

**Water Supply Agreement
Execution Draft**

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AGREEMENT

Between

The Government of Afghanistan (“Government”)

And

MCC-Jiangxi Copper Consortium (“MCC”)

Concerning Water Supply for the Aynak Copper Project (the “Water Supply Agreement”)

This Water Supply Agreement is made this 23rd day of February, 2009 between the Government and MCC (the “Parties”).

Whereas

- (a) The Government and MCC have entered into a Mining Contract under which MCC has been granted the mineral rights for the Aynak Copper Deposit (the “Mining Contract”). The mineral rights were subsequently transferred from MCC to the MCC-JCL Aynak Minerals Company Ltd (“MJAM”) pursuant to Section 61 of the Mining Contract;
- (b) The Mining Contract incorporates a Memorandum of Agreement between the Parties concerning Water Supply (the “Water Supply MOA”) which identifies the development of an adequate water supply and efficient water use as essential components of the development of the Aynak Copper Project. Subject to the requirements of Section 37(c) of the 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;
- (c) The Parties wish to allocate water supply responsibilities for the Aynak Copper Project. 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 Aynak Copper 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 Aynak Copper Project;
- (d) The Parties agree that MCC’s exploration, development and use of the water supply for the Aynak Copper Project shall be at MCC’s sole expense and in compliance with all applicable requirements under the laws of Afghanistan. The Parties agree that they will work co-operatively to locate potential areas in the vicinity of the Aynak Copper Project where fresh water supplies are likely to be sufficient to support the Aynak Copper Project. Upon identification of fresh water supplies of suitable quantity and quality, the Parties agree that they will

work diligently and cooperatively to expedite completion of the approval process, including the preparation of appropriate environmental and social impact studies, necessary to allow MCC to supply water to the Aynak Copper Project; and

- (e) The Parties have agreed that the time period in which to conclude this Water Supply Agreement shall run until March 1, 2009.

In consideration of the commitments and obligations set forth in this Water Supply Agreement, the Parties agree as follows:

PART I – GENERAL TERMS

1. Organization

This Water Supply Agreement is organized to reflect and address the scope of water supply issues identified by the Parties in the Mining Contract and the Water Supply MOA. Part I of this Water Supply Agreement establishes general terms and definitions that will apply to the entire Water Supply Agreement. Part II of this Water Supply Agreement establishes the conditions and requirements under which MCC will be authorized to develop, operate and supply fresh water to the Aynak Copper Project. Part III of this Water Supply Agreement establishes the social and sustainable development requirements and obligations applicable to MCC's activities under this Water Supply Agreement. Part IV of this Water Supply Agreement contains miscellaneous provisions of this Water Supply Agreement.

2. Definitions

In this Water Supply Agreement, the following expressions (except where the context otherwise requires) shall have the following meanings:

- (a) Agreement Period: The term as set forth in Section __ of this Water Supply Agreement and any extensions or other modifications to the term agreed to by the Parties.
- (b) Aynak Copper Project: The copper project located in Aynak and the surrounding area of Logar province for which a Mineral Right has been granted to MCC.
- (c) Effective Date of the Water Supply Agreement: the date February 23, 2009.
- (d) 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.
- (e) 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.

- (f) Mineral Right: The rights to explore and exploit minerals granted by the Afghanistan Minerals Law.
- (g) Ministry of Energy and Water: The Ministry of Energy and Water of the Government of Afghanistan.
- (h) 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.
- (i) Month: All references to months in this Mining Contract shall be based on the solar calendar specified in Article 18 of Afghanistan's Constitution.
- (j) 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.
- (k) 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.
- (l) Water Use Right: the legal authorization granted to MCC, pursuant to the Water Law, to use water which MCC locates, pumps or impounds in compliance with the Water Supply Agreement.
- (m) Water Supply Development Plan: A plan subject to the review and approval of the Government that sets forth the plans, specifications, requirements and schedule for water supply construction activities to be undertaken by MCC and which shall address the results of the environmental and social impact assessment, including the identification and implementation of necessary mitigation measures.

