

EXTRAORDINARY
GOVERNMENT



REGISTERED NO. PIII
G A Z E T T E

KHYBER PAKHTUNKHWA

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GOVERNMENT OF KHYBER PAKHTUNKHWA
MINERALS DEVELOPMENT DEPARTMENT

NOTIFICATION

Dated: 15th February, 2017.

No.SO(E)/MDD/6-1/D&R/Vol-I/7963-8126 In exercise of the powers conferred by the section 101 of the Khyber Pakhtunkhwa Minerals Sector Governance Act, 2016 (Khyber Pakhtunkhwa Act No. 1 of 2017) read with section 60 thereof, the Government of the Khyber Pakhtunkhwa is pleased to make the following rules, namely:

THE KHYBER PAKHTUNKHWA MINERALS AUCTION RULES, 2017.

PART-I

Preliminary

1. **Short title and commencement.**---(1) These rules may be called the Khyber Pakhtunkhwa Minerals Auction Rules, 2017.
 - (2) These rules shall come into force at once.
2. **Definitions.**---(1) In these rules, unless the text or context otherwise requires.-
 - (a) "Act" means the Khyber Pakhtunkhwa Minerals Sector Governance Act, 2016 (Khyber Pakhtunkhwa Act No. 1 of 2017);
 - (b) "Auction Committee" means the Auction Committee constituted under rule 3;
 - (c) "successful bidder" means the bidder, who offers the highest bid and recommended by the Auction Committee as successful; and
 - (d) "reserve price" means the minimum price fixed by the Auction Committee for auction of an area reserved for auction Mineral Title.
 - (2) Words and phrases used in these rules but not defined shall have the same meanings as assigned to them in the Act.

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3. Composition of the Auction Committee.--- (1) For the purpose of section 60 of the Act, there shall be constituted an Auction Committee to-

- (i) conduct auction of the areas reserved for auction having proven mineral reserves;
- (ii) fix reserve price for area reserved for auction; and
- (iii) submit, for the purpose of clauses (i) and (ii) above, its recommendations to the Licensing Authority for final decision.

(2) The Auction Committee shall consist of-

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|--------|--|------------------------------|
| (i) | Director General; | Chairman |
| (ii) | Deputy Secretary, Finance Department; | Member |
| (iii) | Deputy Secretary, Law Parliamentary Affairs and Human Rights Department; | Member |
| (iv) | Director Exploration; | Member |
| (v) | Deputy Secretary Mineral Development Department; | Member |
| (vi) | Assistant Director (Litigation); | Member |
| (vii) | Assistant Director (Coordination); | Member
-cum-
Secretary |
| (viii) | Any additional member if deemed suitable. | Member |

4. Public notice of auction.---(1) Subject to the provisions of these rules, the Chairman of the Auction Committee shall invite of the area(s) reserved for auction through publication i.e. through website of the Department and through print and electronic media.

(2) The public notice shall contain the following information:

- (i) the location of the area to be auctioned;
- (ii) the details of the auction schedule specifying the date, time and venue, where the auction has to take place; and
- (iii) the terms and conditions of the auction.

5. Terms and conditions of auction.---(1) Save as otherwise provided hereinafter, all auctions shall be held in the first place through "sealed bids" under the following procedures:

- (a) the advertisement shall indicate date, time and venue of the auction;
- (b) the interested parties shall submit their bids on the Tender Form as appended to these rules, along with requisite documents, as mentioned in the Tender Form, three (03) days before the date of auction;
- (c) all sealed bids shall be opened on the day of auction in the presence of the bidders in person or through their representatives duly authorized in writing;
- (d) the successful bidder shall be announced, provided that he otherwise fulfills all pre-requisites for the tender as provided in these rules;
- (e) the Auction Committee shall submit its recommendations to the Licensing Authority for approval;
- (f) the Licensing Authority may, either accept the recommendation of the Auction Committee or may reject it, on grounds to be recorded in writing; and
- (g) if the recommendation is accepted by the Licensing Authority, the successful bidder shall be issued the "Offer Letter" by the officer authorized by the Licensing Authority.

