



REPUBLIC OF EQUATORIAL GUINEA

Mining Application Guidelines

- 1 INTRODUCTION
- 2 MINERAL POTENTIAL SUMMARY
- 3 LEGAL & FISCAL DOCUMENTS
 - 3.1 Mining Law
 - 3.2 Model Contracts for Prospecting, Exploration, and Exploitation
 - 3.3 Fiscal Summary
 - 3.4 Areas Available
- 4 APPLICATION DOCUMENTS
 - 4.1 Applicant Details and Financial Information
 - 4.2 Technical Application Summary
 - 4.3 Health Safety Environment
- 5 SUBMITTING AN APPLICATION
- 6 EVALUATION CRITERIA
- 7 TECHNICAL DATA
- 8 FURTHER INFORMATION

1 INTRODUCTION

The Ministry of Mines and Hydrocarbons of Equatorial Guinea (the Ministry), invites companies active in the minerals industry, interested in participating in direct negotiations with the State for new mining contracts in the country. Applications are made in accordance with the Mining Law, Law No. 1/2019, which came into effect on 29 November 2019.

The Ministry of Mines hopes that licenses applied for by end September 2023 will be granted by December 2023.

2 MINERAL POTENTIAL SUMMARY

The Rio Muni area of Equatorial Guinea, illustrated below, offers a wide variety of mineral potential and an excellent opportunity to explore in an unexplored greenstone terrane. Research carried out throughout airborne geophysical survey flown over the entire country (2012), showed a high potential for **gold, PGE's, columbo-tantalite, base metals, diamonds, bauxite, heavy mineral, and iron ore (Fig. 1)**. This led to eight exploration licenses being awarded in the EG Ronda 2019, with one of them already signed as a gold Exploitation Contract. Data from this survey as well as the geological and geochemical data are available to assist companies in evaluating the minerals opportunities of Equatorial Guinea.