3. General Rights and Obligations

- (a) MCC shall receive the necessary governmental approvals required under applicable Afghan law to (i) explore for and develop water supplies, (ii) construct a water supply system in the vicinity of the Aynak Copper Project, (iii) operate the water supply system to pump, treat and store such water supplies as specifically approved by the Government and (iv) pipe such water supplies to the Aynak Copper Project for use by MCC in accordance with the requirements set forth in this Water Supply Agreement.
- (b) MCC shall be entitled to the protections provided by applicable Afghan law and agreed to in the Mining Contract with respect to

expropriation, nationalization, deprivation and confiscation of any assets owned and/or used by MCC in conducting activities pursuant to this Water Supply Agreement.

(c) MCC's General Obligations with Respect to Water Supply Operations and Activities

- (i) MCC hereby accepts the obligations to conduct its water supply operations and activities in accordance with the terms of the Mining Contract, this Water Supply Agreement and the applicable laws and regulations of Afghanistan.
- (ii) MCC shall protect existing water usage. MCC shall not adversely affect local 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.
- (iii) MCC acknowledges and agrees that it shall conduct all such water supply operations and activities in a sound manner in accordance with best international hydrological, environmental, mining, and engineering standards and practices and in accordance with modern and accepted scientific and technical principles applicable to fresh water supply development, storage, pumping, and pipeline transmission. All operations and activities under this Water Supply Agreement shall be conducted in accordance with environmental protection, water conservation and other plans approved by the Government prior to the commencement of operations so as to avoid waste or loss of water or other natural resources, to protect water quality and other natural resources against unnecessary damage, and to prevent pollution and contamination of the environment.
- (iv) MCC shall take all appropriate risk management measures to prevent damage to the rights and property of the Government or third parties.
- (v) 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 Water Supply Agreement, MCC will be liable for such injuries in accordance with the applicable laws of Afghanistan.

- (vi) 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 Water Supply Agreement. 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 Water Supply Agreement.
- (vii) MCC shall comply with such legally valid instructions as may from time to time be given in writing by the Government.
- (viii) MCC shall pay all applicable fees, rents, payments, penalties and other non-tax charges to the Government as set forth in this Water Supply Agreement.
- (ix) The Parties acknowledge and agree that MCC shall have a reasonable time period in which to modify its water supply operations and activities to incorporate legally required technological advancements or to achieve compliance with new laws or regulations that may apply in the future.

4. Incorporation of the Mining Contract

- (a) This Water Supply Agreement is being entered into by the Parties in accordance with the terms of the Mining Contract and the Water Supply MOA. To facilitate the negotiation and conclusion of this Water Supply Agreement, the Parties acknowledge and agree that certain provisions of the Mining Contract shall apply to the Water Supply Agreement and shall be adopted by the Parties and incorporated into the Water Supply Agreement as enforceable terms and provisions of the Water Supply Agreement. The Parties agree that the following Parts and Sections of the Mining Contract shall apply to this Water Supply Agreement:

Section 17, Financial Assurance;
Section 18, Minimum Expenditures;
Section 19, Relinquishment;
Section 20, Tax Obligations;
Section 38, Services and Supplies;
Section 39, Employment of Afghan Nationals;
Section 40, Training;
Section 41, Non-Afghan Personnel;
Section 42, Employee Accident Compensation;

Section 43, Imports;
Part XIII, Force Majeure;
Part XIV, Settlement of Disputes;
Part XX, Amendment

- (b) The Parties acknowledge and agree that the purpose of this Water Supply Agreement is to support the development and operation of the Aynak Copper Project. In the event that a conflict arises between the terms of this Water Supply Agreement and the Mining Contract, the terms of the Mining Contract shall control. Matters which are not explicitly covered by the terms of this Water Supply Agreement shall be governed by the applicable terms, provisions and procedures of the Mining Contract. Insofar as such obligations are not covered by the Mining Contract or this Water Supply Agreement, both parties shall resolve such matters through friendly consultation in compliance with the terms of the Water Law and all other applicable laws and regulations, from time to time in effect in Afghanistan.

5. Environmental Protection

MCC has made broad environmental and social protection commitments to the Government concerning the Aynak Copper Project 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. The Parties acknowledge and agree that these commitments shall apply equally to all of MCC's water supply activities and operations. On this basis, MCC's commitments and obligations with respect to environmental and social protection, as more fully specified in Appendix 6 of the Mining Contract, are specifically adopted and incorporated by reference into this Water Supply Agreement and are fully enforceable pursuant to the terms of the Mining Contract and this Water Supply Agreement. 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 water supply activities and operations in a technically, financially, socially, culturally and environmentally responsible manner to achieve the environmental protection and sustainable development objectives and responsibilities required by this Water Supply Agreement and the Mining Contract, the laws of Afghanistan and any applicable international conventions to which Afghanistan is or may become a signatory. In particular, MCC has committed to reuse and re-circulate process water to the extent possible, in

order to minimize the amount of fresh water necessary for the Aynak Copper Project.

