

**REGULATIONS
GOVERNING EXPLORATION
UNDER A MINERAL EXPLORATION LICENSE
OF THE REPUBLIC OF LIBERIA
(‘EXPLORATION REGULATIONS’)**



**MINISTRY OF LANDS, MINES & ENERGY
CAPITOL HILL
MONROVIA, LIBERIA**

These Regulations become effective on and after March 2010.

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Regulations Governing Exploration Under A Mineral Exploration License Of The Republic Of Liberia

PREAMBLE

These regulations govern the administration of exploration licenses issued under the Liberia Minerals and Mining Law of 2000, being Part 1 of Title 23 of the Liberian Code of Law Revised, including those granted under the authority of Regulation No. 002 of the Public Procurement and Concessions Commission (“Regulation on Procedures for Issuing Exploration Licenses”).

SECTION 1. DEFINITIONS, INTERPRETATION AND APPLICABILITY

1.1. Definitions

Unless the context otherwise clearly requires, the terms listed below have, for the purposes of these regulations, the meanings set forth below. References to “this regulation” refer to the complete regulation, including all schedules, and not merely to the Section in which the reference is embedded.

Additional Area: has the meaning given in Section 5.1.

Adjusted Per Hectare Expenditure Requirement: refers to the required annual exploration costs to be incurred by a Licensee as provided in Section 8.5 of this regulation, and is determined, for any year, by taking the base rates set forth in the last paragraph of this definition, and adjusting them on January 1 of each year beginning in 2011, in proportion to the increase, if any, in the value of the “revised” GDP Implicit Price Deflator (as published by the U.S. Department of Commerce, Bureau of Economic Analysis) for the third quarter of the preceding calendar year from the “revised” GDP Implicit Price Deflator for the third quarter of 2008. If such index is no longer published, the Minister will designate a substitute adjustment mechanism or index that will substantially preserve the economic impact and timing of the periodic adjustment provided for in this definition. The Minister’s determination of a change in value of the GDP Implicit Price Deflator (or any substitute index) is final, absent manifest error. In the case of each License, (a) the Adjusted Per Hectare Expenditure Requirement in effect on the Effective Date of such License is the per hectare rate applicable for the entire Initial Term and (b) the Adjusted Per Hectare Expenditure Requirement for the Extended Term in effect 90 days prior to the end of the Initial Term is the per hectare rate for the entire Extended Term.

Initial Term first year per hectare base rate	\$3.75
Initial Term second year per hectare base rate	\$7.50
Initial Term third year per hectare base rate	\$11.25
Extended Term per hectare base rate	\$11.25

There is no increase in the Initial Term third year base rate if the Initial Term for any reason extends beyond three years.

Administrative Procedure Act: means the Administrative Procedure Act of Liberia, Chapter 82 of the Executive Law (Liberia Code Revised, Vol. III).

Affiliate: of any Person means any other Person that directly or indirectly Controls or is Controlled by or is under common Control with, such Person.

Anniversary Date: means any anniversary of the Effective Date of a License.

Annual Report: see Section 6.1(c) and following.

Business Day: means any day other than a Saturday or Sunday or a holiday declared by the Government.

Change of Control: means any assignment, sale, or transfer of interest of any type that result in a change in possession of the power to Control a Licensee, whether such power is vested in a single Person or a Group. A Change of Control of a shareholder, member, partner or joint venturer of a Licensee or of a Group made up of such Persons will constitute a Change of Control of a Licensee if such shareholder, member, partner, joint venturer or Group can Control the Licensee.

Competent Person: has the meaning assigned by a Committee for Mineral Reserves International Reporting Standards (CRIRSCO) recognized mineral evaluation code such as JORC or SAMREC, as at the time in effect, provided that for three years from the effective date of this regulation the term “Competent Person” shall also include a Liberian geologist with a graduate degree in mineral geology from an internationally recognized geology program who lacks the professional membership requirements imposed for qualification as a Competent Person under a CRIRSCO-compliant code but who otherwise has a minimum of 5 (five) years post-graduate experience in non-governmental employment relevant to the style of mineralization and type of deposit or class of deposit under consideration and to the activity which that person is undertaking, provided that (a) if such person is estimating or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources, (b) if such person is estimating, or supervising the estimation of Mineral Reserves, the relevant experience must be in the estimation, assessment, evaluation and assessment of the economic extraction of Mineral Reserves, and (c) such person has certified to the Minister that he has the requisite professional competence in the commodity, type of deposit and situation under consideration.

Control: (including the terms “controlled by”, “under common control with” and “controls”) means the possession, directly or indirectly, of the power to direct or cause the direction of (or to block action by) the management of a Licensee. Without limiting the generality of the preceding sentence, such power is presumed to exist as to a Person if another Person or Group holds or can direct the exercise of at least 25% of the Management Rights with respect to such first Person and no other Person or Group holds or can direct the exercise of a greater percentage of the Management Rights of such first Person.

Dollar and US\$: mean the lawful currency of the United States of America.

Effective Date: means (a) as to any License issued under the authority of Regulation 002 or subsequent authority, the date upon which the Minister approves the Licensee’s work program and budget as contemplated by Section 4.3 (or is deemed to have approved them as provided in Section 4.4), notwithstanding any

earlier date stated as the Effective Date in a License issued in accordance with the provisions of Regulation 002, and (b) as to any earlier License, the date upon which the License was issued.

Eligible Applicant: means a Person who is not disqualified from holding a mining license by operation of Section 4.2 of the Mining Law.

Eligible Exploration Costs: means costs of carrying out a Licensee's approved work program and budget incurred after their approval under Section 4.3 or deemed approval under Section 4.4. Eligible Exploration Costs do not include (a) payments due under Section 12, (b) costs incurred in obtaining approval of a proposed work program or budget or amendments thereto, (c) costs incurred in obtaining any necessary approvals, licenses or permits from the EPA or from any other agency of the Government, (d) costs incurred in the restoration or remediation of environmental damage or degradation more than twelve months after the end of the License Term or required as a result of a determination by an agency or a court having jurisdiction that the Licensee's Work resulted in one or more violations of applicable environmental Law, (e) costs incurred in providing security required under Section 10.3 for performance of environmental obligations or costs representing expenditures from such security for the purpose of environmental restoration or remediation, (f) costs incurred in correcting any other violation of Law, (g) costs for the supply of goods or services charged by an Affiliate in excess of those permitted under Section 8.6, or (h) any amounts for or in lieu of corporate overhead or management or administrative costs (whether directly charged or incorporated in the costs of goods or services otherwise properly charged to the Work) exceeding 10% of total Eligible Exploration Costs, provided that the limit referred to in this clause (h) is applicable only from the end of the second year of the License Term.