(2) In case the recommendations received as a result of the process in sub-rule (1) are rejected or where the Auction Committee recommends open auction in case of non-receipt of responsive bids, such area shall be offered through open auction in the following manner:

- (a) the respective area(s) shall be re-advertised and the advertisement shall indicate a date, time and venue for auction;
- (b) the interested parties shall submit application on a standard Form to be approved by the Licensing Authority, along with requisite documents as mentioned in the application Form, three (03) days before the date of auction;
- (c) the auction shall be open for participation by the bidders in person or through their representatives duly authorized in writing;
- (d) the highest bidder shall be announced on the fall of hammer;

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- (e) the Auction Committee shall submit its recommendations to the Licensing Authority for approval;
- (f) the Licensing Authority may accept the recommendation(s) of the Auction Committee or may reject it on grounds to be recorded in writing; and
- (g) if the Licensing Authority approves the recommendation of the Auction Committee, the successful bidder shall be issued the "Offer Letter" by the officer authorized by the Licensing Authority.

(3) If an area does not fetch a reasonable bid in five (05) consecutive tenders or auctions, the area may be deleted from the list of tenders or auctions and the procedure provided in sub-section (3) of section 21 of the Act shall be followed.

(4) No person, firm or a company, if found to be default listed or blacklisted with any Government Agency, shall be eligible to take part in auction.

(5) The amount of security provided in the shape of call deposits of all participants shall be refunded immediately after the auction except to the highest bidder.

(6) On the receipt of offer letter,-

- (i) the successful bidder shall be required to deposit one-tenth of his bid amount as security. In such case the security amount already deposited shall be adjusted towards the gross security amount in respect of the highest bidder. If the highest bidder fails to comply with the directions, the amount of security in shape of call deposit shall be forfeited;
- (ii) the successful bidder shall deposit within seven working days, under the proper head of account, 25% of the bid amount as first installment, the withholding tax, the professional tax, the demarcation fee, the cost of plan and the mining lease application fee as determined by the Licensing Authority; and
- (iii) if the successful bidder fails to comply with the terms and conditions of the offer letter within seven (07) days, the call deposit shall be forfeited in the favour of Government.

(7) In case, the highest bidder fails to comply with any directions and terms and conditions of the offer letter due to which his security is forfeited at any stage of the proceedings, the Auction Committee shall recommend to the Licensing Authority for the next highest bid as the successful bidder, subject to the condition that the next highest bid is not less than 10% of the first highest bid.

(8) Subject to sub-rule 7, the second highest bidder shall deposit one-tenth of his bid amount as security for processing of his bid for approval.

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(9) The successful bidder shall deposit the remaining bid amount in three bi-monthly equal installments from the date of issuance of work order, failing which the Mineral Title shall be processed for cancellation subject to 30 days' notice served upon him.

(10) The holder of a Mineral Title shall execute an agreement with the Licensing Authority before the issuance of work order.

(11) The lessee shall pay usual rents, royalty and other Government dues as determine from time to time.

Secretary to **Govt of Khyber Pakhtunkhwa,**
Minerals Dev: Department

TENDER FORM

Serial No. _____

1. Name of Mineral: _____

2. Location/Area _____

3. Block Number _____

4. Serial Number in the Advertisement: _____

3. Name of Applicant/Party: _____

4. Address of Applicant/Party: _____

5. Contact Number: Phone: _____ Cell Phone: _____

6. Email: _____

7. Bid Amount: Amount in figures _____

Amount in words _____

8. Details of Security Amount:

(A) Name of Bank _____

(B) Pay Order Number _____

(C) Amount in figures _____

(D) Amount in words _____

NY

Signature of the Applicant/Party

CNIC No. _____

Dated: _____