- (b) MCC shall prepare an environmental and social impact assessment of the water supply facilities, activities and operations in accordance with the requirements of the Minerals Law, the Water Law, the Environment Law and the above referenced environmental and social protection guidelines, principles and policies. At a minimum, MCC shall undertake the environmental and social impact assessment program specified in Appendix 6 of the Mining Contract which is specifically adopted and incorporated by reference into this Water Supply Agreement as an enforceable part of this Water Supply Agreement. MCC shall submit its environmental and social impact assessment program of the water supply facilities, activities and operations to the Government for review and approval prior to commencing construction of water supply related facilities and structures. MCC acknowledges and agrees that the Government may require additional assessment activities as a condition of approval.
- (c) MCC shall prepare a detailed, technically and scientifically sound plan for the management, mitigation or elimination of water supply project impacts and risks to the environment and local residents. MCC shall submit this plan to the Government for review and approval prior to commencing the construction and operation of water supply facilities and structures. The Parties acknowledge and agree that MCC may submit this plan as part of its Environmental Management Plan which MCC is required to submit for review and approval by the Government pursuant to the Mining Contract. MCC acknowledges and agrees that the Government may require additional or alternative environmental management provisions, including ISO14001, as a condition of approval.
- (d) MCC shall comply with all applicable standards regulating the discharge of pollutants into the environment. At a minimum, MCC shall comply with the standards specified in Appendix 6 of the Mining Contract which are specifically adopted and incorporated by reference into this Water Supply Agreement as an enforceable part of this Water Supply Agreement. MCC acknowledges and agrees that it shall comply with additional or alternative standards that may be required in the future by the Government in connection with the enactment of new laws or the promulgation of new regulations by the Government. 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 Water Supply Agreement, including without limitation, discharge standards which MCC is required to comply with pursuant to this Water Supply Agreement and the Mining Contract.
- (e) MCC shall not dispose of any waste created as a result of its water supply operations under this Water Supply Agreement in an area or in a manner not previously approved by the Government. MCC shall, when any water

storage structure or impoundment, or waste disposal area established under this Water Supply Agreement, 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 water supply activities under this Water Supply Agreement.

6. Water Supply Financing

MCC shall have sole responsibility for financing all construction and operations authorized pursuant to this Water Supply Agreement 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 pledge such rights, licenses and authorizations obtained in accordance with the Mining Contract or this Water Supply Agreement, to secure financing for the construction and operations authorized by this Water Supply Agreement.

7. Government Right of Access

The Government reserves the right to access, with prior notice to MCC, any and all areas covered by this Water Supply Agreement 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 Government 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.

8. Use of Subcontractors

Without in any way detracting from MCC's responsibilities and obligations under this Water Supply Agreement and the Mining Contract, MCC may engage subcontractors for the execution of such phases of its water supply activities and 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 Water Supply Agreement and the Mining Contract. The records of such subcontractors shall be made available to Government inspectors as provided in Appendix 3 of the Mining Contract, which are adopted and incorporated by reference into this Water Supply Agreement as an enforceable part of this Water Supply Agreement.

9. Cooperation of the Parties

The Government 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 Water Supply Agreement.

- (a) The Parties agree that they will at all times use their best efforts to carry out the provisions of this Water Supply Agreement to the end that the activities authorized by this Water Supply Agreement 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 Water Supply Agreement in accordance with the standards and requirements imposed elsewhere in this Water Supply Agreement and the Mining Contract for the sound and progressive development of the Aynak Copper Project, 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.