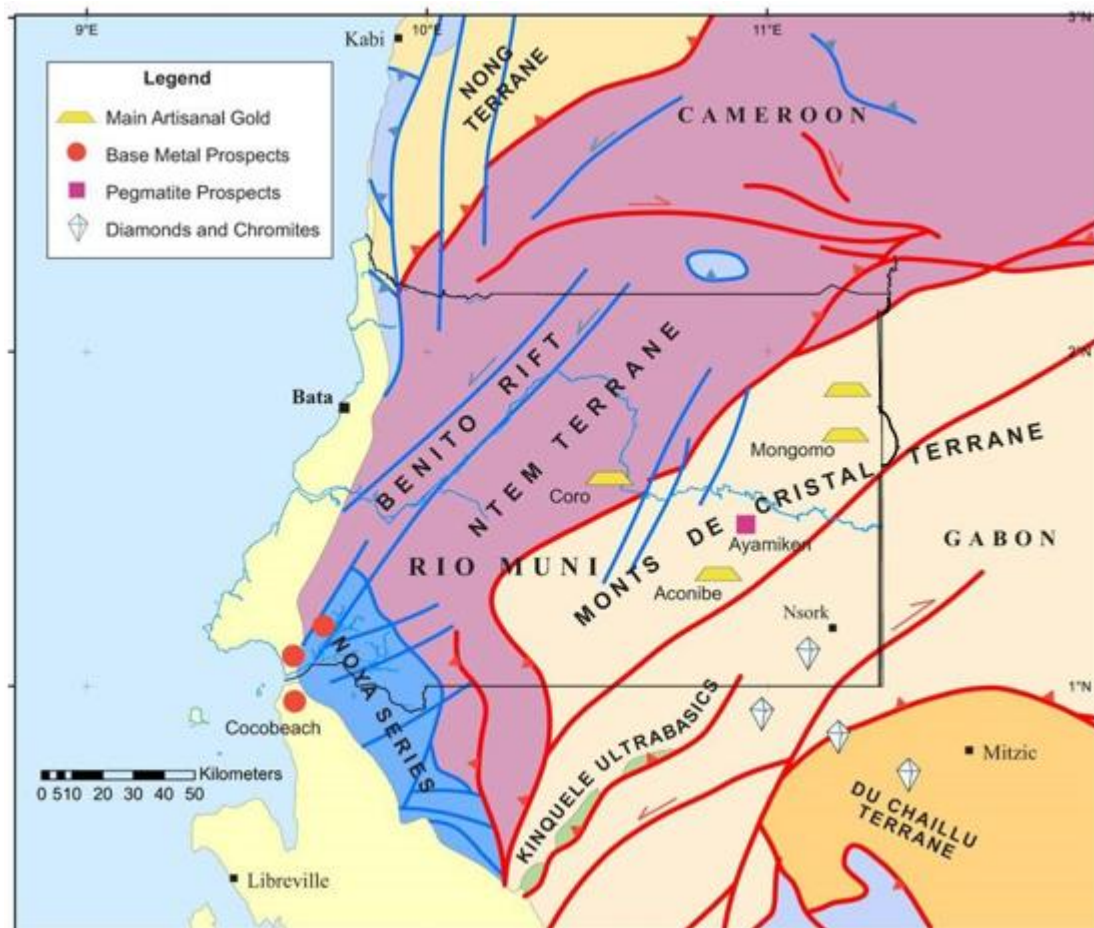


Fig. 1. Coro, Mongomo and Aconibe areas, where coarse grained alluvial gold is produced by artisanal miners.

Geological studies have found that coarse and angular alluvial gold occurs in association with quartz vein and lateritic material, indicating a proximal source. In the same way, large ultramafic dykes occur

in the SE of the Monts of Crystal Terrane, and these are assumed to be a continuation of the Kinguele complex in Gabon which contains notable PGE and Ni mineralization. The ratios of orthopyroxene over clinopyroxene, high MgO, Cr and Ni content, are like other regions that presents important PGE concentrations, such as Zimbabwe's Great Dyke.

The Nsork area, shows kimberlite indicator minerals that carries over from neighbouring Gabon area, where the Mitzic diamond kimberlite occurs only 40 km from the border.

Pegmatites occur throughout Rio Muni in NE direction forming structures, particularly in the north-western portion of Ntem and the eastern Aconibe region. In many localities pegmatites contain a significant Columbo-Tantalite (Coltan) mineralization. Both pegmatites and structurally controlled intrusive in Equatorial Guinea form drained upland areas which after deep tropical weathering has resulted in Bauxite formation, with Al₂O₃ grades over 50% have been recorded in occurrences in the north-west and south of the country.

3 LEGAL & FISCAL DOCUMENTS

3.1 Mining Law

All the mineral resources existing in the Republic of Equatorial Guinea belong to the State. The State, through the Ministry, wishes to promote and develop the mining sector.

The Mining Law of the Republic of Equatorial Guinea authorizes the Ministry to negotiate and sign contracts with national and foreign companies. Mining Law No. 1/ 2019 came into effect on 29th November 2019.

The Ministry is responsible, under the terms established in the Mining Law, for:

- Formulating and coordinating the policies and programs of the Government in the mining sector.
- Implementing the administrative procedures.
- Resolving and deciding on the issues under its responsibility.
- Enforce the provisions in the Mining Law and its applicable regulations.
- Negotiating and signing as many contracts, licenses or authorizations as may be necessary.

Mining Contracts (Mining Law No. 1/ 2019), are classified as follows:

1. Mineral Prospecting Contracts (Article 68)
2. Mineral Exploration Contracts (Article 70)
3. Mineral Exploitation or Production Contracts (Article 74)

Law No. 1/2019 and model contracts are available for download as PDF files from www.egronda.com. The Mining Law of 2019 allows the Ministry to select suitable qualified companies to act as contractors through a formal public bidding process and through direct negotiation. This document provides the guidelines for companies to submit applications for a Mining Contract for direct negotiation with the State.