Environmental Management Program: means the environmental component (including the closure management component) of a Licensee's work program, as required under clause 4 of Schedule 4.1.

EPA: means the Environmental Protection Agency of the Republic, or any other ministry, department or agency of the Government succeeding to its functions.

EPA Act: means the Act Adopting the Environmental Protection and Management Law of the Republic of Liberia, approved November 26, 2002, as from time to time amended, supplemented or modified, and any regulations from time to time in effect thereunder.

Exploration: means activities directed toward ascertaining the existence, location, quantity, quality or commercial value of deposits of Minerals using geological, geophysical and geochemical methods, including without limitation drilling, bore holes, test pits, trenches, surface or underground headings, drifts or tunnels, as well as remote sensing techniques and other non-obtrusive methods, in order to distinguish the nature, shape and grade, physical and chemical characteristics and size of Mineral deposits and unless the context otherwise requires, includes laboratory testing and assays carried out in connection with the foregoing activities. "Explore" has a corresponding meaning.

Extended Term: has the meaning given in Section 3.1.

Force Majeure: has the meaning given in Section 9.21 of the Mining Law.

Government: means all of the branches, divisions, instrumentalities and agencies of the government of the Republic.

Group: means two or more Persons who are acting together for the purpose of acquiring, holding, voting or disposing of Management Rights of a Person. The parties to a shareholders agreement with respect to a corporation that establishes how directors of the corporation are to be chosen or how the parties must vote their shares in certain cases, and the parties to any similar agreement with respect to any other business entity, are in each case members of a Group.

IFRS: means generally accepted accounting principles as reflected in International Financial Reporting Standards as in effect from time to time in the European Union.

Initial Term: has the meaning given in Section 3.1.

Report: see Section 6.1(c) and following Sections.

Issue Date: as to any License, the date upon which it is issued.

Land: means any land in the Republic including any creeks, streams, rivers or bodies of water (and their residue) contained on or within all such land.

Landowner: means a person who owns Land by legal title.

Law: means any constitution, treaty obligation, law, statute, decree, rule, regulation, judicial act or decision, judgment, order, proclamation, directive, executive order or other sovereign act of the Republic.

Liberian Currency: means any currency, except Dollars, that is legal tender in Liberia, or circulates freely in any part of Liberia by virtue of any Law or authority as a medium of exchange for the purchase or sale of goods and services.

License: means a license to explore for minerals in the Republic granted by the Minister.

License Area: has the meaning given in Section 2.4.

License Term: means the Initial Term plus any Extended Term.

License Termination Event: means an event or condition described in Section 17.

Licensee: means the Person to whom a Mineral Exploration License is issued by the Republic. The term "Licensee" includes the successors and assigns of such Person permitted by this regulation.

Management Rights: with respect to a Person means the right to participate in the direction of the management of such Person, through such means (by way of example and not limitation) as (i) the power to direct the vote of shares entitled to participate in the election of directors of such Person, (ii) any other right to participate in the designation of the directors of such Person, (iii) the power to act as or to direct the vote of a voting partner of any such Person that is a partnership, or (iv) the contractual right to act as a manager or operator of any such Person that is a limited liability company or similar entity, or to participate in the direction of such manager or operator.

Mineral: means a naturally occurring element or compound having an orderly internal structure and characteristic chemical composition, crystal form, and physical properties, formed by or subject to a geological process but not including hydrocarbons.

Mining Law: means the Minerals and Mining Law of 2000, appearing as Part 1 of Title 23 of the Liberian Code of Law Revised, as from time to time amended, supplemented or modified, and unless the context otherwise requires, any regulations issued pursuant thereto other than this regulation.

Minister: has the meaning given in the Mining Law.

Mortgage: has the meaning giving in Section 15.6.

Occupant of Land: means any person who is in lawful possession of real property.

Person: means any natural person and any partnership, joint venture, corporation, limited liability company, trust, estate or other organization or entity, and any branch, division, political sub-division, instrumentality, authority or agency of any government or state.

Prohibited Person: means (i) any Person on the European Union Sanctions list (http://ec.europa.eu/external_relations/cfsp/sanctions/list/consol-list.htm), (ii) any Person on a Sanctions List published by a Sanctions Committee of the United Nations Security Council, (iii) any Person on the Interpol Red Notice List (<http://www.interpol.int/Public/Wanted/Search/Form.asp>), (iv) any Person the subject of an arrest warrant issued by the International Criminal Court, (v) any Person on the World Bank ineligible firms list (<http://web.worldbank.org/external/default/main?theSitePK=84266&contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984>), or (vi) any Person identified as such in the Mining Law or in regulations issued under the authority of the Ministry of Finance and the Ministry of Justice and applicable to the holders of licenses issued under the Mining Law. "Prohibited Person" also includes any Person (1) that is Controlled by a Person identified in the preceding sentence or (2) that is controlled by a Group one or more of the members of which is a Person identified in the preceding sentence or (3) that issues, or is controlled by a Person that issues, shares or other evidences of ownership transferable without registration of transfer with the issuer or a transfer agent acting on behalf of the issuer.

Regulation 002: means Public Procurement and Concession Commission Regulation No. 002 entitled "Regulation on Procedures for Issuing Exploration Licenses."

Republic: means the Republic of Liberia.

Revenue Code: means the Revenue Code of Liberia 2000 ("Phase One of the Reform Tax Code"), as from time to time amended, supplemented or modified, or any successor revenue code of the Republic.

Section 4.2(c) Information: has the meaning given in Section 4.1(a)(i).

Surface Rights Payment: has the meaning given in Section 12.1.

Transfer: means any sale, assignment, conveyance, mortgage, encumbrance, pledge, or other transfer of the rights of a Licensee in, to or under its License.

Work: means all activities undertaken by or on behalf of a Licensee under its License, including the preparation for Exploration, the conduct of Exploration, the shutdown and demobilization of Exploration, and all post-Exploration environmental and other restoration and remediation.