PART II – WATER SUPPLY

10. Identification of Water Supply Area

The Parties acknowledge and agree that the Government, in consultation with MCC, has identified and will make available to MCC for hydrological investigation, an area in the vicinity of the Aynak Copper Project which the Government believes contain sufficient fresh water supplies to support the Aynak Copper Project. In identifying this area, the Government has taken into consideration all currently known and relevant hydrological, environmental, operational, social and logistical factors and requirements necessary for the successful construction and operation of a water supply system for the Aynak Copper Project. The area proposed for hydrological investigation is further described in Appendix 1 to this Water Supply Agreement. The Government agrees that it shall take those steps necessary to ensure that access to the proposed area is made available to MCC, its employees, contractors, subcontractors and advisors. MCC shall commence investigation and pre-development activities in the proposed water supply area, pursuant to an authorization to be issued by the Government. MCC's investigation and pre-development activities shall include, but not be limited to, additional hydrological investigation, drilling, sampling, and activities related to the development of a Water Supply Development Plan which is required by this Water Supply Agreement and more fully described in Section 13 of this Water Supply Agreement.

11. Commencement of Hydrological Investigation and Pre-Development Activities

The Parties acknowledge and agree that upon the effective date of this Water Supply Agreement and issuance of an authorization by the Government, MCC shall commence a hydrological investigation in the proposed water supply area including, but not limited to, additional drilling, sampling, as well as activities related to the development of a Water Supply Development Plan. In addition, pursuant to the requirements of Section 5(b) of this Water Supply Agreement, MCC shall prepare an environmental and social impact assessment of the impacts of water supply development for the Aynak Copper Project. The Parties acknowledge and agree that the water supply environmental and social impact assessment may be prepared as part of the Aynak Copper Project environmental and social impact assessment required under the Mining Contract. The commencement and performance of such activities shall occur according to a project schedule proposed by MCC and approved by the Government. The project schedule shall be incorporated into the Water Supply Development Plan and be fully enforceable under this Water Supply Agreement and the Mining Contract. MCC acknowledges and agrees that it shall commence these activities as soon as possible, but no later than six (6) months following the completion of de-mining and adequate security arrangements in the water supply area. Upon completion of its evaluation and confirmation that the proposed area contains suitable water supplies to support the Aynak Copper Project, MCC shall notify the Government of its agreement as to the suitability of the proposed area. Upon MCC's agreement as to the suitability of the proposed water supply and the Government's review and approval of MCC's Water Supply Development Plan, the Government shall provide MCC with the governmental approvals necessary to make the water supply exclusively available to MCC, as necessary, and taking into account the limitations imposed by this Water Supply Agreement on MCC's use of water resources.

12. Identification of Additional Water Supply Areas


In the event that MCC's hydrological investigation in the proposed water supply area indicates that the available fresh water supply is insufficient to provide an adequate source of fresh water for the Aynak Copper Project, MCC shall notify the Government of this finding and provide the Government with information supporting MCC's position. The Government shall promptly review the information provided by MCC. Following its review, the Government shall, in consultation with MCC, determine if additional water supply areas are necessary to meet the fresh water supply requirements for the Aynak Copper Project. In the event that the Parties agree that additional water supplies are necessary, the Government shall identify and make available additional areas for hydrological investigation by MCC. Such additional areas may include surface water suitable for dam storage or groundwater sources. The Parties acknowledge

and agree that the Parties will continue this process until adequate fresh water supplies are identified or until the Parties agree to an alternate approach for supplying fresh water to the Aynak Copper Project.

13. Water Supply Development Plan

The Parties acknowledge and agree that a Water Supply Development Plan is a necessary prerequisite to construction of the water supply system for the Aynak Copper Project. The Water Supply Development Plan shall set forth the plans, specifications, requirements and schedule for water supply construction activities to be undertaken by MCC, which may include an evaluation of the feasibility of dam storage of surface water. In addition, the Water Supply Development Plan shall address the results of the environmental and social impact assessment performed to evaluate the effects of the Aynak Copper Project on surface and groundwater resources in the vicinity of the Aynak Copper Project in Logar Province, including the identification and implementation of necessary mitigation measures. MCC shall submit its Water Supply Development Plan to the Government for review no later than three (3) months following the completion of its water supply exploration and pre-development activities. The Government shall use its best efforts to complete its review of the Water Supply Development Plan within two (2) months of receipt from MCC. The Government shall review the Water Supply Development Plan to confirm that it meets the commitments made by MCC in its Aynak Copper Project proposal and that MCC's proposed water supply system complies with applicable Afghan laws and regulations and applicable international standards adopted and incorporated by reference into the Mining Contract and this Water Supply Agreement.

