

THIS AGREEMENT is made the.....day of.....20...
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (hereinafter called “the Government”) acting by, the Minister of Lands and Natural Resources (hereinafter called “the Minister”) of the one part and with registered address at
.....
(hereinafter called “the Company”) of the other part.

WHEREAS:

- A. It is Government’s policy to take all such steps as it deems appropriate and effective for promoting prospecting for gold, diamond and base metals throughout the Republic of Ghana and for mining to ensure that optimum benefits accrue to the nation from the exploitation of its mineral resources; and
- B. In pursuit of this policy Government desires to secure the co-operation of companies which possess the necessary financial, technical and human resources for carrying out mineral operations; and
- C. The Company is desirous of undertaking the mineral operations in furtherance of Government’s policies and in accordance with applicable laws and regulations; and
- D. The Company therefore warrants that it has the financial, technical and human resources required for undertaking the mineral operations and has declared itself willing to engage in exploration in Ghana on the understanding that it shall bear the risk of the operations on its own account and upon establishing to the satisfaction of the Government that there are good prospects for undertaking commercial mining operations may apply for and be granted a mining lease subject to the provisions of the Minerals and Mining Act, 2006, (Act 703).

NOW THIS AGREEMENT WITNESSES AS FOLLOWS:

1. GRANT OF PROSPECTING LICENCE

The Government hereby grants unto the Company the right and licence to prospect for and prove **gold** under or in the area described in the Schedule hereto and shown on the map which forms part of this Agreement (hereinafter called “the Licensed Area”) excluding any parts which shall be relinquished from time to time for a term of **THREE (3) YEARS** from the date of this Agreement with a right of extension as hereinafter provided.

2. RIGHTS OF THE COMPANY

- a. The Company shall have the right to conduct such geological and geophysical investigations in the Licensed Area as it considers necessary to determine an adequate quantity of geologically proven and mineable reserve of gold.
- b. The Company may exercise all or any of the rights and powers granted under this Agreement through agents, independent contractors or sub-contractors.
- c. Nothing contained in this Agreement shall be deemed to permit the Company to dispense with the necessity of applying for and obtaining any permit or authority, which the Company may be required by law or regulation to obtain in respect of any works or activities to be carried out under this Agreement.

3. RIGHTS OF THIRD PARTIES

- a. The Government reserves the right to grant licences to third parties for prospecting or to enter into Agreements for the production of minerals other than gold in the Licensed Area, provided that any such activity shall not unreasonably interfere with the rights granted to the Company hereunder.
- b. The Company shall not hinder or prevent members of the local population from exercising their customary rights and privileges in or over the Licensed Area, including the right to hunt game, gather firewood for domestic purposes, collect snails, till and cultivate farms; and observe rites in respect of groves and other areas held to be sacred.
- c. Where the exercise of these customary rights and privileges unduly interferes with or obstructs the operations of the Company, the Company shall make arrangements with members of the local population for the limitation or waiver of such rights and privileges, such arrangements where necessary to include the payment of compensation in accordance with section 72 to 75 of Act 703.

4. CONDUCT OF OPERATIONS

- a. The Company shall conduct all of its operations in accordance with the applicable laws in force at any time, including in particular the laws and regulations on minerals and mining and environmental protection.
- b. The Company shall conduct all of its operations with due diligence, efficiency safety, and economy to the maximum extent possible consistent

with good mining industry practice and in a proper workmanlike manner observing sound technical and engineering principles and practices, using appropriate modern and effective equipment, machinery, materials and methods and ensure protection of the environment.

- c. The Company shall maintain all equipment in good repair and all pits and trenches and all excavated areas in safe and good condition and take all practicable steps:
 - i. to prevent damage to adjoining farms and villages;
 - ii. to avoid damage to trees, crops, building, structures and other property in the Licensed Area;

Provided that for any such damage that is unavoidable the Company shall pay fair and reasonable compensation in accordance with section 72 to 75 of Act 703.

- d. The Company shall not conduct any operations in a sacred area and shall not without the prior written consent of the Minister conduct any operations:
 - i. within 100 metres of any forest reserve, river, stream, building, installation, reservoir, dam, public road, railway or area appropriated for a railway; or
 - ii. within 300 metres of a pylon; or
 - iii. in an area occupied by a market, burial ground, cemetery or within a town or village or an area set apart for, used, appropriated or dedicated to a public purpose.
- e. The Company shall provide and maintain in good repair and condition proper roads, gates, stiles and fences for the convenient occupation of the surface of the Licensed Area.
- f. The Company shall comply with the provisions of the Minerals and Mining (General) Regulations, 2012 (L.I. 2173) in relation to the engagement of expatriates, recruitment and training of Ghanaians, and procurement of local goods and services.

5. WORKING OBLIGATIONS

- a. The Company shall commence prospecting operations within three months from the date of this Agreement.
- b. The Company shall use modern geological, geophysical and other methods normally associated with prospecting operations in the Licensed Area with a view to establish the existence of gold in commercial quantities.
- c. The Company, having prior to the commencement of this Agreement submitted its work programme to the Government, shall carry out its

operations in accordance with the Work Programme (attached as Appendix A) and the Minerals Commission shall from time to time inspect the operations to ensure that the Company does so.

- d. The Company shall diligently continue to carry out its operations and shall spend as actual direct prospecting expenditure not less than the minimum amounts specified in the Work Programme.
- e. The Company shall spend the minimum amounts stipulated in the Work Programme to be spent for the period of this Agreement and if at the expiration or termination of the Agreement the Company has not expended the stipulated minimum expenditure, it shall be liable to pay to the Government within 30 days from the date of the expiration or termination of the Licence, the difference between the amounts actually expended and the minimum expenditure stipulated in the Work Programme for the period of the Agreement.
- f. If the Company proves to the reasonable satisfaction of the Minister that gold mineralisation does not exist in sufficient quantities in the area to warrant completion of the Work Programme, the Company shall not be liable to pay to the Government monies in respect of the minimum expenditure.

6. NOTIFICATION OF DISCOVERY OF OTHER MINERALS

The Company shall report any discovery of other minerals in the Licensed Area immediately to the Minister, the Chief Executive Officer of the Minerals Commission, and the Director of Ghana Geological Survey, and the Company shall be given the first option to prospect further and to work the said minerals subject to satisfactory arrangements between the Government and the Company.

7. SAMPLES

- a. The Company shall not during the currency of this Agreement remove, dispose of or destroy, except in analyses, any cores or samples obtained from the Licensed Area without the prior written consent of the Director of Ghana Geological Survey and the Chief Executive Officer of the Minerals Commission.
- b. The Company shall provide the Director of Ghana Geological Survey and the Chief Executive Officer of the Minerals Commission with such samples from the Licensed Area as they may from time to time reasonably request.
- c. All cores and samples obtained from the Licensed Area shall be delivered to the Director of Ghana Geological Survey on the termination of this Agreement and in the event of the Company not obtaining a mining lease.

8. RECORDS

- a. The Company shall maintain at its registered office copies of the following:
 - i. full and complete records and books of account relating to the prospecting programme in Ghana.
 - ii. the detailed records and results of analyses or all investigations, surveys and other tests conducted pursuant to the Work Programme and the provisions of this Agreement.
- b. The records referred to in the foregoing paragraph shall include copies of all geological, geophysical and geochemical investigations, relating to the Licensed Area and all maps, drawings and diagrams pertaining to these records.
- c. The records shall be made available for inspection upon request at reasonable times to the Chief Executive Officer of the Minerals Commission and shall be retained in Ghana unless removed with Government's consent.
- d. Failure to keep the records and to produce them for inspection upon receipt of reasonable notice may be considered just cause for the termination of this Agreement.
- e. Copies of the records shall be delivered to the Chief Executive Officer of the Minerals Commission on the termination of this Agreement and in the event of the Company not obtaining a mining lease in respect of the Licensed Area.

9. REPORTS

- a. The Company shall furnish to the Chief Executive Officer of the Minerals Commission and the Director of Ghana Geological Survey not later than the 15th day of each third month, a report giving a general description of the work done by the Company in the preceding quarter and containing a description accompanied by a sketch plan of the areas where gold and any other minerals were found, particulars of the type of minerals found and the number and weight of samples taken, if any.
- b. The Company shall furnish to the Chief Executive Officer of Minerals Commission and the Director of Ghana Geological Survey not later than sixty days after the end of each calendar year, an Annual Report in such form as may be prescribed by the Minerals Commission.
- c. All records, reports, plans and information which the Company is required to supply to the Government and its agents pursuant to the provisions of this Agreement shall be supplied at the expense of the Company.
- d. Any information or material supplied by the Company to the Government pursuant to the provisions of this Agreement and agreed by the parties to

be confidential shall be treated by the Government, its officers and agents as confidential and shall not be revealed to third parties except with the consent of the Company (which consent shall not be unreasonably withheld) for a period of 12 months with respect to technical information and 36 months with respect to financial information from the date of submission of such information. The Government and persons authorised by the Government may nevertheless use any such information received from the Company for the purpose of preparing and publishing reports or analyses relating to minerals in Ghana.

10. FINANCIAL OBLIGATIONS

- a. The Company shall pay all fees and charges as provided under applicable laws and regulations.
- b. In accordance with section 23 of Act 703 the Company shall pay an annual ground rent to the Office of the Administrator of Stool Lands. Payment of this amount shall be made yearly in advance, the first year's payment having been made on or before the issue of this Agreement.
- c. The Company shall pay an annual mineral right fee in accordance with section 24 of Act 703 and the applicable provisions of the Minerals and Mining (Licensing) Regulations, 2012 (L.I. 2176), payable in advance not later than one month before each anniversary of the Licence.

11. ASSIGNMENT, MORTGAGE, ETC

- a. The Company shall not transfer, assign, or mortgage an interest in the Licence, or enter into an option or joint venture agreement in respect of the Licence, or deal in the Licence in any manner without the prior written consent of the Minister.
- b. The Minister may impose such conditions on the giving of such consent as it thinks fit.

12. SURRENDER

- a. The Company may surrender all its rights in respect of all or any part of the Licensed Area in accordance with regulations 158 to 167 of L.I. 2176.
- b. The Company shall be relieved of all obligations in respect of the part or parts of the Licensed Area surrendered except those obligations which accrued prior to the effective date of surrender.
- c. The Company shall leave the part of the Licensed Area surrendered and everything in the Licensed Area in a safe condition, and shall take all reasonable measures to restore the surface of such part of the Licensed Area surrendered and all structures which are not the property of the

Company to their original condition. In the event that the Company fails to do so, the Chief Executive Officer of the Minerals Commission shall make such part and everything thereon safe at the expense of the Company.

13. EXTENSION OF TERM OF LICENCE

- a. If the Company applies in accordance with regulation 104 of L.I. 2176 not less than ninety days before the expiration of this Agreement for an extension of the term of the Licence and if the Company is not in default at that time in the performance of any of its obligations under this Agreement or any laws, the Company may, subject to the provisions of the law, be granted an extension for a period not exceeding three (3) years upon such terms and conditions as the parties may agree subject to applicable laws
- b. The Company shall, prior to the expiration of the initial term, surrender not less than half the number of blocks of the Licensed Area so long as a minimum of one hundred and twenty-five blocks remain subject to the licence.

14. TERMINATION BY THE GOVERNMENT:

- a. The Government may terminate this Agreement if any of the following events occur:
 - i. the Company fails to make any payments as required under this Agreement or under any laws including Act 703 and L.I. 2176 by the due date;
 - ii. the company's actual expenditure on the prospecting operations is not in accordance with the stipulated expenditure in the Work Programme;
 - iii. the Company is insolvent or bankrupt or enters into any agreement or scheme of composition with its creditors or takes advantage of any law for the benefit of debtors or goes into liquidation, whether compulsory or voluntary, except for the purposes of reconstruction or amalgamation;
 - iv. the Company knowingly submits any false statement or gives false information to the Government in connection with this Agreement;
 - v. the Company fails to conduct the prospecting operations according to the Work Programme;
 - vi. the Company fails to submit reports on the prospecting operations for more than 90 days after the reports are due;
 - vii. the Company contravenes or fails to comply with any other condition of this Agreement.
- b. The procedure provided in regulations 168 to 170 of LI 2176 shall be applicable following any of the above events of breach.