1.2. Principles of Interpretation and Administration

- (a) All references to this regulation or to Law are to this regulation or to Law from time to time in effect. References to a “Section” or a “Schedule,” without other specification, are references to Sections of or Schedules to this regulation.
- (b) If a Person holds more than one License, this regulation applies separately to all matters relating to each License held by such Person unless this regulation clearly requires otherwise.
- (c) Whenever a Licensee is required to satisfy certain standards or other requirements in order to obtain an approval or consent required by the terms of this regulation, the consent or approval is not to be given unless the standards or other requirements are determined to have been satisfied. No application by a Licensee under Section 5.1, 5.2, 8.3, 8.4, 13.2 or 15 will be approved if (i) any payments due under Section 12.1 or 12.2 have not been paid in full, (ii) a suspension order under Section 16 is outstanding and unrevoked, (iii) a License Termination Event under Section 17 has occurred and is continuing, or (iv) an Annual Report due under Section 6 is more than 30 days overdue, in each case, with respect to any License held by such Licensee.
- (d) All payments made by a Licensee under Section 12 of this regulation are matters of public record.
- (e) No interpretation of this regulation is binding on the Ministry unless made in writing. All written interpretations of this regulation made by the Ministry and delivered to any Person outside of the Government must be posted promptly on the website of the Ministry (www.molme.gov.lr).
- (f) All Licenses are public records and are available for public inspection and (for a reasonable fee covering reproduction costs) copying.
- (g) Authority provided in this regulation to be exercised by the Minister may be delegated by the Minister to the Deputy Minister for Operations or jointly to any two of the Assistant Minister for Mines, the Assistant Minister for Exploration and the Director of the Liberian Geological Survey.

1.3. Applicability

This regulation applies to a License when issued. It does not apply to the process of applying for a License.

1.4. Form of License

A License issued after the effective date of this regulation must be in the form set forth in Schedule 1.4.

1.5. Exploration Agreement

To satisfy the requirement in Section 5.3(b) of the Mining Law that the holder of an exploration license enter into an exploration agreement with the Government, each holder of a license issued under Regulation 002 or under subsequent authority must enter into an agreement with the Government in the form set forth in Schedule 1.5.

SECTION 2. EXPLORATION RIGHTS

2.1. Grant of Exploration Rights

A License grants to the Licensee for the License Term the exclusive (except as provided in Section 2.4) right to Explore in the License Area on the terms and conditions set forth in this regulation for such Minerals as may be specified in the License. The right to Explore does not include the right to engage in bulk sampling or pilot mining and recovery except in compliance with Section 13.2, or to conduct exploration in any portion of the License Area after that portion has been surrendered or deemed surrendered pursuant to the relevant provisions of this regulation or after the License Term has expired or otherwise been terminated as provided in this regulation.

2.2. Limitations on the Right of a Licensee to Conduct Exploration

- (a) A Licensee may not conduct exploration for minerals outside of its License Area.
- (b) A Licensee may not begin Exploration (except for preparatory Work that does not involve the actual physical obtaining of geological data, such as importation of equipment, establishment of a local office, remote sensing data interpretation, or the conduct of aerial surveys or ground surveys using existing access roads in each case for such activities as planning exploration access roads, camp locations or survey patterns) unless the activities involved are provided for in a work program and budget approved or deemed approved by the Minister under Section 4 and the Licensee has provided any security for environmental remediation or restoration required by Section 10.3.

2.3. Impact on a Licensee's Environmental Management Program of EPA Requirements

- (a) Subject to the remainder of this Section 2.3, any documentation concerning a Licensee's work program or its environmental management proposals submitted by a Licensee to the EPA under the EPA Act must be consistent with the Licensee's Environmental Management Program, including its closure management component, as then proposed to or approved by the Minister.
- (b) Licensees should anticipate that if the EPA requires a Licensee to submit an "environmental mitigation plan" or similar plan under the EPA Act, the EPA may require more detail and impose more specific, measurable performance requirements than will an Environmental Management Program contained in a work program that has been approved by the Minister.
- (c) If a Licensee is required by the EPA to adopt an "environmental mitigation plan" or similar plan under the EPA Act that is inconsistent with the Environmental Management Program component of the Licensee's work program as approved by the Minister, the Licensee must promptly submit to the Minister a revised Environmental Management Program that conforms to the requirements of the

EPA-approved “environmental mitigation plan.” The Minister must approve such plan if it accurately reflects the requirements of the EPA.

- (d) An EPA-approved “environmental mitigation plan” or similar plan is not inconsistent with a Licensee’s approved Environmental Management Program except to the extent it imposes requirements that cannot be performed if the Licensee performs its approved Environmental Management Program or that if performed, make it impossible for the Licensee to perform its approved Environmental Management Program.
- (e) If in the judgment of the Licensee, particular work to be performed under the EPA-approved “environmental management plan” or similar plan would if performed render particular work to be performed under its approved Environmental Management Program redundant or unnecessary but not impossible to be performed, the Licensee may apply to the Minister for a determination that the particular work under the approved Environmental Management Program need not be performed. The Minister may not unreasonably deny such an application.
- (f) If responsibility for administering applicable environmental Law as it applies to licensees under the Mining Law is delegated to the Ministry, this regulation is not applicable to the exercise of such responsibility, and the applicability to a Licensee of any requirements established by the Ministry in the exercise of such delegated authority will not be determined under this regulation.

2.4. License Area; Restricted Areas

- (a) The area available for exploration under a License (the “License Area”) is the area defined in the License, subject to adjustment as provided for in this regulation. The metes and bounds must be defined in UTM coordinates based on the WGS84 UTM Grid Zone 29N. The License Area may be reduced as provided in Section 3.2 or 5.2, and increased as provided in Section 5.1.
- (b) A License does not entitle a Licensee to conduct Exploration on any Land referred to in Section 10.1 of the Mining Law or other relevant Law except in strict compliance with the conditions set forth in such Section 10.1. Any consent obtained pursuant to such Section 10.1 must be in writing, and a copy thereof must be filed with the Minister by a Licensee promptly after it is received by the Licensee and before the Licensee carries out any Work on such Land. Such consents will be open to public inspection and (for a reasonable fee covering reproduction costs) copying.
- (c) A License entitles a Licensee to temporary access to areas within a License Area subject to a Class B or Class C Mining License or a Quarry License on reasonable prior notice to the license holder to carry out actual mineral searches (as defined in Section 7.1(b)) which in the Licensee’s reasonable judgment cannot effectively be conducted on neighboring non-licensed areas. A Licensee may not require the holder of a Class B or Class C Mining License or a Quarry License to relocate any fixed equipment or to suspend operations (other than for such temporary suspensions as may be necessary to insure the integrity of seismic exploration techniques), and may not damage any plant or equipment of the license holder. A Licensee is responsible for any damage caused to the plant or equipment of the holder of a Class B or Class C Mining License or a Quarry License in the exercise of the Licensee’s rights under this Section, and must restore Land damaged by the Licensee’s operations if requested by such

holder. If the holder of a Class B Mining License requests in writing, any information obtained by the Licensee as a result of such access with respect to the license area of such holder must be shared with such holder.

- (d) If the holder of a Class B or Class C Mining License or a Quarry License refuses to give the Licensee access as provided in Section 2.4(c), the Licensee may request the Minister to intervene.
- (e) The Minister will include in any Class B or Class C Mining License or Quarry License granted after the effective date of this regulation language reflecting the rights of the holder of a subsequently issued Exploration License under this Section 2.4.
- (f) The rights given under this Section 2.4 to a Licensee do not entitle the Licensee to obtain a Mining License with respect to any area within the boundaries of its License Area subject to a Class B or Class C Mining License or a Quarry License if such license (a) was issued prior to the Effective Date of the Licensee's License or (b) was issued (i) after such Effective Date, (ii) pursuant to a prospecting license or an exploration license issued under the Mining Law prior to such Effective Date and (iii) before the Licensee designated the relevant area as a proposed production area.

SECTION 3. TERM OF LICENSES

3.1. In General

The initial term of a License (its "Initial Term") commences on its Effective Date and, unless terminated sooner pursuant to Section 4.5(b), 17 or 20, ends on the third anniversary of its Effective Date (or such later time as is then provided by the Mining Law) subject to surrender pursuant to Section 3.2. An extended term of two years or such longer period as is then allowed by the Mining Law (the "Extended Term") to follow the Initial Term may be granted as provided in Section 5.2. The Initial Term or the Extended Term of a License may also be extended as provided in Section 7.4, 8.3 or 20.5, or pursuant to relief granted in a proceeding referred to in Section 18.

3.2. Right to Surrender during the License Term

- (a) A Licensee may at any time by notice in writing to the Minister and delivery of the map required by Section 3.2(b) surrender its License and the License Area in its entirety, or surrender a portion or portions of the License Area. Any portion so surrendered must constitute not less than 10% of the original License Area, and the remainder of the License Area must at no time consist of more than three polygons. Each vertex of each such polygon must have unique coordinates and be connected by straight lines to two other vertices. The Director of the Liberian Geological Survey may after consultation with the Minister reject dumbbell or similarly shaped polygons that appear to be selected to connect with minimal surface area separate areas of mineralization. (For example, it is expected that two areas of mineralization each one-half mile square but 15 miles apart will constitute either two different polygons or one polygon that is substantially a rectangle or a rectangular trapezoid one-half mile in height and 15 miles in length.)
- (b) A surrender notice pursuant to Section 3.2(a) must be accompanied by a map in such scale as may then be specified by the Director of the Liberian Geological Survey, clearly setting forth the boundaries of the original License Area, the

area(s) proposed to be surrendered and the area(s) proposed to be retained, based on a GPS location system approved by the Director of the Liberian Geological Survey or an actual survey, and is effective on delivery to the Ministry.

- (c) Within 60 days after delivery of the surrender notice, the Licensee must deliver to the Minister:
 - (i) an environmental assessment and audit complying with Section 10.2 with respect to the surrendered area showing no non-complying locations, together with a certificate of the Chief Executive Officer of the Licensee to the effect that the Licensee is in compliance with its obligations under Section 10 with respect to the surrendered area;
 - (ii) all materials and information required to be furnished to the Ministry or the Liberian Geological Survey under Section 6 with respect to the surrendered area, including without limitation all overdue filings and a final Annual Report as to the surrendered area complying with Section 6.1(h), together with a certificate of the Chief Executive Officer of the Licensee to the effect that all such materials and information have been delivered.
- (d) The delivery of notice under Section 3.2(b) extinguishes the Licensee's mineral rights under this License with respect to all areas shown as surrendered on such map, absent manifest error promptly corrected. Thereafter the Licensee may conduct in the surrendered area(s) only environmental restoration and remediation Work and Work related to the shutting down of operations and the removal of equipment and facilities. All such Work must be completed within 60 days of the date of surrender. Upon any such surrender the Licensee has no further payment obligation under Section 12.1 with respect to the surrendered area, but no such surrender will entitle a Licensee to a refund of payments previously made under Section 12.
- (e) The Licensee shall pay in the manner provided by Section 12.4 a penalty of US\$100 for each day of delay after the effective date of a surrender notice under Section 3.2(e) in complying with the requirements of Section 3.2(c)(i) or Section 3.2(c)(ii). For so long as there is non-compliance with both such Sections, the penalty accrues at the rate of US\$200 per day.

3.3. End of License Term

- (a) Subject to the following sentence, License automatically expires at the end of the Initial Term or the Extended Term, as the case may be, without requirement of action or notification by the Minister. If a Licensee has timely filed an application to extend the Initial Term of a License in compliance with the requirements of this regulation, and the Licensee's Extended Term work program is not approved within 180 days from the end of the Initial Term, the Licensee's application is deemed denied and the term of the License expires on the following day. Following the expiration of a License, the Licensee may conduct in the License Area only environmental restoration, reclamation and remediation Work and Work related to the shutting down of operations and the removal of equipment and facilities. All such work must be completed within 180 days of the end of the License Term. The two preceding sentences and the delivery requirements of Section 3.3(b) are not applicable to portions of the License Area that as of the end of the License Term are contained within proposed production areas

designated by the Licensee prior to the end of the License Term in accordance with mining regulations issued under the Mining Law.

