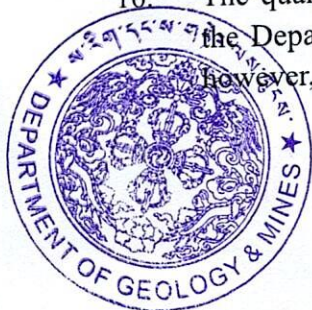
environmental data and mitigation measures. However, the bidders may carry out additional assessments to ascertain the above information.

2. The successful bidder shall make an upfront payment of **twenty percent (20%)** of the bid amount to the Office of the Chief Finance Officer, Finance Division, Division of Support Services, MoENR within **Ten (10) working days** from the date of award of the auction.
3. In the event, the successful bidder fails to make the upfront payment within “**ten working days**”, his/her earnest money deposit (EMD) shall be forfeited and the bidder shall be debarred from all future auctions of the mines. In such a case, the bidder next in line shall be eligible to take over the bid property, provided the next bidder meets all the necessary requirements.
4. The payment of the remaining **eighty percent (80%)** shall be paid to the Office of the Regional Director, ROICE, MoICE, Phuentsholing as per the time schedule indicated below:
 - 4.1. The payment shall be made in 9 (nine) annual instalments at the rate of 9% (nine percent) of the bid amount for the first 8 (eight) instalments and 8% (eight percent) of the bid amount for the final 9th instalment.
 - 1.1. The subsequent annual instalments shall be paid on or before the signing date of the Mining Lease Agreement.
 - 4.2. In the case of default in payment of the annual instalment, a late fine @ 24% (twenty-four percent) per annum shall be imposed on the instalment.
 - 4.3. If the lessee fails to deposit the instalment along with the penal interest within the period of 90 (ninety) days from the due date, the licence and lease shall be terminated along with the forfeiture of the advance payment made.
5. The operation of the quarry shall be done in accordance with the Final Mine Feasibility Study (FMFS) already approved by the Department of Geology and Mines. However, the winning bidder may update the FMFS and submit it to the Department for approval prior to its implementation.
6. The successful bidder shall sign a Mining Lease Agreement (MLA) with the Department, as per Form B, Annex I of the MMR 2022. All bidders shall familiarise themselves with the clauses of the MLA.

The successful bidder shall sign a Land Lease Deed with the concerned Dzongkhag Administration and submit a copy to the concerned Regional Office of the DGM within one month after the execution of the Mining Lease Agreement.



8. The successful bidder shall deposit to the Joint CD Account **205628353** maintained with the Bank of Bhutan an upfront Environment Restoration Bond (ERB) of **Nu. 841,580 (Ngultrum eight hundred forty-one thousand five hundred eighty only) prior to the commencement of development work**. In addition, the successful bidder shall also deposit Nu. 4 per MT of every material dispatch in advance as Environment Restoration Bond into the joint CD account.
9. The amount collected for the Environment Restoration Bond shall be for the sole purpose of carrying out post-mining reclamation. This does not take away the responsibility of the mining company to carry out regular environmental protection and revegetation works in the mining area.
10. The amount collected as Environment Restoration Bond deposited into the joint CD account shall be retained by the Department after the expiry of auction lease period. The Department shall carry out post-mining reclamation on exhaustion of mineral reserve and abandonment of the mine.
11. The successful bidder shall be issued with the **Work Order** to commence the operation at the quarry upon payment of 20% of the bid amount, payment of upfront ERB and signing of MLA.
12. The quarry shall be operated in full compliance with the Mines and Minerals Management Act 1995, Mines and Minerals Management Regulations 2022, Environmental Assessment Act 2000 and any amendments thereof, Mining Lease Agreement and the terms and conditions of this Auction Document, any orders issued by the Ministry of Energy and Natural Resources or the Department of Geology and Mines regarding the matter from time to time, and also abide by the requirements of all other laws, rules and regulations relating to issues covering the use of other resources, health and safety, communication, power, religious, social, trade, etc.
13. The successful bidder shall bear complete responsibility for the management of the quarry and marketing of the minerals or mineral products produced.
14. **Subletting of any quarry or contracting in part or in whole** to a third party shall not be permitted without approval in writing obtained from the Department of Geology and Mines.
15. The successful bidder shall be required to renew Environment Clearance including payment of applicable fees.
16. The quarry shall be re-auctioned or an appropriate way forward shall be determined by the Department after the expiry/surrender or termination of the lease. The Department, however, reserves the right and discretion to abandon the mining area upon expiry,



surrender or termination of the lease.

17. The lease may be terminated as per provisions of Article 32 of the Mines and Minerals Management Act 1995.

Rate of Mineral levies and lease rent

The lessee shall pay royalty, mineral rent and land lease rent as follows:

1. Royalty payable **per metric tonne (MT)** of despatch of **quartzite (construction material)** for **domestic supply** (subject to periodic revision by the government) shall be **Nu. 2.2 per MT.**
2. Royalty payable **per metric tonne** of despatch of **quartzite (construction material)** for **export** (subject to periodic revision by the government) shall be **2% on the Minimum Floor Price established at the country exit point or the invoiced value, whichever is higher.**
3. Mineral rent payable **per metric tonne** of **quartzite (construction material)** for **domestic supply** (subject to periodic revision by the government) shall be **Nu. 0.5 per MT.**
4. Mineral rent payable **per metric tonne** of **quartzite (construction material)** for **export** (subject to periodic revision by the government) is **an amount equivalent to 10% of projected export Royalty or domestic Royalty, whichever is higher.**
5. The rate of lease rent for all surface area occupied by the Lessee shall be **Nu. 640 per acre per annum** unless revised by the Royal Government, and it shall be for the period from the date of approval until the site has been satisfactorily restored and surrendered to the Lessor.

Note: The mineral levies referred to above are subject to revision by the Royal Government of Bhutan from time to time.



Appendix I: Reports for the Homdhar Stone Quarry

The following reports for the Homdhar Stone Quarry shall be available for download from the Ministry's website www.moenr.gov.bt or DGM's website at www.dgm.gov.bt:

1. FMFS reports for the Homdhar Stone Quarry

The information provided in the FMFS may be required to be updated or require further validation. Therefore, all interested bidders may be required to visit the site before participating in the auction.

Note: *The successful bidder shall be allowed to update the FMFS report. Any updates in the FMFS shall be submitted to the Department of Geology and Mines for approval prior to its implementation.*



Appendix II Bid Form for sealed bid auction of Homdhar Stone Quarry

(Opening of the bid is on 28th August 2023 at 02:30 PM)

1. Details of the Bidder:

- a. Name of individual/Company/Firm:
- b. CID No./Licence No./Registration No.:
- c. Current address/residence:
- d. Firm Name:
- e. Contact No.:
- f. E-mail id:

2. Bid amount for the right to operate Homdhar Stone Quarry:

In figures (Nu.)	In words

3. Attachments

- a. Duly signed Auction Document
- b. Eligibility Certificate
- c. Letter of Commitment

Signed and sealed:

For the bidder
(Name and signature)
Date:



Appendix III: Application Form For Eligibility Certificate

The Director
Department of Geology and Mines
Ministry of Energy and Natural Resources
Thimphu, Bhutan

Sir,

I request you to kindly grant me an Eligibility Certificate as required under the terms and conditions of the auction for Homdhar Stone Quarry. The particulars are given below:

- a. Name of the Applicant:
- b. Address:
- c. Details of previous mining experience:
- d. A copy of the Household Information (family tree) issued by MoHA for an individual or proprietor of a licensed firm
- e. Particulars regarding the financial resources of the applicant for the proposed mining enterprise:
- f. Latest classic report from Credit Information Bureau; if the applicant owns a company, both consumer and commercial classic reports shall be furnished:
- g. Tax Clearance Certificate from the Department of Revenue & Customs, Ministry of Finance.

I hereby declare that the particulars given above are correct to the best of my knowledge and am ready to furnish any other details, as may be required by the Ministry of Energy and Natural Resources of the Royal Government of Bhutan.

Yours faithfully,

(Signature)

Name of the Applicant:

Date:



Appendix IV: Letter of Commitment

I/We hereby commit myself/ourselves to abide by the following while carrying out the mining auctioned to me:

1. All the terms and conditions laid down in the auction document, its appendices and annexures.
2. All applicable laws, by-laws, rules and regulations of the Kingdom of Bhutan.
3. All the Clauses of the Mining Lease Agreement.
4. Under no circumstances shall I/we sublet or front my/our mining lease to any third person/party without prior approval from the Department of Geology and Mines, MoENR.

(Signature)



Name:

Designation:

