



**REPUBLIC OF EQUATORIAL GUINEA  
MINISTRY OF MINES AND HYDROCARBONS**

**CONTRACT FOR  
MINING EXPLOITATION LICENSE**

**BETWEEN**

**THE MINISTRY OF MINES AND HYDROCARBONS**

**AND**

.....

Contract No. METL20.... / xx

This contract is signed on ....., 20..., between the Ministry of Mines and Hydrocarbons of the Republic of Equatorial Guinea, represented by H.E. Mr....., Minister of Mines and Hydrocarbons, and .....A company created and registered under the laws currently in force of ..... (hereinafter referred to as “Contractor”), and represented herein by the representative ..... acting as (job title) ..... in the Company.

Hereinafter, the Ministry and the Contractor shall be referred to in the singular as “Party” and in the plural as “Parties.”

**Whereas**, all mineral resources existing in the Republic of Equatorial Guinea, both in the surface and underground, including all areas under water, belong to the State. The State, through the Ministry, wishes to promote and develop the mining sector and the Contractor wishes to partner with the Ministry and collaborate with it in the exploitation of the mining potential of a recently explored Prospective Area for its potential Exploitation. The Contractor has the financial capacity, technical skill, and scientific knowledge necessary to carry out the mining exploration, evaluation, and exploitation that are the object of this contract.

The Mining Law of the Republic of Equatorial Guinea ((Law No. 01/2019 dated November 29, 2019) authorizes the Ministry to negotiate and sign contracts with national and foreign companies.

By virtue of the agreements expressed in this contract, the Parties agree as follows:

## ARTICLE 1

### SCOPE AND DEFINITIONS

#### 1.1 SCOPE

This Contract is a Mineral Exploitation Contract that allows the Contractor to extract the mineral(s) for which the Exploration Area or the adjacent Prospect Areas were originally reserved. In this regard, the Contractor:

- i) is responsible before the Ministry for carrying out the exploitation of the mineral(s) in accordance with this Contract. Under this Contract, the Contractor is designated as an Operator in the Exploitation Area, for the duration of this Contract;
- ii) supplies all the equipment and staff necessary to carry out all the works necessary for the exploration program;
- iii) is responsible for all the costs and expenses necessary for the full and sensible implementation of the exploitation program and for any subsequent remediation that may be necessary after the cessation of exploitation.

## 1.2 DEFINITIONS

- **Type of Product:** for the purposes of this Contract, diamonds are considered a separate type of product from all other mineral products. The Contractor may exploit diamonds or all other mineral products as stated by signing the Contract for the original Prospecting Area within which the proposed Exploitation Area is now located. Only those products defined in Annex B of this Contract may be exploited under the conditions of this Contract.
- **Data:** all geological, geophysical, and mineral exploration data generated by the Contractor during the Contract period.
- **Effective Date:** is the date of ratification of the Contract by the Head of State.
- **Duration:** is the Exploitation License period, which shall not exceed twenty (20) years, subject to Ministry approval upon the submission of a comprehensive Exploitation Plan by the Contractor.
- **Exploitation Area:** is the area within the Exploitation Area and additional adjacent areas reserved, as deemed appropriate by the Ministry and defined within the Exploitation Plan, for the exploitation of the identified resource and for all necessary related activities, including the disposal of waste products and construction of plants, offices, and any other buildings.
- **Exploitation License:** an agreement ratified by the Ministry that gives the Contractor as well as agents and subcontractors identified by the Contractor the exclusive right to exploit a mineral resource identified within the agreed Exploitation Area and in full compliance with the Exploitation Plan as agreed by the Ministry.
- **Exploitation Plan:** a proposal submitted by the Contractor and approved by the Ministry for the exploitation of the mineral resource by the Contractor employing due diligence, due attention to the health and safety of all employees, and due attention to mitigating any environmental impacts, as well as all necessary remediation and rehabilitation practices during and after exploitation.
- **Evaluation:** all activities, including research, interpretation, modeling, geochemical and geophysical studies, trench digging, pitting, chemical analyses, and other field works necessary for the identification and determination of economically exploitable mineral occurrences.
- **Minerals:** any natural element or compound of non-biological origin, which has an ordered atomic structure and a characteristic chemical composition, physical properties, and crystalline form. Products not covered by this definition, but included as minerals for the purposes of this Contract, include limestone, dolomite, coal and lignite, opal.
- **Prospecting Area:** an area with a surface area that shall cover no less than one hundred (100) hectares for all minerals or more than thirty thousand (30,000) hectares for all minerals, including diamonds, identified by the Operator as having potentially exploitable minerals. Contiguous prospecting areas may be reserved subject to Ministry approval. The surface lease fee is paid annually, and the operator retains the land based on expenses and the work performed each year as approved by the Ministry.