- (b) Notwithstanding the end of the License Term, the Licensee must:
- (i) within 60 days of the end of the License Term, deliver all materials and information required to be furnished to the Ministry or the Liberian Geological Survey under Section 6 with respect to the License Area remaining subject to the License at the end of the License Term, including without limitation all overdue filings and a final Annual Report as to such area complying with Section 6.1(h), together with a certificate of the Chief Executive Officer of the Licensee to the effect that all such materials have been delivered; and
 - (ii) within 180 days of the end of the License Term deliver to the Minister the final environmental assessment and audit required by Section 10.2(b), together with a certificate of the Chief Executive Officer of the Licensee to the effect that the Licensee is in compliance with its obligations under Section 10.
- (c) The Licensee shall pay in the manner provided by Section 12.4 a penalty of US\$100 for each day of delay in complying with Section 3.3(b)(i) or Section 3.3(b)(ii). For so long as there is non-compliance with both such Sections, the penalty accrues at the rate of US\$200 per day.

SECTION 4. SUBMISSION AND APPROVAL OF WORK PROGRAM AND BUDGET

4.1. Submission of Work Program and Budget

- (a) Within 90 days of the later of the issuance of a License and the date this regulation becomes effective, a Licensee must submit:
- (i) to the Minister, a proposed work program and budget and information addressing the requirements of Section 4.2(c) ("Section 4.2(c) Information"); and
 - (ii) to the EPA, all submissions as may then be required under the applicable law and regulations in order to obtain all approvals, licenses or permits required in order to implement the Licensee's proposed work program.
- (b) A Licensee may file a proposed work program and budget at any time after the grant of its License is approved under Regulation 002 or any similar successor regulation of such Commission or the Ministry even if filed prior to the actual issuance of the License. Early filing is strongly encouraged.
- (c) The Ministry will not review a work program and budget if it is not timely submitted under Section 4.1(a).

4.2. Content of Work Program and Budget and Related Requirements

The Minister may not approve a Licensee's proposed work program and budget unless:

- (a) the proposed work program and budget satisfies the requirements of Schedule 4.2(a)(i);

- (b) the proposed work program and budget provide for the expenditure by the Licensee on Eligible Exploration Costs during each year of the License Term of an amount at least equal to the Adjusted Per Hectare Expenditure Requirement applicable to such year multiplied by the number of hectares in the License Area;
- (c) the Section 4.2(c) Information furnished by the Licensee demonstrates to the reasonable satisfaction of the Minister that:
 - (i) in accordance with Schedule 4.2(c)(i) the Licensee possesses or has access to the technical capacity to carry out its proposed work program; and
 - (ii) in accordance with Schedule 4.2(c)(ii) the Licensee possesses or will possess the financial capacity to carry out its approved work program and comply with its obligations under this regulation and the Mining Law;
- (d) the Licensee has made in writing to the Minister the representations and warranties set forth in Schedule 4.2(d) with such modifications as may have been approved by the Ministry of Justice; and
- (e) the EPA has confirmed that it has issued all approvals, licenses or permits required in order to conduct the Licensee's proposed work program.

4.3. Approval or Disapproval of a Proposed Work Program and Budget, etc.

- (a) The Minister must approve a proposed work program and budget if the requirements of Section 4.2(a) through (e) are satisfied.
- (b) Any disapproval by the Minister of a proposed work program and budget or finding that the Licensee's Section 4.2(c) Information is insufficient to demonstrate compliance with Section 4.2(c) must be in writing and must set forth the reasons for such disapproval or finding. If a Licensee requests in writing, Ministry staff will meet with the Licensee to discuss the reasons for the disapproval or finding.
- (c) If a proposed work program or budget (or any resubmission thereof) is timely disapproved (as provided in Section 4.4.(a) or 4.4(b)), the Licensee is not entitled to resubmit a proposed work program and budget unless the resubmission is made within 45 days of the date on which the Licensee receives notice of the disapproval or within such 45-day period the Licensee commences a proceeding under Section 18 asserting that the disapproval was improper.

4.4. Deemed Approvals by the Minister; Nature of Resubmissions by Licensee

- (a) A proposed work program and budget timely submitted by a Licensee is deemed to satisfy the requirements of Sections 4.2(a) and (b) unless within 45 days of submission the Minister notifies the Licensee in writing of the reasons for disapproval or of a postponement of review as provided in Section 4.6. The Section 4.2(c) Information submitted by a Licensee is deemed to satisfy the requirements of Section 4.2(c) unless within 45 days of submission the Minister notifies the Licensee in writing of the deficiencies or of a postponement of review as provided in Section 4.6. A postponement pursuant to Section 4.6 shall postpone the 45-day review period provided for in this Section and 385-day period referred to in Section 4.5(b) by a number of days equal to the number of days of the postponement.

- (b) Following any such disapproval or notice of deficiencies and the resubmission by the Licensee of a modified work program and budget or submission of additional Section 4.2(c) Information, they will be deemed to satisfy the requirements of Section 4.2(a), (b) or (c), as the case may be, unless within 25 days of such resubmission the Minister delivers a further disapproval or notice of deficiencies. The preceding sentence applies equally to any further resubmission by the Licensee.
- (c) The initial resubmission and each subsequent resubmission by a Licensee of material relating to a proposed work program or budget must comply with Section 19.4 and include both a clean version and a version conspicuously marked to show all changes (additions and deletions) from the previous submission.

4.5. Impact of Approval Delays if a Licensee Has Satisfied the 90-Day Submission Requirements

- (a) If a Licensee has satisfied the 90-day submission requirement of Section 4.1(a), then for the purposes of Section 5.3(e) of the Mining Law the Licensee will be deemed to have commenced Exploration within 180 days of the issuance of its License if it commences Exploration within the later of 60 days of the Effective Date of the License or 180 days of the issuance of the License.
- (b) Notwithstanding the foregoing, but subject to Section 4.5(c), a License will automatically terminate if the Effective Date of the License does not occur within 385 days of the later of the Issue Date of such License and the effective date of this regulation unless (i) the Licensee has diligently sought to obtain the approval of the Minister and necessary approvals, permits and licenses from the EPA and (ii) either the approval of the Minister was unreasonably withheld or delayed, or an approval, permit or license required to be issued by the EPA was unreasonably withheld or delayed. The 385-day period referred to in the previous sentence is extended by the number of days of any postponement under Section 4.6.
- (c) The burden is on a Licensee to demonstrate the existence of the circumstances described in clauses (i) and (ii) of Section 4.5(b). If the Effective Date under a License does not occur at least 20 days prior to the expiration of the period determined under the preceding paragraph, the Licensee may prior to the expiration of such period request in writing delivered to the Minister a hearing under Section 18 to present a claim that the exception set forth in the previous paragraph is applicable. Any such request will suspend the termination of the License during the pendency of the proceedings.

4.6. Postponement by the Minister of Review of Work Programs

- (a) The Ministry will review proposed work programs and budgets in the order in which they are submitted. If the Ministry is unable reasonably promptly to perform an initial review of a proposed work program and budget timely submitted under Section 4.1, it may postpone such review for up to 90 days by notice to the affected Licensee. If the notice does not state the end date of the postponement period, the Minister must give the Licensee prompt notice of the end date of the postponement. If the Minister has postponed the initial review of a proposed work program and budget pursuant to the preceding sentence, it may not begin the initial review of a work program and budget submitted at a

later date until after it has approved (or initially disapproved) the earlier submitted work program and budget.

- (b) This Section is not applicable to submissions under Section 5.1 (additions to License Area), 5.2 (extensions of License Terms) or 8.4 (work program or budget amendments).

SECTION 5. ADDITIONS TO THE LICENSE AREA AND EXTENSION OF THE LICENSE TERM

5.1. Right to Add to License Area

- (a) Subject to the aggregate 20% limitation contained in Section 5.3(o) of the Mining Law, a Licensee may from time to time apply to the Minister to add to its License Area the right to explore for mineral resources within the scope of the Licensee's License in one or more additional areas (each, an "Additional Area") adjoining its License Area not currently subject to Exploration Licenses or Class A Mining Licenses issued under the Mining Law (additional area must be unencumbered). Each proposed Additional Area must form a compact polygon, with one border aligned with a border of the original License Area. Each vertex of the polygon must have unique coordinates and be connected by straight lines to two other vertices. The Director of the Liberian Geological Survey may after consultation with the Minister reject dumbbell or similarly shaped polygons that appear to be selected to connect with minimal surface area separate areas of mineralization.
- (b) The application must (i) contain a precise description of each proposed Additional Area including a map in such scale as may then be specified by the Director of the Liberian Geological Survey, clearly setting forth the boundaries of the existing License Area and each proposed Additional Area, based on a GPS location system approved by the Director of the Liberian Geological Survey or an actual survey, (ii) demonstrate to the reasonable satisfaction of the Director of the Liberian Geological Survey that each proposed Additional Area has a geological relationship to mineral resources located within the original License Area within the scope of the Licensee's License, (iii) propose appropriate modifications to the Licensee's work program and budget (consistent with Schedule 4.2(a)(i)) to reflect the addition of each proposed Additional Area, and (iv) be accompanied by evidence of payment to the Ministry of Finance of the review fee provided for in Section 12.3.
- (c) The Licensee must also file with the EPA all submissions as may then be required in order to obtain all approvals, licenses or permits required in order to implement the Licensee's work program as proposed to be modified.
- (d) The Minister may not approve the work program and budget modifications unless they satisfy, and must approve them if they do satisfy, the requirements of Schedule 4.2(a)(i). A Licensee may not commence work in any Additional Area (except as permitted to be carried out in the absence of required EPA approvals, licenses and permits) until the EPA has issued all approvals, licenses and permits required in order to implement the Licensee's work program in the Additional Area. A Licensee is solely responsible for identifying those components of its revised work program that may be carried out without EPA review or the issuance of a new or revised EPA approval, permit or license, and is in violation of its License if it fails to comply with the first sentence of this paragraph.

- (e) The proposed work program may incorporate components of the approved Initial Term work program by reference if a copy of that work program is included in the submission. The procedures of Section 4.4 apply to any application filed under this Section 5.1.
- (f) If a Licensee believes that the Minister has failed to approve work program and budget modifications that should have been approved under the standard set forth in the first sentence of Section 5.1(d), it may seek relief as provided in Section 18.

5.2. Extension of License Term after End of Initial Term

- (a) A Licensee may apply for an Extended Term if it has prior to the application fulfilled its approved work program and budget expenditure obligations for the License Area through all completed years of the Initial Term and is otherwise in compliance in all material respects with this regulation and applicable Law with respect to all licenses under the Mining Law then held by it or its affiliates. The License Area for the Extended Term may not exceed 50% of the sum of the original License Area and all additions to the License Area pursuant to Section 5.1, and must consist of not more than three polygons. Each vertex of each such polygon must have unique coordinates and be connected by straight lines to two other vertices. The Director of the Liberian Geological Survey may after consultation with the Minister reject dumbbell or similarly shaped polygons that appear to be selected to connect with minimal surface area separate areas of mineralization.
- (b) The portion of the original License Area not covered by the extension application is treated as though it were the License Area under a License that has terminated, and the provisions of Section 3.3 are fully applicable to such portion.
- (c) To apply for an extension, the Licensee must submit, not more than 120 days and not less than 45 days prior to the end of the Initial Term:
 - (i) to the Minister (1) a proposed work program and budget for the Extended Term substantially satisfying the requirements of Schedule 4.2(a)(i), (2) a map of the then-existing License Area, in such scale as may then be specified by the Director of the Liberian Geological Survey, clearly setting forth the boundaries of the area proposed to be retained as the Extended Term License Area and the portion of the License Area proposed to be surrendered, based on a GPS location system approved by the Director of the Liberian Geological Survey or an actual survey, and (3) evidence of payment to the Ministry of Finance of the review fee provided for in Section 12.3; and
 - (ii) to the EPA, all submissions as may then be required in order to obtain all approvals, licenses or permits required in order to implement the Licensee's proposed work program for the Extended Term.

The proposed work program may incorporate components of the approved Initial Term work program by reference if a copy of that work program is included in the submission. The procedures of Section 4.4 apply to any application timely filed under this Section 5.2.

- (d) The Extended Term, if timely applied for, commences on the day following the last day of the Initial Term even if the Extended Term work program has not then

been approved. During the Extended Term and pending approval of the Extended Term work program (but subject to the second sentence of Section 3.3(a), the Licensee may continue to carry out in the portion of the original License Area covered by the extension application any and all uncompleted components of its approved Initial Term work program, subject to obtaining any required EPA approvals, licenses or permits or renewals thereof if then required.