14. Water Supply Construction

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- (a) Following approval of the Water Supply Development Plan by the Government, MCC shall commence construction of the Aynak Copper Project water supply facilities and structures in accordance with the schedule specified in the approved Water Supply Development Plan. Construction shall be completed within the time period necessary to support the commencement of operations at the Aynak Copper Project. The Parties acknowledge and agree that delays which occur during the construction period shall be subject to the delay conditions and to the force majeure provisions of the Mining Contract which are incorporated into this Water Supply Agreement as an enforceable part of this Water Supply Agreement.
 - (b) Construction of the Aynak Copper Project water supply facilities and structures shall be conducted in accordance with the approved Water Supply Development Plan, all applicable Afghan laws and regulations and all applicable best international practice standards and guidelines,

including environmental protection standards, adopted in this Water Supply Agreement.

- (c) All construction and pre-operation costs incurred in connection with the Aynak Copper Project water supply system shall be borne by MCC and MCC shall be responsible for arranging all funding necessary to construct the water supply system. MCC shall be responsible for the payment of all taxes, duties and assessments, rents and other charges related to the construction of the water supply system and associated structures, buildings and improvements.
- (d) Pursuant to its obligations under this Water Supply Agreement and in accordance with the local purchasing obligations established by Section 38 of the Mining Contract, which are adopted and incorporated by reference into this Water Supply Agreement, MCC shall, where possible, award contracts to Afghan contractors and suppliers of materials and services provided that, in its opinion, the quality, delivery times, costs, reliability and other terms are comparable to those offered by foreign contractors and/or suppliers.
- (e) 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.
- (f) MCC shall be responsible for the importation and transportation of equipment to the water supply system site. MCC shall comply with the import and export requirements established in the Mining Contract, which are incorporated and adopted by reference into this Water Supply Agreement.
- (g) The Government shall be entitled, at its own cost, to monitor water supply system construction. For this purpose, MCC shall:
 - (i) ensure that the Government and any experts appointed by the Government are afforded reasonable access to the water supply system site at times to be agreed with MCC provided that such access does not materially interfere with water supply system construction activities or expose any person on the water supply system site to any danger;

- (ii) make copies of all plans and designs available for inspection; and
 - (iii) within two months of the completion of the water supply system, provide the Government with one set of reproducible copies and five sets of white print copies (or equivalent) of all "as built" plans and designs.
- (h) MCC shall in no way represent to any third party that, as a result of any review by the Government, the Government is responsible for the engineering soundness of the water supply system and shall, subject to the security provisions of this Water Supply Agreement, be solely responsible for the economic and technical feasibility, operational capability and reliability of the water supply system.
- (i) MCC shall own the water supply system and all facilities, machinery and equipment used in connection with the water supply system which have been purchased or supplied by MCC. The land and all appurtenant structures shall be returned to the Government upon the expiration of this Water Supply Agreement.
- (j) All water supply system facilities and structures shall be the personal property of MCC and may be mortgaged, pledged or otherwise encumbered during the term of this Water Supply Agreement, with written notification to the Government, by MCC subject to the provisions relating to Assignment and to Termination, which are established in the Mining Contract and adopted and incorporated by reference into this Water Supply Agreement as an enforceable part of this Water Supply Agreement.

15. Water Supply System Operation


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- (a) MCC shall, at its own cost, be responsible for the testing, operation, management, metering, maintenance and repair of the water supply system and shall ensure that the water supply system is in good operating condition and capable of providing sufficient water to the Aynak Copper Project, taking into account the applicable restrictions and water recycling/reuse requirements established by this Water Supply Agreement.
 - (b) MCC shall operate the water supply system in accordance with all applicable Afghan laws and regulations and all applicable best international standards and guidelines adopted by the Parties as enforceable requirements of this Water Supply Agreement, including environmental requirements. In particular, MCC shall reuse and re-circulate process water to the extent possible in order to minimize the amount of fresh water necessary for the Aynak Copper Project.
 - (c) The Government may, at its discretion, inspect the water supply system on a periodic basis to confirm that the water supply system is being operated in conformance with applicable Afghan laws and regulations and the best
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international standards adopted by the Parties as enforceable requirements of this Water Supply Agreement. The Parties shall jointly inspect the water supply system on a periodic basis to confirm that it meets applicable structural and operational requirements specified under Afghan law and regulations, international best practice standards and the Water Supply Development Plan.