3.2 Model Contracts for Prospecting, Exploration and Exploitation.

A summary of the model contract terms is provided below:

Mining Prospecting Contracts

The Mining Prospecting Contract allows the Contractor to acquire, evaluate, and interpret geological information, and all other data relating to the Prospect Area to evaluate mineral occurrences with a view to subsequent exploitation. The Contract provides the exclusive right to undertake all activities relevant to the search for and definition of specified mineral resources in a Prospect Area.

The Prospect Areas (up to 300 km²) are defined to permit more detailed technical and commercial evaluation of individual prospects. Mining Prospecting Contracts are granted for an initial period of three (3) years which may be extended for an additional one-year period.

Contractors who have satisfactorily fulfilled their contractual obligations in the prospecting phase and are interested in continuing the Mining Operations shall be entitled to the exploration phase automatically or progress directly to an exploitation phase (production) of a certain Contract area by signing the respective Exploration or Exploitation Contract.

Mining Exploration Contracts

Mining Exploration Contract allows the Contractor to acquire, evaluate, and interpret geological information, and all other data relating to the contract area to identify potential mineral occurrences that warrant a detailed evaluation for future exploitation.

The Mining Exploration Contract allows to contract areas for up to 150 km² (or 1,000 km² for diamond exploration) to be explored for up to two (2) years which may be extended for an additional one-year period. At any time, the Contractor may register specific Exploration Areas - and then relinquish the remainder of the license contract area.

Mining Exploitation (Production) Contracts

The Mining Contract is the legal instrument signed between the State and a Contractor to carry out mining operations or production in a certain area. The area of the Mining Exploitation or Production Contract is determined by the shape and extent of the deposit, as well as the area necessary for the mining facilities. (Article 75, Mining Law). Within twelve (12) months of the declaration of a Commercial Discovery, the Contractor shall submit the Development and Production Plan to the Ministry for review and approval (Article 60, Mining Regulations). By notifying the Contractor or Licensee within ninety (90) days after the submission of the Development and Production Plan, the Ministry may propose amendments or modifications to that Development and Production Plan, including the proposed Development and Production Area, establishing the reasons for the proposed amendments or modifications. The Exploitation License will be granted upon presentation of said program, which must include environmental management strategies. Mining Exploitation or Production Contracts are initially valid for a period not exceeding twenty (20) years but may be extended by mutual agreement and submission of an updated Exploitation Plan.

Several terms are common to all the Mining Contracts, including:

- Contractors are required to open a branch office in the Republic of Equatorial Guinea and keep it in existence during the term of the Contract. The local office shall be manned by at least one representative with enough authority to make decisions on behalf of the Contractor.
- All geological and mineral exploration data generated by the Contractor is deemed to be property of the State, and the Contractor is required to deliver a copy of the data to the Ministry as such data is generated including any interpretation work performed on such data.
- Contractors are required to deliver annual reports on activities and findings (these reports must include all new data generated during the annual work programs).
- During the Contract period, Contractors shall hire and train citizens of Equatorial Guinea under a program agreed with the Ministry.
- Arbitration provisions are established via the International Chamber of Commerce (ICC).
- The Contracts are subject to the Laws of Equatorial Guinea.

3.3 Fiscal Summary

There are three key fiscal elements to consider:

1. Taxes
2. Surface Rental Fees
3. Royalty

Taxes

The holders of the Mining Contracts, Licenses or Authorizations will be subject to the Tax Law of the Republic of Equatorial Guinea.

Non-resident entities are subject to 10% withholding tax on gross income derived from Equatorial Guinea.

A Corporate Income Tax rate of 35% on profits applies.

Surface Rental Fees

The holders of Mining Contracts, Licenses or Authorizations shall pay the following Surface Rental Fees as defined in Chapter II, Article 108, 2019 of the Mining Law at the following rates:

- a) Surface Area Fee for Prospecting Contract – US\$ 1 per hectare per year. It will be paid in advance and once a year during the Prospecting period.
- b) Surface Area Fee for Exploration Contract – US\$ 2.5 per hectare per year for all minerals. It will be paid in advance and once a year during the Exploration period.
- c) Surface Area Fee for Exploitation or Production Contract – US\$ 5 per hectare per year. It will be paid in advance and once a year during the exploitation period.