- (e) The Minister may not approve the proposed Extended Term work program and budget unless they satisfy, and must approve them if they do satisfy, the requirements of Schedule 4.2(a)(i), provided that if the Licensee proposes to conduct during the Extended Term pilot mining and recovery operations or bulk sampling operations as described in Section 13.2, the revised work program must also satisfy the requirements of that Section.
- (f) A Licensee may carry out activities in the approved Extended Term work program not requiring EPA review or covered by EPA approvals, licenses or permits issued with respect to the Initial Term work program, but may not carry out other activities covered in the Extended Term work program until the EPA has issued all approvals, licenses or permits required in order to carry out such activities. A Licensee is solely responsible for identifying those components of its Extended Term work program that may be carried out without EPA review or the issuance of a new or revised EPA approval, permit or license, and is in violation of its License if it fails to comply with the first sentence of this paragraph.
- (g) If a Licensee believes that the Minister has failed to approve a work program and budget that should have been approved under the standard set forth in Section 5.2(e), it may seek relief as provided in Section 18.

SECTION 6. REPORTING AND DELIVERY OF INFORMATION AND SAMPLES

The reporting requirements set forth in this Section 6 are temporary, pending acquisition and installation by the Liberian Geological Survey of a Mineral Cadastral Information Management System. This Section 6 will be modified or replaced when that System becomes operational to reflect its specific requirements. License holders should be aware that any annual reports submitted prior to that time under Sections 6.1(f) and Section 6.1(g), as set forth below, may be required to be resubmitted in conformity with the revised requirements, to the extent possible without obtaining additional field data. A reasonable time (not less than 60 days) will be allowed for such resubmission following the effective date of the new provisions.

6.1. PART A - General Requirements

A Licensee must prepare and submit exploration reports as required by the provisions of this Section 6. Reports are reviewed to assess exploration progress, and to ensure that the results of exploration are fully and clearly recorded for the benefit of future explorers and researchers. Close liaison is encouraged between the Licensee's professional and technical staff, and the staff of the Liberian Geological Survey. The Liberian Geological Survey is responsible for assessing reports, and staff members are available to provide advice on reporting requirements.

The Licensee is responsible for, and thus must ensure compliance with, the conditions of the License. The Licensee must therefore ensure that full details of all exploration carried out are included in reports, irrespective of whether the exploration is undertaken by the Licensee, a consultant, a joint venture partner or any other party.

(a) Submission of Reports

Reports should be submitted to both:

1. The Minister of Lands, Mines & Energy, Capitol Hill, Monrovia; and
2. The Director, Liberian Geological Survey, Sinkor Old Road, Monrovia.

Reports may not be submitted by email. They should be on specified media and be submitted to the above addresses.

(b) Reporting Responsibility of the Licensee

The Licensee is responsible for, and thus must ensure compliance with, this Section 6. The Licensee must therefore ensure that full details of all exploration carried out are included in reports, irrespective of whether the exploration is undertaken by the Licensee, a consultant, a joint venture partner or any other party.

(c) Required Reports

Reports required for Licenses are Reports (quarterly summary reports), and Annual Reports (full technical reports).

(d) Reports in Digital Form

All Reports must be submitted in hard copy and (in the case of the reports to the Liberian Geological Survey) in digital form, and all Reports must have a cover sheet in the form set forth in Schedule 6.1(d). The digital reporting requirements are specified elsewhere in this Section 6.

(e) (Quarterly) Reports

Reports are to be submitted within 30 days after the end of each of the first, second and third quarters of each annual period under a License, and are due no more than 30 days after the end of each such quarter. The first such annual period begins on the Effective Date, and the quarters are deemed to end on the corresponding dates of the third, sixth and ninth months following the month in which the Effective Date occurs (or if there is no corresponding date, on the last day of such month). The due date for Reports is not affected by extensions to the length of the Initial Term or the Extended Term under this regulation.

Reports shall contain:

- a summary description of studies, surveys, sampling or drilling programs, or other operations conducted during the quarter then ended;
- the locations of those operations;
- a summary of geological findings, which should include any completed geological and structural mapping and petrological and mineralogical studies;
- appropriate plans, sections, figures or other graphics as are necessary to satisfactorily identify and interpret the summary of geological findings;

- an estimate of the amount of money expended on exploration during the report period; and
- an outline of the exploration activities planned to be conducted during the two quarters following the quarter being reported on.

(f) Annual Reports

An Annual Report must be submitted within 45 days after each Anniversary Date. An Annual Report must comply with the requirements of Section 6.1(g), and Section 6.2. A final Annual Report must be filed after the end of the License Term. A final Annual Report must comply with the requirements of Sections 6.1(g), 6.1(h) and 6.2.

If the License term ends on an Anniversary Date, the final Annual Report is in lieu of the regular Annual Report and must be submitted within 60 days after that Anniversary Date. If the License Term does not end on an Anniversary Date a final Annual report is due within 60 days after the last day of the License Term. If the License Term is scheduled to end within 105 days of an Anniversary Date, the Licensee may on notice to the Minister and the Director of the Liberian Geological Survey, prior to such Anniversary Date, omit the Annual Report due 45 days after such Anniversary Date if it continues filing quarterly Reports at the end of each quarter (including the fourth quarter) ending prior to the end of the License Term, and timely files a final Annual Report covering the period from the second preceding Anniversary Date to the end of the License Term.

The due date for Annual Reports is not affected by extensions to the length of the Initial Term or the Extended Term. Each Annual Report must comply with the requirements of Sections 6.1(g), 6.1(h) (if applicable) and 6.2. See Section 10 for required annual environmental reports.

(g) Contents of Annual Reports

Each Annual Report must be structured as contemplated by Section 6.2 and must contain:

- full details and results of all studies, surveys, sampling or drilling programs, or other operations conducted;
- the locations of those operations;
- a statement of geological findings, which should include geological and structural mapping and petrological and mineralogical studies;

(In the above required statement, information on stratigraphy, distribution and controls of mineralization, alteration features, etc., should be included if available. Where there have been external studies, such as University theses or where papers have been prepared for publication, the main conclusions of those works should be briefly summarized and reference to the full work provided.)

