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
   3.4.6 Construction
   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

32.2 Social Plan

32.3 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.