16. Financial Assurance for Water Supply System Closure

The Parties acknowledge and agree that MCC shall be responsible for the preparation and submission of a water supply closure plan to the Government for approval. The water supply closure plan shall be consistent with the requirements of the Environmental Management Plan developed and approved in accordance with Section 15 of the Mining Contract. At a minimum, the water supply closure plan shall identify the measures and financial requirements necessary to decommission or transfer operational responsibilities for the water supply system and complete reclamation and rehabilitation of land affected by the water supply system. In particular, the water supply closure plan shall describe how closure and reclamation of the water supply system, if necessary, will occur within the closure of the Aynak Copper Project. MCC shall submit to the Government, as part of its financial assurance for closure of the Aynak Copper Project, financial assurance sufficient to fund the reclamation and closure requirements identified in the water supply closure plan. The amount of such financial assurance shall be determined by the Government following review of MCC's water supply closure plan. MCC shall establish a separate water supply closure fund or other appropriate financial assurance with the Ministry of Mines within sixty (60) days of the Government's 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 Section 17 of the Mining Contract.

17. Water Price

 The Parties acknowledge and agree that, in the future, MCC may be required to pay the Government for fresh water utilized by the Aynak Copper Project, including the coal mine and power plant constructed pursuant to the Power Supply Agreement. The Parties further acknowledge and agree that any future price for water will be established in the Water Law and applicable regulations. In the event that a price for water is established in the future, the Parties agree that they shall engage in friendly consultation and cooperatively

negotiate an appropriate price for water. Any payments required in the future 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 metering information and a detailed statement showing the basis of computation of payment.

18. Water Supply Facilities

- (a) Water supply facilities shall include, but not be limited to, the pumping stations, wells, dams, impoundments, pipelines, wastewater treatment, 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 practice and the laws of Afghanistan. The facilities may include, but are not limited to:
- (i) The pumping stations, wells, dams, impoundments, pipelines, wastewater treatment, other operating facilities: development of the water supply system may require the establishment of roads, bridges, or other transportation facilities;
 - (ii) Additional roads, including roads to provide access to MCC personnel;
 - (iii) A modern wireless communications system that complies with Ministry of Communication requirements;
 - (iv) In addition, the water supply system 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 land and all appurtenant structures shall be returned to the Government upon the expiration of this Water Supply Agreement.
- (b) All water supply system facilities and structures shall be the personal property of MCC and may be mortgaged, pledged or otherwise encumbered during the term of this Water Supply Agreement, with written notification to the Government, by MCC subject to the provisions relating to Assignment and to Termination, which are established in the Mining Contract and adopted and incorporated by reference into this Water Supply Agreement as an enforceable part of this Water Supply Agreement.

19. Control of Operations

MCC shall have full and effective control and management of all matters relating to the operation of the water supply system including the production and use of fresh water in accordance with sound, long-term policies. MCC may, subject to complying with the applicable requirements of the laws of Afghanistan the Mining Contract and this Water Supply Agreement and, receiving approval from the Government, make material expansions or modifications of the water supply facilities, and may add new facilities, as MCC shall consider necessary for the operation of the water supply system and the Aynak Copper Project. All such expansions, modifications, improvements, replacements, and additions shall be considered part of the water supply system of the Aynak Copper Project.

20. Land Use

Subject to the applicable laws and regulations of Afghanistan and the requirements of the Mining Contract and this Water Supply Agreement, for the duration of the Aynak Copper Project or such time period as may be agreed to by the Parties, to the extent not already established by the Mining Contract, MCC shall have the right to enter and utilize the surface of those areas identified as the water supply area as may be necessary for the construction and operations of roads, pumping stations, pipelines and water storage structures necessary for its activities and operations under this Water Supply Agreement. During the term of this Water Supply Agreement, MCC shall pay a nominal rent to the Government for its use of public lands calculated on a per hectare basis. With regard to private lands located in the water supply area, to the extent not already addressed in the Mining Contract, 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.

21. Water Supply System Security

The Parties acknowledge and agree that security responsibilities for all facilities and structures constructed and operated in accordance with this Water Supply Agreement shall be allocated between the Parties in accordance with the principles, terms and conditions established in the Aynak Security Agreement, which is adopted and incorporated by reference into this Water Supply Agreement. On this basis, the Government shall be responsible for security, including de-mining, in all areas outside of the water supply facility boundaries covered by this Water Supply Agreement. MCC shall be responsible for security inside the water supply facility boundaries. The Parties acknowledge and agree

that the Security Coordination Committee established by the Parties in the Aynak Security Agreement shall also review security matters associated with this Water Supply Agreement. The Parties further agree to establish an Operational Security Committee, if necessary, for the water supply area and facilities.

PART III – WATER SUPPLY SOCIAL AND SUSTAINABLE DEVELOPMENT COMMITMENTS AND OBLIGATIONS

22. Resettlement and Compensation Plan

MCC shall be required to compensate local residents adversely affected by development activities authorized by this Water Supply Agreement. 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 water supply 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 the Mining Contract.

23. Other Social and Sustainable Development Commitments and Obligations

The Parties acknowledge and agree that the social and sustainable development commitments made by MCC in the Mining Contract concerning housing, medical facilities, schools, entertainment and shopping, and the protection of religious belief shall be adopted and incorporated by reference into this Water Supply Agreement as an enforceable part of this Water Supply Agreement. The Parties further acknowledge and agree that compliance with the social and sustainable development commitments and obligations set forth in Part IV of the Mining Contract shall constitute compliance with the social and sustainable development commitments referenced in this Section of the Water Supply Agreement.

24. Government's and Third Parties' Right to Use Company's Facilities

MCC shall:

- (a) Allow the public and the Government of Afghanistan to use, free of charge, any roads constructed and/or maintained by MCC pursuant to this Water Supply

Agreement, however, that such use shall not unduly prejudice or interfere with MCC's operations hereunder;

- (b) Allow the Government of Afghanistan to have access over the water supply area, provided that such access does not unduly prejudice or interfere with MCC's operations hereunder.

PART IV – MISCELLANEOUS PROVISIONS

25. Duration

The Parties agree that this Water Supply Agreement will take effect immediately upon execution by the Parties. This Water Supply Agreement shall expire upon the expiration or termination of the Mining Contract, or as otherwise mutually determined.

26. Amendments

The Parties mutually agree that this Water Supply Agreement may be amended by the written consent of the Parties and will be revised as necessary.

27. Complete Agreement

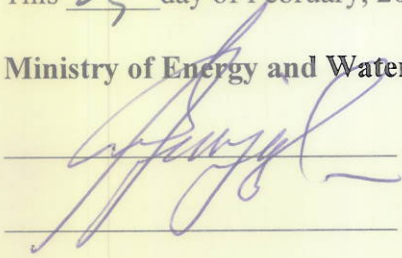
This Water Supply Agreement, consisting of the above Sections 1-27 constitutes the complete agreement of the Parties with respect to water supply matters for the Aynak Copper Project and shall become effective in accordance with the terms of this Water Supply Agreement. This Water Supply Agreement shall be executed in English in three (3) originals with each Party holding one (1) original and one in Dari. In the event that a dispute arises under this Water Supply Agreement, 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 Water Supply Agreement.



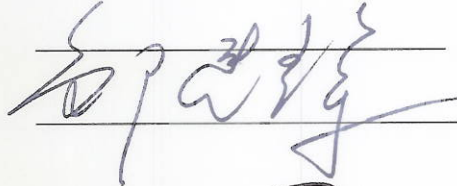
Agreed

This 23 day of February, 2009

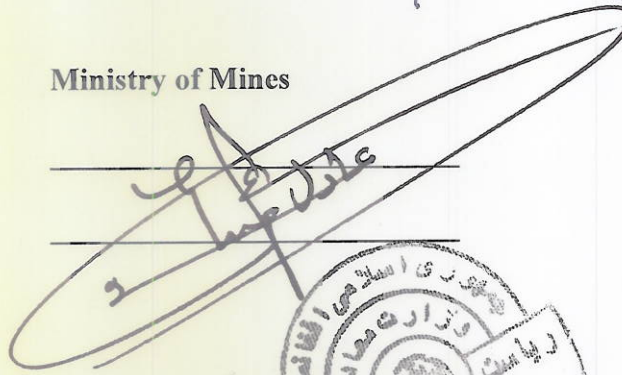
Ministry of Energy and Water



MCC-Jiangxi Copper Consortium



Ministry of Mines



APPENDIX 1
WATER SUPPLY AREA

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