- c. Upon termination of this Agreement by the Government, every right of the Company under this Agreement shall cease (save as specifically otherwise provided in this Agreement) but subject nevertheless and without prejudice to any obligation or liability imposed or incurred under this Agreement or applicable law prior to the effective date of termination.
- d. No delay or omission or course of dealing by the Government shall impair any of its rights under this Agreement or be construed to be a waiver of an event specified in paragraph (a) of this clause or an acquiescence therein.

15. ASSETS ON TERMINATION OR EXPIRATION

- a. Upon expiration or termination of this Agreement, the Company shall within 21 days after the expiration or termination remove from the Licensed Area any structures and installations erected and any movable property brought into the Licensed Area and deliver to the Minerals Commission in hard copy and in electronic form all records, samples, plans, maps, analyses and other data maintained prior to the termination of the Agreement.
- b. Any installation or movable property not removed by the Company within 21 days after the termination of this Agreement shall vest in the Republic.
- c. Nothing in this Agreement removes or diminishes any obligation that the Company may have under this Agreement, Act 703, L.I. 2176 or another enactment to rehabilitate the land.

16. COMPANY'S OBLIGATIONS ON TERMINATION

- a. Upon termination or expiration of this Agreement, the Company shall leave the Licensed Area and everything in the area in good condition, having regard to ecological, drainage, reclamation, environmental protection, and health and safety requirements. In this connection, the Company shall fill up or fence and make safe all holes and excavations to the reasonable satisfaction of the Chief Inspector of Mines. In addition the Company shall take all reasonable measures to leave the surface of the Licensed Area in usable condition. In the event that the Company fails to do so, the Minister shall restore and make safe the Licensed Area at the expense of the Company.
- b. The Company shall have the right to enter upon the Licensed Area for the above-mentioned purposes, subject to the rights of surface owners or others, for a period of not exceeding six (6) months from the effective date of the termination or such longer period as the Minister may determine.

17. FORCE MAJEURE

- a. Failure on the part of the Company to comply with any of the terms and conditions of this Agreement (except the obligations to make payment of monies to the Government) shall not be grounds for cancellation or give the Government any claim for damages in so far as such failure arises from force majeure, the Company having taken all appropriate precautions due care and reasonable alternative measures with the objective of avoiding such failure and of carrying out its obligations hereunder. The Company shall take all reasonable measures to remove such inability to fulfill the obligations under this Agreement with the minimum of delay.
- b. For purposes of this clause, force majeure includes acts of God, war, insurrection, earthquake, storm, flood or other adverse weather condition but shall not include any event caused by a failure to observe good industry practices or by the negligence of the Company or its employees or contractors.
- c. The Company shall notify the Minister within twenty-four hours of an event of force majeure affecting its ability to fulfill the terms and conditions of this Agreement.
- d. The period of this Agreement shall be extended for a period of time equal to the period or periods during which the Company was affected by conditions set forth in paragraph (b) of this clause, but not to exceed six months in the aggregate.

18. PAYMENT IN FOREIGN EXCHANGE

- a. All foreign exchange transactions shall be in accordance with the laws of Ghana.
- b. Subject to paragraph (a) of this clause the Company shall, during the term of this Agreement and so long as it does not derive any revenue from its operations hereunder, finance such operations in the following manner:
 - i. By converting to Ghana currency through authorized dealers such amounts of foreign currency as will be sufficient to cover the Company's operating expenses required to be paid in Ghana currency including any payments to the Government and third parties provided that the terms of any loans obtained abroad for the company's operations shall be in conformity with current laws and regulations as well as international commercial and monetary conditions.
 - ii. By directly purchasing and/or hiring abroad in accordance with Regulations 1 and 2 of the Minerals and Mining (General) Regulations, 2012 (L.I. 2173) as is necessary for conducting the prospecting

programme with its foreign currency funds and importing to and/or using in Ghana freely and without restrictions such machinery, equipment materials and services of any nature whatsoever as will be required by the Company for its operations hereunder.