Royalty

In the exploitation / production phase, the contractor shall pay annually a minimum royalty to the State of 3 % from the first year of production, based on the Gross Market Value of the extracted mineral as stipulated in the respective Mining Contracts (Mining Law, Article 109).

3.4 Available areas

Subject to the Mining Law and Model Contracts, Applications are invited from interested companies and can be submitted for available areas in the Rio Muni region. Figure 2 shows the areas that are currently under Prospecting, Exploration or Exploitation contracts, as well as the areas open for new applications: "Available Areas". Applicants may define their own license extents, except that license boundaries must be in a north-south or east-west orientation and all coordinates must be submitted in WGS 84 / UTM 32N format, rounded to the nearest 1,000m.

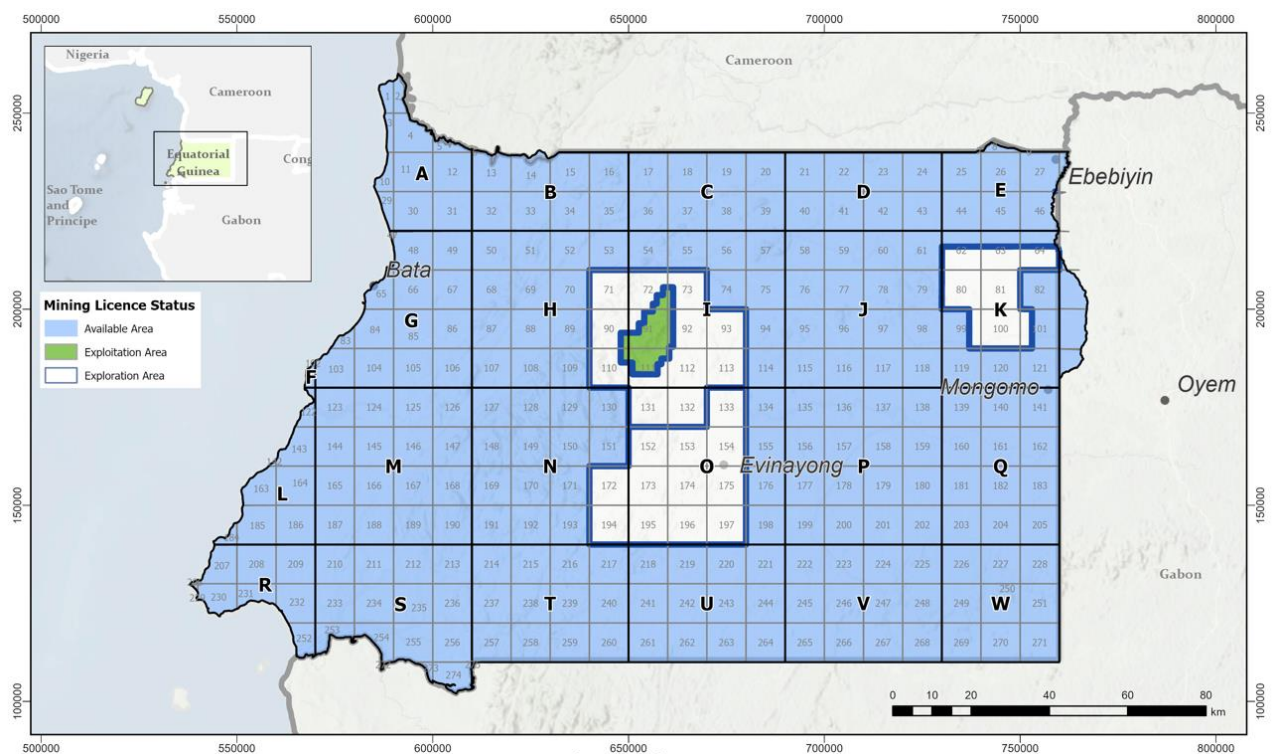


Fig. 2. Available areas.

4 APPLICATION DOCUMENTS

Applicants are requested to provide the following information (blank templates are available to download from the website (www.egronda.com)). Application documents should be duly signed by an authorized representative of the applicant company.

4.1 Applicant Details and Financial Information

The applicant should submit the following information:

- a) Their firm or business name.
- b) Place of formation, registration, and address of the main office.
- c) Accounts for the last three years or since inception if the investing company had been set up less than three years ago.
- d) Details of the company's and/or management's experience in the field of mineral exploration and production, including details of reserves and production.
- e) Details of court cases and arbitrations against over the last five years.
- f) Details of any previous and current business activities carried out in Republic of Equatorial Guinea.

All companies that wish to be a Contractor must provide the above information and be able to demonstrate:

- a) Competence and experience in the management and performance of mineral exploration and/or production operations.
- b) Technical and operational competence.
- c) The applicant should also submit any other relevant information relating to its experience in the performance of mining operations deemed relevant to support its application, namely in the areas of safety, environmental protection and employment, integration, and training of national staff.

4.2 Technical Application Summary

The Ministry expects that applicants have undertaken a technical review of the areas applied for, to justify its proposed work programs, and this should be demonstrated in its Technical Application which should include:

- For each Contract Area of interest, the applicant should submit its technical evaluation of the Area and a Work Program and Budget (outline for the duration of the contract with a more detailed technical program and budget for the initial 12-month period).
- For each Contract Area of interest define the mineral commodity or commodities of interest.
- The requested Contract Area should be formally defined by using a map reference at 1:100,000 scale for prospecting contracts, and 1:50,000 for exploration contracts with the geographic coordinates clearly indicated on the map in WGS 84 / UTM 32N projection.
- A clear statement on the target minerals sought should be included – with a proposed work program specifically designed to target the minerals specified.
- Evidence of financial capability / funds available to undertake the proposed work program.
- Proposals for hiring and training of citizens of Equatorial Guinea (draft program for agreement with the Ministry should application be successful)

4.3 Health, Safety and Environmental

Under the Mining Law, the holders of Mining Contracts, are required to undertake operations in accordance with good practices of the international mining industry, putting strong emphasis on environmental protection and reclamation.

Accordingly, with the Application, companies are required to submit:

- Applicant's Quality, Health, Safety and Environmental Policy Statement
- An outline plan for the protection and reclamation of the environment relating to the proposed field operations for each Contract Area.

In the case of applications for a Mining Exploitation Contract, companies will be required to submit further documentation to demonstrate competence in HSE management, including:

- Evidence of established and implemented QHSE Management System(s)
- QHSE certification(s) according to best international industry practice (e.g., ISO certification 9001, ISO 14001 and/or OHSAS 18001), with copies of certificates approved by the awarding official entities.
- A copy of Corporate Social Responsibility reports or initiatives for the past three (3) years.
- Management experience of past mining operations in environmentally sensitive areas.
- QHSE record of material events for the previous three (3) years including spills, site fatalities and injuries, major fires and explosions, mechanical/structural failures, emissions and waste, and main remedial efforts.

5 SUBMITTING AN APPLICATION

An Application Fee of \$2,000 is payable to the Ministry of Mines.

The Application Fee should be paid to the account below and marked with the applicant company name, directly to the National Treasury bank account:

Beneficiary: Tesoro Público de Guinea Ecuatorial

Bank: Banco de los Estados de Africa Central (BEAC)

Account Number: 60311101-6001

Swift Code: BEACGQGQXXX

Address: Malabo II, Malabo, Equatorial Guinea.

Correspondence bank: Banque de France (Paris) FR Swift code: BDFEFRPPCCT

Completed Applications It should be addressed to Ministry of Mines and Hydrocarbons of Equatorial Guinea and be submitted via email to: mining@egronda.com

A hardcopy of the Application can be submitted via courier to:

Perceptum Ltd,

33 Cavendish Square, Landmark, London, W1G 0PW, United Kingdom

c/o Ministry of Mines and Hydrocarbons of Equatorial Guinea

6 EVALUATION CRITERIA

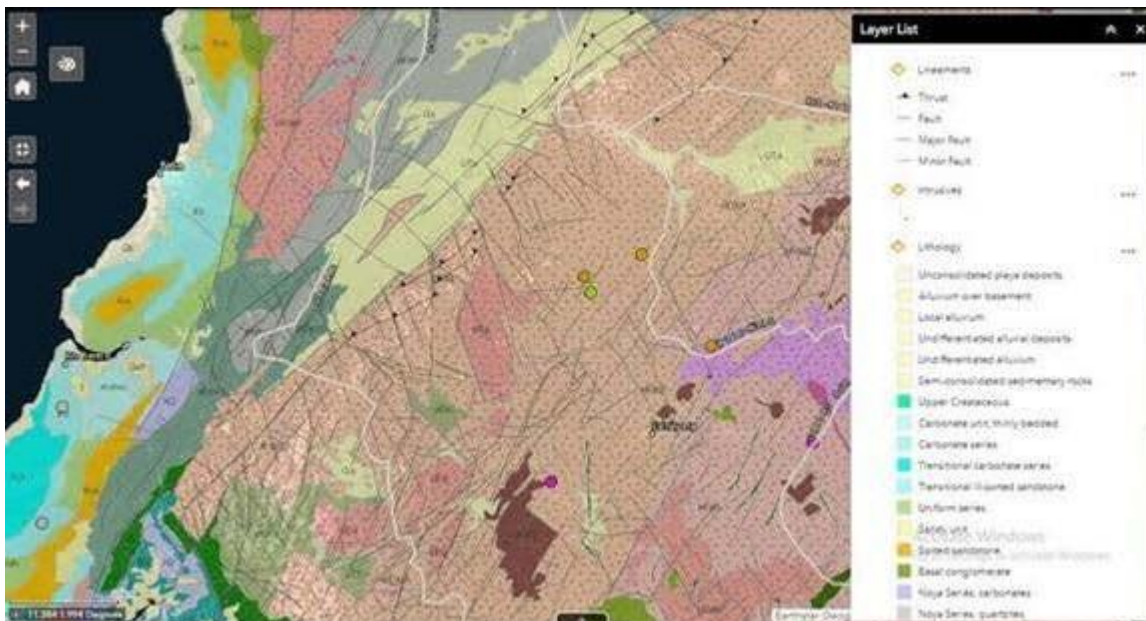
In accordance with the Mining Law, the Ministry will consider the following elements in its evaluation of Applications received.

1. Greater investment, speed, and effectiveness in the execution of the mining exploration program. This will be based on a review of the applicant's proposed technical work program and will be the element of highest importance when evaluating an application.
2. Better technical and financial conditions.
3. More extensive use of Equatorial Guinean personnel during operations, training, and technology transfer.
4. Higher level of safety and protection of the personnel, property, and equipment, as well as environmental protection and reclamation.

7 TECHNICAL DATA

The Ministry of Mines and Hydrocarbons maintains a comprehensive database of exploration works carried out since the 1970's including a library of reports and comprehensive GIS.

- Covers entire Rio Muni area.
- Create customized maps zoomed on areas of interest.
- Click through to see detailed metadata.



Data available:

- Geochemical data (Multi-element analysis)
- Rock samples (Mineralogical analysis)
- Geological and mineralogical maps
- Remote sensing images
- Reports

Companies wishing to view the minerals database may visit the Ministry's advisors, Perceptum Limited, who have offices at 33 Cavendish Square, Landmark, London, UK. W1G 0PW

8 FURTHER INFORMATION

For further information please visit the website www.egronda.com or email mining@egronda.com.
wmelendez@perceptumlimited.com