Application Guidelines
EGRonda 2019

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1 INTRODUCTION

The Ministry of Mines and Hydrocarbons of Equatorial Guinea (the Ministry) invites companies active in the minerals industry to participate in the 2019 MINING Licensing Round of the Republic of Equatorial Guinea (“EG Ronda 2019 Mining Round”). Applications are invited in accordance with the Mining Law, Law No. 9/2006, which came into effect on 3rd November 2006.

The end of the submission period for the EG Ronda 2019 Mining Round is the 30 June 2019. Subject to the number of Applications received, the Ministry hopes that the first round of Exploration and/or Prospecting Contracts will be granted during the second half of 2019.

2 MINERAL POTENTIAL SUMMARY

The mainland Rio Muni area of Equatorial Guinea, illustrated below, offers a wide variety of mineral potential and a rare opportunity to explore in an unexplored greenstone terrane with high potential for gold, PGE’s, columbo-tantalite, base metals, diamonds, bauxite, heavy mineral sands and iron ore. Limited exploration activities have been undertaken in recent years, with the most recent significant activity being the acquisition of an airborne geophysical survey flown in 2012. Data from this survey are available to assist companies in evaluating the minerals opportunities of Equatorial Guinea.
Coarse grained alluvial gold is produced by artisanal miners in many locations and particularly Coro, Aconibe and Mongomo. Alluvial gold is coarse and angular and occurs in association with vein quartz & lateritic material indicating a proximal source.

Large ultramafic dykes occur in the SE of the MDC terrane and are assumed to be a continuation of the Kinguele complex in Gabon that contains notable PGE and Ni mineralisation. The ratios of orthopyroxene over clinopyroxene, and high MgO, Cr and Ni content, is similar to that of important PGE regions such as Zimbabwe’s Great Dyke.

In the Nsork area, kimberlite indicator minerals have been identified indicating diamond potential carries over from neighbouring Gabon where the Mitzic diamondiferous kimberlite occurs only 40km from the border.

Pegmatites occur throughout Rio Muni in NE trending structures particularly in the north-western portion of Ntem and in the eastern Aconibe region. In many localities the pegmatites contain significant Columbo-Tantalite (Coltan) mineralisation. Both pegmatites and structurally controlled intrusives in Equatorial Guinea form drained upland areas which after deep tropical weathering has resulted in Bauxite formation, and 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 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 that may be necessary.

The Mining Law, the Mining Contracts are classified as follows:

1. Mineral Exploration Contracts
2. Mineral Prospecting Contracts
3. Mineral Exploitation or Production Contracts
Law 9/2006 and model contracts are available for download as PDF files from www.egronda.com. The Mining Law of 2006 allows the Ministry to select suitably qualified companies to act as Contractor via formal competitive tender process and through direct negotiation. This document provides the guidelines for companies to submit applications for a Mining Contract under the banner of the “EG Ronda 2019 Mining Round”.

3.2 Model Contracts for Exploration, Prospecting and Exploitation

A summary of the model contract terms is provided below:

**Mining Exploration Contracts**

Mining Exploration Contracts allow the Contractor to acquire, evaluate, and interpret geological, exploration, and all other information relating to the contract area to identify potential mineral occurrences that warrant detailed evaluation (via a Prospecting Contract) with a view to future exploitation.

Mining Exploration Contracts permit contract areas of up to 500 km² (or 1,000 km² for diamond exploration) to be explored for up to four years (an initial three-year period with a one year extension). At any time, the Contractor may register specific Prospect Areas - and then relinquish the remainder of licence contract area.

**Mining Prospecting Contracts**

The Mining Prospecting Contract allows the Contractor to acquire, evaluate, and interpret geological, exploration, and all other information relating to the Prospect Area in order that the Contractor may 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 smaller Prospect Areas (up to 250 km²) are defined to permit more detailed technical and commercial evaluation of individual prospects. Mining Prospecting Contracts are granted for an initial two-year period 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 enter automatically the exploitation (production) phase of a certain Contract Area by signing the respective Contract.

**Mining Exploitation (Production) Contracts**

The Mining Exploitation Contract is the legal instrument signed between the State and a Contractor to carry out the mining exploitation or production operations in a certain Area. The Area of the Mining Exploitation or Production Contract is determined by the configuration and extent of the field, as well as by the necessary areal extent for the mining facilities. The Contractor is responsible for the preparation of an Exploitation Plan. The final Exploitation Plan is to be approved within 60 days of contract signature.

Exploitation Licences will be granted upon submission of a mining programme (Exploitation Plan) that 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 updated Exploitation Plan.

A number of 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 such data with the Ministry as such data is generated.
- Contractors are required to deliver annual reports on activities and findings (these reports to include all new data generated during the annual work programmes).
- During the Contract period, Contractors shall hire and train citizens of Equatorial Guinea under a programme to be 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, as amended. Holders of Mining Production Contracts are exempt from Corporate Income Tax for the first three (3) years of production.

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 (payable one year in advance) as defined in Chapter II of the Mining Law at the following rates:

- **Surface Area Fee for Exploration Contract** – US$1 per hectare for all minerals shall be paid in advance and once a year during the exploration period (capped at US$10,000 per year).
- **Surface Area Fee for Prospecting Contract** – US$2.50 per hectare per year.
- **Surface Area Fee for Exploitation or Production Contract** – US$5 per hectare per year.
Royalty

In the exploitation / production phase, the Contractor shall pay annual Royalties to the State at the percentage negotiated and agreed in the Contract (negotiable, capped at a maximum royalty rate of 5%), starting during the first year of production, based on the Gross Market Value of the extracted mineral as stipulated in the respective Mining Contracts.

3.4 Areas Available

Subject to the Mining Law and Model Contracts, Applications are invited from interested companies and can be submitted for areas in the Rio Muni region, as illustrated below. Applicants may define their own licence extents except that licence 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.
4 APPLICATION DOCUMENTS

Applicants are requested to provide the following information (blank templates are available to download from the following website – www.egronda.com). Application documents should be duly signed by an authorised 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 of 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 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 must also be able to demonstrate:

a) To have competence and experience in the management and performance of mineral exploration and/or production operations;
b) To have 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 in order to justify its proposed work programmes, 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 Programme and Budget (outline for the duration of the contract with a more detailed technical programme 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 exploration contracts, 1:50,000 for prospecting contracts and with the geographic co-ordinates clearly indicated on the map in WGS / UTM 32N projection.
➢ A clear statement on the target minerals sought should be included – with a proposed work programme specifically designed to target the minerals specified.
➢ Evidence of financial capability / funds available to undertake the proposed work programme.

➢ Proposals for hiring and training of citizens of Equatorial Guinea (draft programme 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.

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 Publico 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 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,
450 Brook Drive, Green Park, Reading, RG2 6UU, 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 programme 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 large library of reports and comprehensive GIS.

All key GIS data now available on new data portal:

- Covers entire Rio Muni area
- Create customised maps zoomed on areas of interest
- Click through to see detailed metadata
Data available on GIS Portal:

- Over 12,500 geochemical analyses
- Geology
- Airborne Magnetics, Radiometrics and EM (Fugro 2012, total coverage)

A link to the GIS Portal is provided on the website [www.egronda.com](http://www.egronda.com).

In addition, companies wishing to view the minerals database may visit the Ministry’s advisors, Perceptum Limited, who have offices in 450 Brook Drive, Green Park, Reading, RG2 6UU, UK.

8 FURTHER INFORMATION

For further information on the EG Ronda 2019 Mining Round please visit the website [www.egronda.com](http://www.egronda.com) or email mining@egronda.com.