- **Prospecting License:** an agreement ratified by the Ministry that gives the Contractor the exclusive right to carry out all the relevant activities for the search and definition of mineral resources in a Prospecting Area.
- **Relinquishment:** process by which the Operator selects parts of the Contract Area in which no additional exploration effort is warranted. The remaining redefined Contract Area must be attached as an annex to Annex A. The relinquished areas are no longer licensed to the Operator.
- **Royalty:** is the financial compensation paid to the State for the exploitation of mining resources or construction materials.
- **Surface Lease:** is the payment that Exploitation Contracts titleholders will pay to the General Treasury of the State. As defined in Article 108 of the Mining Law, the sum of One (5.00) [sic] US Dollars per hectare of the Contract Area shall be paid in advance and in one lump sum every year during the exploitation period.

## **ARTICLE 2**

### **EFFECTIVE DATE, RENEWAL, AND CANCELLATION OF THIS CONTRACT**

- 2.1 The Contractor may carry out the exploitation of mineral resources and any additional exploration activity necessary to define additional resources within the Exploitation Area (Annex A) in accordance with the agreed Exploitation Plan authorized by the Ministry (Annex B).
- 2.2 The Exploitation License will be granted for a period not to exceed twenty (20) years and in accordance with the agreed Exploitation Plan authorized by the Ministry (Annex B).
- 2.3 The Contractor may, at any time but no later than one year prior to the expiration of the Exploitation License, request the renewal of the License with respect to any or all of the Exploitation Area. The application must be accompanied by a new Exploitation Plan (Annex B), which will include a complete inventory of the current mineral resource.
- 2.4 The Contractor may, at any time but no later than one year prior to the expiration of the Exploitation License, request the extension of the area of the Exploitation Area by submitting to the Ministry an additional plan (Exploitation Plan - Extension) detailing in full the requirements, justification, and all other relevant factors.
- 2.5 The Ministry has the right to cancel this Contract by providing written notification to the Contractor at least thirty (30) days in advance if:
- a) The Contractor fails to pay any financial obligations under the Law or under this Contract within thirty (30) days after the regular due date established in this Contract;
  - b) The Contractor fails to fulfill the obligations defined in this Contract;
  - c) The contractor company is liquidated as a result of insolvency;

d) The Contractor has not begun any administrative or technical work activities within one hundred and eighty (180) days after the date of issuance of the Contract (Article 93 Mining Law).

e) The Contractor fails to carry out the Exploitation Plan agreed upon during the validity period.

2.6 If the Contractor is able to remedy the circumstances that led to the Cancellation of the Contract (as described in Section 2.5 above) within thirty (30) days from the written notification of the Cancellation, the Ministry will consider withdrawing the Cancellation Order.

2.7 If the circumstances leading to the Cancellation of the Contract (as described in Section 2.5 above) are the result of an event of Force Majeure (as defined in Section 9), the Ministry will suspend both the Cancellation Order and the time elapsed in the Contract until the situation caused by the event of Force Majeure has been resolved and the Contractor is able to resume the Contract.

2.8 The cancellation of the contract does not release the contractor from any obligations in force prior to the cancellation date.

2.9 This contract shall be deemed terminated in the following circumstances:

a) at the end of the Exploitation Contract's last year, where the Operator chooses not to request a renewal;

b) upon notification by the Contractor, at least thirty (30) days in advance, that the Contractor wishes to terminate the Contract early;

c) cancellation of the Contract by the Ministry (see Section 2.5).

In all cases, the Contractor shall demonstrate, to the Ministry's satisfaction, that all legal, financial, and other requirements of the Contract have been met before the termination date. According to clause (b) above, the Contractor shall demonstrate that the operations have been carried out with due consideration to mitigate any environmental impact and remain responsible for all necessary corrective and rehabilitation measures during and after exploitation.

### **ARTICLE 3**

#### **WORK SCHEDULE AND EXPENSES**

3.1 The Contractor is required to begin the activities, as approved by the Ministry and declared in the Exploitation Plan, within sixty (60) days of signing the Contract.

3.2 The Contractor shall only explore and evaluate the mineral product(s) specified in this Contract (Annex B).

3.3 The Contractor has the right to hire any personnel or subcontractor required to perform geological and other exploitation-related technical works, and it may only hire qualified personnel to perform the assigned tasks. Such personnel and subcontractors will be subject to the Laws of Equatorial Guinea. The Contractor shall notify the Ministry of the names and relevant professional

details of each and every subcontractor within fifteen (15) days after the subcontractor begins work.

3.4 The Contractor shall notify the Ministry at least ninety (90) days in advance if it intends to suspend the production of the site without the Exploitation License having expired, and must provide full reasons for such suspension.

3.5 Every year, the Contractor shall pay the General Treasury of the State a surface lease fee of five (5) US Dollars per hectare, no later than thirty (30) days from the effective date of the Contract. The Contractor shall have no right whatsoever to reimbursement of surface lease fees already paid.

3.6 As a result of the production of one or more minerals, the Contractor shall:

i) submit to the Ministry, on a monthly basis, complete details of all mineral production, specifying the mass and tenor (grade) in terms of metal or mineral content;

ii) provide to the Ministry, on a monthly basis, complete details of all mineral sales and revenues earned;

iii) Every year, the Contractor shall pay the State a minimum Royalty of 3% starting from the first year of production, on the Gross Market Value of the mineral extracted, available or sold, according to the type of mineral and in accordance with the percentages established in the production Contract.

The Ministry may negotiate a different Royalty only in exceptional cases.

## **ARTICLE 4**

### **RIGHTS AND OBLIGATIONS OF THE PARTIES**

4.1 Within thirty (30) days after the Effective Date, the Contractor shall open a branch in the Republic of Equatorial Guinea and keep it in force for the duration of this Contract. Said office shall be in charge of at least one representative with sufficient authority to make decisions on behalf of the Contractor.

4.2 The Contractor will develop the Exploitation Area and carry out all exploitation activities with due diligence and in full compliance with the Exploitation Plan approved by the Ministry.

4.3 The Contractor shall delimit the Exploitation Area and maintain said delimitation in the manner prescribed at all times.

4.4 The Contractor is required to submit an annual report of exploitation and related activities (Annex C) to the Ministry no later than sixty (60) days after the end of each year of this Contract, and no later than sixty (60) days after the termination of the contract.

4.5 The Contractor shall carry out all exploration, evaluation, and exploitation activities adhering to the best practices in the international mining industry. Among other requirements, this will

require that operations be carried out with due attention to the mitigation of environmental impacts and the Contractor remains responsible for all remediation and rehabilitation necessary during and after exploitation.

4.6 During the Contract period, the Contractor will hire and train citizens of Equatorial Guinea under a program agreed to with the Ministry.

4.7 The Contractor is responsible for seeking access directly with the owners. If no agreement is reached, the Ministry will facilitate as necessary and act as an intermediary.

4.8 In the event of any accidents on site involving serious bodily injury or death, the Contractor shall submit all the details to the Ministry within seven (7) days after said accident.

## **ARTICLE 5**

### **CONFIDENTIALITY**

5.1 The Parties agree that, during the term of the Contract, any information related to the mineral exploitation and production program within the Exploitation Area (the Data) shall be confidential and neither Party may disclose it without having mutual consent. The data is considered the property of the State. A copy of any newly acquired Data must be sent to the Ministry within 60 days after its acquisition. The Contractor may use the Data for free while they continue to hold the Exploitation License. The Ministry will not request the data or make it public until such time as the Contractor relinquishes its interest in the Contract Area.

5.2 Subject to the confidentiality obligations defined in paragraph 5.1 above, the Contractor may show, but not provide, the Data or Data derivatives:

- to the extent required by applicable law or the rules or regulations of any recognized stock exchange in which the shares of the Contractor or any of its affiliated companies are listed;
- if required for the purpose of any arbitration or legal proceeding or claim related to this Contract;
- to a potential good faith partner or investor in a Mining Contract to which the Contractor is a party or is considering requesting it;
- to a potential good-faith acquirer of the Contractor.

Any third party to whom the Contractor may show the Data and/or Data derivatives in accordance with this stipulation must sign an appropriate confidentiality agreement to protect the interests of the Contractor and the Ministry.

5.3 No third party other than a company affiliated with the Contractor may retain copies of the Data, data derivatives, or information related thereto, except for the following external service providers (subject to standard confidentiality obligations):

A. Consultants and reserve auditors

B. Processors

C. Storage contractors

5.4 The Ministry shall not disclose to third parties any information protected by patents or contractual agreements, or related to the Contractor's own technology.

5.5 This confidentiality clause shall in no way void the legal obligation of the State to deliver information to international financial institutions when required.

5.6 The disclosure to the media of information relevant to the mineral exploitation program by any of the Parties shall be done by mutual consent.

## **ARTICLE 6**

### **ARBITRATION**

6.1 In the event of any dispute between the Contractor and the [land] owners, the decision of the Minister shall be final, subject only to the Contractor's rights under Section 6.2 (below).

6.2 In the event of any dispute between the Ministry and the Contractor with respect to the interpretation or execution of the provisions of this Contract, the Parties shall put forth their best efforts to resolve said dispute in an amicable manner. If, within three (3) months after the date of notification of said dispute, the Parties have not reached an amicable agreement, the matter will be referred to Arbitration before the International Chamber of Commerce (ICC).

6.3 The seat of arbitration will be agreed to between the Parties, and if there is a failure to reach an agreement, it will be determined by the arbitrators. The language used during the arbitration proceedings will be Spanish and the applicable law will be the Law of the Republic of Equatorial Guinea, as well as the rules and practices of international law applicable in the matter. The arbitration tribunal shall consist of three (3) arbitrators, two (2) of which shall be appointed by each of the Parties, and the third, who shall act as President, appointed by the International Chamber of Commerce. No arbitrator shall be a national of the countries to which any of the Parties belongs. Any arbitration proceeding initiated in accordance with this agreement shall be carried out subject to the arbitration rules of the ICC in force at the time the proceeding is initiated. The arbitration award shall be final and binding on the Parties and may be executed immediately. Arbitration expenses shall be borne in equal parts by the Parties, subject to the tribunal's decision regarding sharing them. The Parties must comply with any conservation measures prescribed or recommended by the arbitration tribunal.

6.4 A request for arbitration shall result in the suspension of contractual provisions on the subject of the dispute, but not all other rights and obligations of the Parties under this Contract will be suspended.



**ARTICLE 7**  
**NOTIFICATION**

Any notification required or delivered by either Party to the other Party shall be deemed delivered upon the signature of the receiving party acknowledging receipt. These notifications shall be in Spanish and addressed to:

For the Ministry:

Ministerio de Minas e Hidrocarburos  
Malabo II  
Malabo, Bioko  
República de Guinea Ecuatorial

For the Contractor:

Notifications will be deemed delivered on the date the recipient receives them in accordance with the acknowledgment of receipt.

**ARTICLE 8**  
**GOVERNING LAW**

8.1 This Contract and the Exploitation carried out under the Contract shall be governed by the laws and regulations in force in the Republic of Equatorial Guinea.

8.2 The Contractor shall be subject at any time to the laws and regulations in force in the Republic of Equatorial Guinea.

**ARTICLE 9**  
**FORCE MAJEURE**

9.1 Any obligation or condition resulting from this Contract that any of the Parties is unable to fulfill, either in whole or in part, except with respect to any payments for which said Party is responsible, will not be considered a breach of this Contract if said failure to comply is caused by an event of Force Majeure, provided that, however, there is a direct cause and effect relationship between the breach and the event of Force Majeure invoked.

9.2 For the purposes of this Contract, an event shall be considered to be of Force Majeure if it meets the following conditions:

(a) It has the effect of temporarily or permanently preventing any of the Parties from complying with their obligations under the Contract; and

(b) It is unforeseeable, unavoidable, and outside of the control of the Party invoking Force Majeure, and is not the result of negligence or omission.

Such an event may include, without limitation, earthquakes, strikes, riots, insurrection, civil unrest, sabotage, acts of war, or acts attributable to war. The intention of the Parties is that the term Force Majeure be interpreted as defined under the principles and practice of the international mineral exploration industry.

9.3 If either Party is unable to meet any obligation or condition stipulated in this document due to an event of Force Majeure, it shall notify the other Party in writing as soon as possible and, in any case, no later than fourteen (14) days after the event, indicating the reason for the breach, details of the event of Force Majeure, and the obligation or condition affected. The Party affected by the event of Force Majeure shall keep the other Party informed from time to time about the evolution of the Force Majeure occurrence and will immediately notify the other Party as soon as the Force Majeure occurrence has been removed and no longer prevents it from complying with its obligation or condition, and shall then resume compliance with said obligation or condition as soon as possible.

9.4 Any obligations other than those affected by the event of Force Majeure shall continue to be fulfilled in accordance with the provisions of this Contract.

9.5 All obligations suspended as a result of the event of Force Majeure will be completed as quickly as possible, within a timeframe not greater than the time of the event of Force Majeure.

9.6 When the Force Majeure situation lasts more than ninety days, the Parties will meet to examine the situation and the implications for mineral exploitation, in order to establish the appropriate course of action for the fulfillment of contractual obligations under said Force Majeure circumstances. In such case, the term of the Contract shall be extended by the same length of time that the event of Force Majeure lasted.

## **ARTICLE 10**

### **FINAL AGREEMENT**

10.1 This Contract constitutes the final agreement between the State and the Contractor and replaces and substitutes any other agreements between the Parties, whether oral or written, drafted prior to the date of issuance thereof.

**ARTICLE 11**  
**EFFECTIVE DATE**

This Contract shall enter into force on the date on which it is ratified by the Head of State – referred to herein as the Effective Date – and shall be binding on the Parties.

In witness whereof, the Parties have signed this Contract in two (2) original and identical copies in Spanish.

**FOR THE MINISTRY OF MINES AND HYDROCARBONS OF  
THE REPUBLIC OF EQUATORIAL GUINEA**

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**FOR THE CONTRACTOR:**

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**ANNEX A**  
**CONTRACT AREA**

This Annex is attached to and forms an integral part of this Contract between the Ministry and the Contractor.

On the Effective Date, the initial Contract Area defines an area that is considered equal to approximately \_\_\_\_\_ hectares.

Said Contract Area is shown in the map attached to this annex. The map scale should be no less than 1: 50,000. The map is an integral part of this Contract between the Ministry and the Contractor.

The points (A, B, C, D, etc.) \_\_\_\_\_ indicated on that map are defined below:

Reference Points Coordinates

A

B

C

D

## ANNEX B

### MINERAL RESOURCES EXPLOITATION PLAN

This annex is attached to and forms an integral part of this Contract between the Ministry and the Contractor.

Mineral(s) to exploit: \_\_\_\_\_

Mineral resources data.

Following the international definitions of CMMI or JORC.

- Reserves: category, tonnage or volume, tenor in situ (grade), total recoverable mineral content.
- Resources: category, tonnage or volume, tenor in situ (grade).

Schedule

- Start date for establishing infrastructure.
- Expected duration of exploitation activities.

Duration of the license: \_\_\_\_\_

Exploitation Schedule

Schedule to include the following, as appropriate:

- Mining method(s) to be employed.
- Details of the recovery processes and plant and equipment to be used.
- Proposals for waste containment and disposal.
- Provision for the health and safety of employees.
- Provision for housing and related services.
- Details of the skills and experience of all senior staff who will participate in the exploitation program on a regular basis.
- Details and capabilities of all subcontracting companies that will be used on site.
- Details of capital investment, production costs, income forecasts, and discounted cash flow analysis (as deemed appropriate by the Ministry).

Environmental Management

- Environmental impact statement.
- Provision for rehabilitation and remediation during exploitation and at the end of exploitation.

Other exploration and evaluation work (general indications only)

- Geophysical studies
- Geochemical studies
- Trenches and pits
- Drilling
- Other works

## **ANNEX C**

### **MINING EXPLOITATION CONTRACT: ANNUAL REPORT**

This annex is attached to and forms an integral part of this Contract between the Ministry and the Contractor.

At the end of each Contract year, the Contractor shall submit a report about the exploitation and related activities carried out by the Contractor. The report must be submitted no later than sixty (60) days after the last day of the Contract year.

The Annual Report shall include the following:

#### **Mineral Resource**

Following the international definitions of CMMI or JORC.

- Total exploited resource: mass or volume (as applicable), mill head grade, total mineral(s) recovered.
- Reconciliation of reserves and resources: for all categories of reserves and resources.

#### **Financial Statements**

- Revenue generated by sales of minerals.
- Capital expenditures
- Labor and other costs.

#### **Exploitation and construction.**

Summary of all mining and excavation activities and construction works on site, accompanied by a detailed plan showing the distribution of excavations and constructions.

#### **Personnel**

- Workforce status: number of employees in all categories; changes in senior staff during the year.
- Health and safety: review of all accidents on site involving serious bodily injury or death, and a summary of any new procedures implemented to avoid repetition of such accidents. Also include the Contractor's policy on monitoring and management of workplace health and safety.