

**AUCTION DOCUMENT
FOR
DREDGING ACTIVITY
AT
KHAGRAKHOLA II, SAMTSE**



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

June 2025



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NOTICE FOR AUCTION OF DREDGING ACTIVITY AT KHAGRAKHOLA II, SAMTSE

In line with section 23 of Surface Collection Rules and Regulations (SCRR), 2024, the Department of Geology and Mines (DGM) under the Ministry of Energy and Natural Resources (MoENR) will be auctioning the rights to carry out dredging of low-grade dolomite, stones and boulders from **Khagrakhola II** located at Khagrakhola under Phuntshopelri Gewog, Samtse Dzongkhag through a **SEALED-BID AUCTION**.

All interested Bhutanese individuals, firms or companies can download the Auction Document and relevant documents 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 Chief Engineer, Mineral Policy and Cadastre Division, DGM, MoENR, Thimphu on **20th June 2025 from 9:00 AM till 1:00 PM** at DGM's Main Conference Hall, MoENR, THIMPHU. The opening of the bids shall be carried out on the same day at **2:30 PM** at DGM's Main Conference Hall, Thimphu.



Director

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



Important Information

1. This auction document is being prepared and issued in line with section 23 of SCRR 2024, and approval granted by the Ministry vide Note sheet No. MPCD-55/DGM/2025/2246 dated 30/05/2025, as per Section 7 (3) SCRR 2024, with the intent to solicit sealed bids from interested bidders for auctioning the right to carry out dredging of low-grade dolomite, stones and boulders from **Khagrakhola II** under Phuntshopelri Gewog, Samtse Dzongkhag.
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, MoENR is bound to select a Bidder or to appoint the Preferred Bidder as a Successful Bidder to carry out Dredging of low-grade dolomite, stones and boulders from **Khagrakhola II**. 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 accepts no liability of any nature whatsoever arising from reliance of any Bidder upon the statements contained in this Auction Document.

Scope of offer

The summary of the auction site for carrying out dredging of low-grade dolomite, stones and boulders from **Khagrakhola II** is as follows:

1. Name of the collection site: **Khagrakhola II**
2. Mineral type: Mostly quartzite with phyllite and low-grade dolomite.
3. Location: Khagrakhola under Phuntshopelri Gewog, Samtse Dzongkhag.
4. Area:
 - a. 25 acres of SRF land for dredging activity.
 - b. 1.0 acres of SRF land for a designated dumpyard.
5. Reserve: **356,122** MT of stones, boulders and low-grade dolomite.



6. Clearances obtained:

- a. Dzongkhag and Gewog approval including public consultation for the entire auction period.
 - i. Dzongkhag Administrative approval: SDA/EVN-02/2024-2025/5512 dated 29/04/2025.
 - ii. Gewog Administrative Approval/Public consultation: Public consultation records endorsed by the Gewog Administration dated 20/03/2025.

- b. Forestry Clearance: Obtained vide Application ID: **908495** dated **04/06/2025**.

The DGM shall process for FC in the name of winning bidder within 30 days from the date of issuance of dredging permit.

- c. Environment Clearance: The EC shall be issued to the winning bidder within **7 days** from the date of announcement of auction.

7. Dredging period: **Five years** from the date of issuance of permit.

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 as per section 25 of SCRR 2024.
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, auction fees, reserve price, mining licence fee and other taxes shall not be granted an ELIGIBILITY CERTIFICATE.

Only upon receipt of the above-mentioned documents by the Office of the Director, DGM, an ELIGIBILITY CERTIFICATE shall be issued to the interested bidders/parties.

Application for ELIGIBILITY CERTIFICATE has to **be submitted latest by 18th June 2025**.

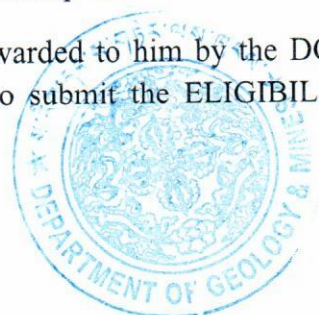


Pre-Auction Requirement

1. Prior to the auction, the intending bidders are required to deposit a sum of **Nu. 100,000/- (Ngultrum one hundred thousand only)** in the form of a demand draft or cash warrant payable to the Chief Finance Officer, Finance Division, MoENR, as earnest money 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 dredging area as per the demarcated area for auction by the DGM, MoENR particularly with regard to their location, accessibility, workability, market, cost analysis and other relevant matters.
3. The intending bidders should also familiarise themselves with the Mines and Minerals Management Act 1995 and its regulation, SCRR 2024 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 dredging area or terms and conditions of the auction shall be entertained once the auction is completed.

Auction Procedures

1. The auction of **Khagrakhola II** 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 **Khagrakhola I** in **Appendix II** of this auction document. The interested bidders shall be required to bid a **lump sum amount for the dredging site**.
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 **Chief Engineer, Mineral Policy and Cadastre Division, DGM, MoENR, Thimphu on 20th June 2025 from 9:00 AM till 1:00 PM**. Any bid submitted after the deadline shall not be received/accepted.
5. The bidder must submit an **ELIGIBILITY CERTIFICATE** awarded to him by the DGM, 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 Khagrakhola II Dredging Activity"

"Do Not Open Before 2:30 PM on 20th June 2025"

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.
8. 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 completion of the auction process by the DGM.
11. The sealed bid shall be opened on the same day at **2:30 PM on 20th June 2025** at DGM's Main Conference Hall. The bid opening shall be carried out by an auction committee constituted by DGM, MoENR.
12. The bid amount 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 5 working days from the completion of the auction.
15. The bidder may inspect the auctioned dredging site before submission of the bid. The Regional Coordinator, DGM, Gomtu shall assist with the inspection. The contact details of the Regional Coordinator are as follows:
- Name: **Mr. Tshering**
Contact: **17631517**
Email: **tsheringmoea@moenr.gov.bt**
16. The bid property shall remain disposed off if the "Reserve Price" is met. However, the sealed-bid auction committee reserves the right to dispose off the bid property to the highest

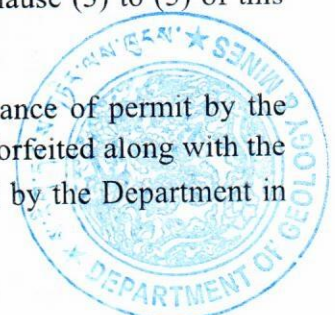


bidder even if the Reserve Price is not met if deemed reasonable and necessary in the interest of time and benefits to the government.

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 under dispute or award it to the next highest bidder.

Terms and Conditions of the Auction

1. The Initial Environmental Examination (IEE) Form and Environmental Management Plan (EMP) for **Khagrakhola II** dredging activity (*attached as Appendix I*) contain environmental data, likely impacts from dredging activities and detailed mitigation measures and management plan to minimize the impacts. The winning bidder may update the EMP and submit to the Department for approval prior to its implementation.
2. The winning bidder shall make an upfront payment of **fifteen percent (15%)** of the auctioned amount to the Office of the Chief Finance Officer, Finance Division, MoENR within **Ten (10) working days** from the date of award of the auction.
3. The winning bidder shall submit an unconditional Bank Guarantee to the Department as a security deposit for environmental restoration and mitigation works amounting to **Nu. 240,000/- (Ngultrum two hundred and forty thousand only)** as reflected in the EMP within **Ten (10) working days** from the date of award of the auction as per section 26 (6) of SCRR 2024. The validity of the unconditional Bank Guarantee shall be **90 days** beyond the validity of the Environmental Clearance.
4. In the event, the successful bidder fails to make the upfront payment and unconditional Bank Guarantee within "**ten working days**", his/her earnest money deposit (EMD) shall be forfeited along with the site. In such a case, the auction committee may decide to award the site to the next highest bidder or conduct re-auction in line with section 26 (7) of SCRR 2024.
5. The winning bidder shall sign a Letter of Undertaking with the Department in the prescribed format upon payment of upfront instalment and submission of unconditional Bank Guarantee.
6. The Department shall issue the **Permit** to commence the actual operations of dredging to the winning bidder upon fulfilling the conditions prescribed under clause (3) to (5) of this terms and conditions.
7. In the event, the winning bidder opt to withdraw the bid after issuance of permit by the Department, up front payment (15% of auctioned amount) shall be forfeited along with the site and shall be debarred from two subsequent auctions conducted by the Department in

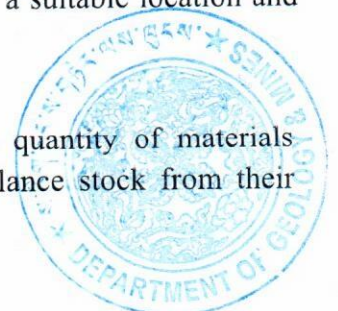


line with section 26 (9) of SCRR 2024.

8. The Department shall process for Forestry Clearances in their respective name within **30 days** from the issuance of permit.
9. The winning bidder shall make the payment of remaining **eighty-five percent (85%)** of the auctioned amount to the Regional Office, DGM, Gomtu either in Cheques or Cash (*mBoB, mPay, etc*) as per the time schedule indicated below:
 - 9.1. The payment shall be made in 8 (eight) instalments as follows:
 - 9.1.1. 15% (ten percent) of the auctioned amount for the first 2 instalments.
 - 9.1.2. 10% (ten percent) of the auctioned amount for the next 5 instalments.
 - 9.1.3. 5% (five percent) of the auctioned amount for the final instalment.
 - 9.2. The above instalments shall be paid after every 6 (six) months starting from the date of award of the auction.
 - 9.3. In case of default in payment of the installment, a late fine @ 24% (twenty-four percent) per annum shall be imposed on the instalment.
 - 9.4. If the bidder fails to deposit the defaulted instalment along with the penal interest within the period of 45 (forty five) days from the due date, the permit for dredging shall be terminated along with the forfeiture of all advance payment made.
 - 9.5. If the permit for dredging is terminated in line with clause 9.4 of this terms and conditions, the bidder shall be debarred from participating in 3 subsequent auctions conducted by the Department.
10. The dredging activity shall be carried out in line with provisions of MMMA 1995 and its regulations, SCRR 2024, duly filled IEE Form, EMP and any orders issued by the Ministry or the Department 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.
11. The winning bidder shall be liable for fines and penalties as per MMMA 1995 and SCRR 2024 for any illegal activities and non-compliance.
12. The change of the dredging site shall not be entertained after the auction and the site demarcated by the Department shall be final and binding.
13. The winning bidder shall not hold the Department accountable for limitation in reserves, quality and quantity of the materials within the demarcated site.



14. The winning bidder shall bear complete responsibility for the management of dredging activities, and marketing of the minerals or mineral products produced.
15. The materials excavated and collected from the site shall be allowed for both export and domestic commercials.
16. The winning bidder may supply the stones and boulders to the nearby or affected community at the lower rates as a part of Corporate Social Responsibility (CSR) activity.
17. The winning bidder shall not sub-lease or sublet the auction site as per section 27 of SCRR 2024.
18. The dredging from the auction site shall be confined within the area demarcated by the Department. The winning bidder shall be responsible to erect and maintain visible boundary pillars at their own expense in coordination with the Department.
19. The use of machinery in river dredging shall be confined to removal of materials buried up to a depth of 3 meters and use of explosives or blasting activities shall not be permitted.
20. The winning bidder shall maintain and manage proper channels in the excavated area to ensure the natural flow of water, where necessary in line with the EMP.
21. The winning bidder shall maintain a minimum buffer distance of 200 meters upstream and downstream from bridges; 2.5 meters from river protection works and embankments, where applicable.
22. The unconditional Bank Guarantee shall be solely for the purpose of carrying out mitigation and reclamation activities as per the EMP.
23. The winning bidder shall carry out necessary environmental management and mitigation works as per the approved EMP.
24. The winning bidder must manage and dump the waste materials and rejects generated from the dredging site and in the designated dump yard as per the demarcation map and EMP. If additional dump yard is required, the winning bidder shall identify a suitable location and apply to the Department for approval.
25. The winning bidder shall maintain an up-to-date registry on the quantity of materials collected and dredged, exported or supplied to domestic use, balance stock from their



permitted surface collection and dredging site as per section 124 of SCRR 2024.

26. The winning bidder shall submit a quarterly report of dredging activity to the Department as per the form prescribed under **Annexure VIII** of SCRR 2024.
27. The validity of the dredging permit shall be **five years** from the date of issuance of permit, and extension of the permit shall not be entertained thereafter.
28. The winning bidder shall complete the necessary mitigation and reclamation works of the auctioned site within the validity of the permit including clearing of stocks.

Rate of Mineral levies and other applicable fees and charges

The winning bidder shall pay royalty and mineral rent as follows:

1. Royalty payable **per metric tonne (MT)** of despatch of **stones and boulders (construction material)** and **low-grade dolomite for domestic supply** (subject to periodic revision by the government) shall be **Nu. 2.2** and **Nu. 40 per MT** respectively.
2. Royalty payable **per metric tonne** of despatch of **stones and boulders (construction material)** and **low-grade dolomite for export** (subject to periodic revision by the government) shall be **2%** and **6.5%** respectively **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 **stones and boulders (construction material)** and **low-grade dolomite for domestic supply** (subject to periodic revision by the government) shall be **Nu. 0.55** and **Nu. 10 per MT** respectively.
4. Mineral rent payable **per metric tonne** of **stones and boulders (construction material)** and **low-grade dolomite for export** (subject to periodic revision by the government) shall be an **amount equivalent to 10% of projected export Royalty or domestic Royalty, whichever is higher.**

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

Further, the winning bidder shall pay the fees and charges as per the prevailing procedures and relevant laws, if relevant.



Appendix I: Initial Environmental Examination (IEE) and Environmental Management Plan (EMP)

The following documents for **Khagrakhola II** shall be available for download from the Ministry's website www.moenr.gov.bt or DGM's website at www.dgm.gov.bt:

1. Initial Environment Examination (IEE)
2. Environmental Management Plan (EMP)

All the interested bidders are advised to visit the site before participating in the auction.



Appendix II Bid Form for sealed bid auction of Khagrakhola II Dredging Activity

(Opening of the bid is on...2025 at 2:30 PM)

1. Details of the Bidder:

- Name of individual/Company/Firm:
- CID No./Licence No./Registration No.:
- Current address/residence:
- Contact No.:
- E-mail id:

2. Bid amount for the right to carry out dredging of Khagrakhola II:

In figures (Nu.)	In words

3. Attachments

- Duly signed Auction Document
- Eligibility Certificate
- Letter of Commitment

Signed and sealed:

For the bidder
(Name and signature)
Date:



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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 dredging of **Khagrakhola II**. The particulars are given below:

- a. Name of the Applicant:
- b. Address:
- c. Details of previous experience in surface collection & dredging activities or mining:
- 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:
- 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:



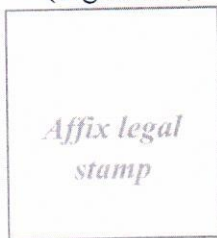
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Appendix IV: Letter of Commitment

I/We hereby commit myself/ourselves to abide by the following while participating in auction for dredging of **Khagrakhola II**, Samtse 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. Under no circumstances shall I/we sublet or front my/our dredging site to any third person/party.

(Signature)



Name:

Designation:



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