- c. The Company may be required to pay all its rentals and other licensing fees to the Government in US dollars or other freely convertible currency, or such currencies as shall be specified by the Bank of Ghana.
- d. All conversions of currency shall be made at the prevailing official rates of exchange.

19. MINING LEASE

If upon the expiration of this Agreement the Company has carried out its obligations under the Agreement to the satisfaction of the Government and has successfully established to the Government that the development of a mine from ore reserves established within the Licensed Area is economically and financially feasible, then the Company shall have the first option to (i) acquire a lease for the purposes of mining in the Licensed Area, and (ii) participate in a mining project in the Licensed Area subject to application for a mining lease in accordance with Act 703.

20. NOTICE

Any application, notice, consent, approval, direction, or instruction provided under this Agreement shall be in writing and shall be served by hand or by registered mail. Delivery by hand shall be deemed to be effective when made, and delivery by registered mail shall be deemed to be effective at such time as it would in the ordinary course of registered mail be delivered to the addressee.

21. ARBITRATION

Subject to the provisions of this Agreement, if any time during the continuance of this Agreement or after its termination any question or dispute shall arise regarding the rights, powers, duties and liabilities of the parties, such question or dispute shall be referred to arbitration in accordance with the Alternative Dispute Resolution Act, 2010 (Act 798).

22. GOVERNING LAW

This Agreement shall be governed by, construed and interpreted in accordance with the laws of Ghana.

23. HEADINGS

The headings given to clauses in this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.

THE SCHEDULE ABOVE REFERRED TO:

All that piece or parcel of land containing an approximate area of 102.69km² lying to the North of Latitudes 6° 38' 00"N, 6° 38' 30"N, 6° 39' 30"N and 6° 41' 00"N; and to the South of Latitudes 6° 42' 45"N, 6° 43' 00"N, 6° 43' 15"N, 6° 43' 30"N, 6° 43' 45"N, 6° 43' 15"N and 6° 41' 15"N; and to the East of Longitudes 2° 57' 00"W, 2° 56' 45"W, 2° 54' 00"W, 2° 52' 45"W and 2° 51' 15"W; and to the West of Longitudes 2° 52' 30"W, 2° 52' 00"W, 2° 49' 45"W, 2° 48' 45"W, 2° 48' 30"W, 2° 49' 15"W, 2° 50' 00"W and 2° 50' 45"W; in the Bia West District and Asunafo North Municipality of the Western and Brong Ahafo Regions respectively of the Republic of Ghana which piece or parcel of land is more particularly delineated on the plan annexed hereto for the purposes of identification and not of limitation.

IN WITNESS of which the Parties have respectively executed the original and counterparts of this Mining Lease on the date first above written.

SIGNED, SEALED AND DELIVERED
ON BEHALF OF THE REPUBLIC OF GHANA:

By, Minister for Lands and]
Natural Resources, for and on behalf of the]
Government of Ghana who by his execution]
warrants to the other party that he is duly]
authorised and empowered to enter into this]
Agreement.]

IN THE PRESENCE OF:

SIGNED, SEALED AND DELIVERED:

By,]
Managing Director of]
who by his execution warrants to the other party that he is]
duly authorized and empowered to enter into this Agreement.]

IN THE PRESENCE OF:

.....
DIRECTOR/SECRETARY

APPENDIX A

WORK PROGRAMME

OATH OF PROOF

I of Minerals Commission MAKE OATH and SAY that on theday of20... I was present and saw, the Minister of Lands and Natural Resources duly execute the Instrument now produced to me and Marked "A" and that the said can read and write.

Sworn at Accra this..... day of 20...

Before Me

.....
REGISTRAR OF LANDS

.....
DEPONENT

This is the Instrument Marked "A" Referred to in the Oath of

Sworn before me, this.....day of20....

.....
REGISTRAR OF LANDS

On the.....day of20.... atO'clock in the noon this Instrument was proved before me by the Oath of the within-namedto have been duly executed by the within-named

.....
REGISTRAR OF LANDS

Dated this day of20...

GOVERNMENT OF THE REPUBLIC OF GHANA

AND

.....

PROSPECTING LICENCE

TERM: THREE (3) YEARS (RENEWABLE)

COMMENCEMENT:

EXPIRY DATE:

FILE NO.: