

**DRAFT**

4/20/2010 3:07

PM4/16/2010 6:51

**DRAFT OUTLINE:  
MODEL MINE DEVELOPMENT AGREEMENT**

Whereas, the Government owns all of the minerals, and

Because the Company has the expertise and desire to extract mineral resources,  
and

Recognizing the need to develop the resources in a manner that serves all of  
society and protects the human environment,

Now, therefore, the Government and the Company agree as follows:

1 Definitions and interpretation

1.1 Definitions

1.2 Interpretation

**TENURE**

2 Exploration

2.1 Exploration Tenure

2.1.1 Bonus Payment

2.1.2 Ongoing Rentals

2.2 Term

2.3 Conversion to Development Tenure

3 Development of Mining Area

3.1 Grant of Development Rights

3.1.1 Bonus Payment

3.1.2 Annual Rentals

- 3.2 Form of Mining Tenure
- 3.3 Rights Granted
- 3.4 Development Obligations
  - 3.4.1 Feasibility Study
  - 3.4.2 Environmental impact assessment and plan
  - 3.4.3 Social impact assessment and plan (Community development plan)
  - 3.4.4 Financing
  - 3.4.5 Applicability of IFC Performance Standards
  - 3.4.5 Construction
  - 3.4.6 Operations
  - 3.4.7 Suspension of Operations
- 3.5 Use of Existing Facilities
- 3.6 Infrastructure Development (Rail, roads, ports, airstrips)
- 3.7 Power and Water
- 3.8 Further Processing

**FINANCIAL**

- 4 Royalty and other duties
  - 4.1 Calculation of Royalty
  - 4.2 Production Statement
  - 4.3 Payment of Royalty
- 5. Customs Duties
- 6 Taxation

- 6.1 Income Tax
- 6.2 Value-added Taxes Project activities
- 6.3 Property Taxes
- 6.4 Taxes on Expatriate Employees
- 6.5 Withholding obligations
- 6.6 Provisions relating to other Taxes and Levies
- 6.7 Provincial Government taxation powers
  
- 7 Landowners/Local Government Royalty Sharing
  
- 8 Transparency and publication of Payments
  
- 9 Financing
  - 9.1 Financing Plan
  - 9.2 Approval of financing plan by Government authority
  - 9.3 Role of Government in financing
  - 9.4 Guarantees
  - 9.5 Rights of Lenders
  
- 10 Financial Records and Statements, Auditing, Accounting standards, and Currencies

## **RIGHTS AND OBLIGATIONS**

### **GOVERNMENT**

#### **Rights**

- 11. Access to project

12. Inspection of Books, Records and Information, Independent Audit
13. Ownership/equity interest
14. Appointment and removal of Directors
15. Sovereign Immunity (Limited Waiver)

**Obligations**

- 16 Government assurances and obligations
  - 16.1 Legislation to Approve Agreement
  - 16.2 Stabilization clause
  - 16.3 Legal title to minerals
  - 16.4 Government Development Obligations
  - 16.5 Government Obligations Re: Local Governments and Landowners
    - 16.5.1 Government obligation to respect and enforce agreements made between investor and local government/landowners
    - 16.5.2 Government obligations to resolve disputes between mineral investor and local government/landowners
- 16.6 Transfers of foreign currency
- 17 Fair and Economical Project Operation
  - 17.1 Non-Discrimination
  - 17.2 Non-Cancellation
  - 17.3 Non-Interference
  - 17.4 Non-Expropriation
18. Permits
19. Immigration
20. Infrastructure
  - 20.1 Electricity

- 20.2 Water
- 21. Relocation of residents
- 22. Skills Training

## **COMPANY**

### **Rights**

- 23 Marketing of Minerals
- 24 Affiliated Company Transactions
- 25 Company staffing rights
- 26 Foreign and Domestic Bank Accounts/repatriation of funds
- 27 Currency exchange
- 28 Transfer of Funds and Maintenance of Foreign Bank Accounts

### **Obligations**

- 29 Local Goods and Services
  - 29.1 Local Preference – procurement and capacity building for procurement
  - 29.2 Importation
- 30 Employment and Training of local citizens
  - 30.1 Minimum employment levels
  - 30.2 Local training and capacity enhancement
- 31 Environment and Social Plan
  - 31.1 Environmental Plan
  - 31.2 Social Plan
  - 31.3 Monitoring and Compliance

- 33 Mine Closure/Post-Closure Obligations
- 34 Insurance
- 35 Joint Planning and use of Infrastructure
- 36 Surface rights
- 37 Grievance Mechanism for Host Country Citizens
- 38 Forum for Claims and Disputes of Host Country Citizens

**CONTRACTUAL TERMS**

- 38 Assignment
  - 38.1 Affiliated Company assignment.
  - 38.2 Third party assignment.
  - 38.3 Release.
- 39 Confidentiality
  - 39.1 Definition.
  - 39.2 Obligations.
  - 39.3 Transparency and Free Information.
  - 39.4 Relationship to Extractive Industries Transparency Initiative (or Aarhus Convention)
- 40 Force Majeure
  - 40.1 Definition
  - 40.2 Obligations of party in event of force majeure
  - 40.3 Extension of Agreement
  - 40.4 Negotiation in event of force majeure
- 41 Co-operation and Arbitration

- 41.1 Co-operation.
- 41.2 Arbitration.
- 41.3 Limited waiver of sovereign immunity.
- 42 Surrender and Termination
  - 42.1 Surrender
  - 42.2 Termination by the Government
  - 42.3 Termination by Mining Company
  - 42.4 Retention of assets on Surrender, Expiration or Termination by the Government
  - 42.5 Books and Records
  - 42.6 Effective date
  - 42.7 Obligations following expiration, surrender or termination
  - 42.8 Default and Remedies
- 43 Notices
  - 43.1 Designated official
    - To [GOVERNMENTAL ENTITY]:
    - To [Company]
  - 43.2 Change of Address.
  - 43.3 Delivery Methods.
  - 43.4 Effective Time of Delivery.
- 43 Applicable Law.
- 44 Periodic Review.
  - 44.1 Modification and Review..

44.2 Good Faith.

45 Ancillary provisions

45.1 Entire agreement.

45.2 Survival of Certain Provisions

45.3 Amendment.

45.4 Severability.

45.5 Limitations on waiver.

45.6 Indemnification:  
by company  
by government

45.7 Bribery.

45.8 Conflicts of Interests

45.9 Governing Language.

45.10 Further Acts.

45.11 Duplicate Originals.

45.12 Representations and Warranties.

45.13 Relationship to Community Development Agreement.