- appropriate plans, sections, figures or other graphics as are necessary to satisfactorily identify and interpret the summary of geological findings;

- discussion of results, conclusions and recommendations;
- the amount of money expended on exploration during the report period, and a demonstration of the extent to which there was compliance with Section 8.5;
- full details of any feasibility, metallurgical and marketing studies conducted (or if not completed, a clear description of the nature of the study or studies being conducted); and
- the proposed program for the next annual period (except in the case of a final Annual Report).

Annual Reports should also explain the exploration philosophy and objectives (e.g., the type of mineral deposit sought and the reasons for considering the area prospective for such deposits). This is particularly important for the first Annual Report since it provides a basis for future reports, and is the first opportunity at which the progress of the exploration program can be assessed. When extended surveys, such as regional geochemical surveys, are in progress at the time of submission of an Annual Report, it is acceptable to indicate the progress of such surveys, and to submit the full results and conclusions in a subsequent Annual Report (or in a supplement to the final Annual Report) when the survey has been completed.

(h) Contents of Final Annual Report

In addition to the information required by Section 6.1(g), a final Annual Report should in addition summarize step by step all the work carried out during the full term of the License, including areas previously surrendered, and should include the main results and conclusions of each phase of operations. It is not necessary to present all the detailed data again if these have been included in previous Annual Reports, but the relevant progress reports should be listed and referenced where appropriate. A final Annual Report should also outline the exploration objectives and discuss the final conclusions from the exploration. Plans should be included to show the location of the license, and the locations of the main activities and prospects.

If one or more portions of an Exploration Area are designated as proposed production areas under the mining regulations, the Licensee shall provide two final Annual Reports for the Exploration Area: one covering all the work done in the total License Area (to remain confidential in accordance with Section 13.4); and the other covering all work conducted outside the proposed production area(s), with the latter for immediate placement in the public files.

(i) Multiple License Reporting

The fact that adjacent License Areas are held by a single Licensee or by affiliated Licensees does not authorize the filing of common reports for all License Areas. The reports filed for each License Area must include only the data for that License Area and must not be aggregated with the reports for other License Areas.

(j) Expenditure Statements

Expenditure statements accompanying Annual Reports must show in reasonable detail on a cash basis all Eligible Exploration Costs incurred during the covered period, with schedules setting forth each transaction described in Section 8.6(a) or (b) that is included in such statement, and setting forth costs excluded from Eligible Exploration Costs by virtue of the second proviso in the definition of such term. The statement must be accompanied by a report from a member office of an internationally recognized accounting firm to the effect that (a) it has reconciled the expenditures shown on such statement with expenditures recorded in the books of account or financial records of the Licensee, (b) the amounts reported as Eligible Exploration Costs in such report appear to exclude all amounts required to be excluded by the definition of such term, and (c) such books of account and financial records appear to be maintained in compliance with all of the requirements of Section 11.1. The delivery of such a statement or report does not in any way imply acceptance of such statement or report by the Minister, or preclude the Government from auditing the Licensee's books of account at the Government's expense.

(k) Drill Cores, etc.

Drill cores and cuttings from exploration must be preserved by a Licensee or its successors in interest to the extent not subjected to destructive analysis. Where destructive analysis is performed, half cores/cuttings must be preserved. All such preserved cores and cuttings must be labeled and the labels and sampling locations reported in the relevant Annual Report. A Licensee must make preserved materials available for inspection on request by the Ministry or the Liberian Geological Survey, subject to Section 13.4.

Subject to the following paragraph, at the time of a final Annual Report covering any portion of the License Area all such cores and cuttings must be offered to the Liberian Geological Survey, under cover of a comprehensive index of materials and the sampling locations. The cost and expense of organization and transportation of such materials to a location in Liberia designated by the Liberian Geological Survey and of the preparation of such index are for the account of the Licensee. Pending delivery to the Liberian Geological Survey, all such materials shall be retained in a location protected from the weather. If the Liberian Geological Survey has not requested the delivery of such materials by the end of the thirteenth month following the offer of such materials, the Licensee need not continue to store and protect such materials so long as it gives written notice to the Liberian Geological Survey of its intent to cease protecting or dispose of such materials at least 30 days prior to the time it takes such action. Any such materials held by or for the Licensee may on at least two days prior notice be inspected by the Ministry or any subsequent holder of exploration rights in the area from which such materials were derived and sample portions thereof may be taken for analysis to the extent that they do not make unusable for evaluation purposes the remainder of the materials sampled.

If a Licensee proceeds to apply for a mining license, the preceding paragraph does not apply to any such materials from the area proposed to be covered by such mining license. However, such materials must be retained in a protected location by the Licensee or its successors in interest, and they become subject to the preceding paragraph as provided in the two following sentences. They become subject to the offer requirement of the preceding paragraph at such time as the application for a mining license is withdrawn or the areas from which the

materials are obtained are withdrawn from the mining license application, or the mining license is terminated as to such areas, or the Licensee desires to dispose of such materials. In addition, once the mining license is granted, such materials, even if retained by the Licensee, may be inspected by the Ministry on request and sample portions thereof may be taken for analysis to the extent that they do not make unusable for evaluation purposes the remainder of the materials sampled.

(l) Digital Data for Airborne Geophysical Surveys

Data from all airborne geophysical surveys are to be provided to the Liberian Geological Survey independently of Quarterly and Annual Reports as and when required by Section 6.2(j).

(m) Environmental Performance Reporting

Required environmental assessments and audits are covered in Section 10.

6.2. PART B - Structure of Annual Report

An Annual Report will normally contain several parts or sections:

- Main body of report, including title page, summary, keywords, list of contents, text and references.
- Appendices.
- Figures, plans and images as attachments.

(a) Main Body of Report

- **Title page**

The title page should state the report title, author(s), date of the report and project manager or operator (company doing the work). The report title must include the License number(s), the project name or location, the report type (e.g., Annual or Final Annual) and the reporting period.

Example:

ANNUAL REPORT FOR LICENSE NUMBER XXX#####
(Project name and approximate location*)
COVERING THE PERIOD FROM [(DATE) TO (DATE)]
By (License Holder)
(Date of Report):

(* E.g., "approximately 30 km north-northeast of Buchanan Port")

- **Executive summary or abstract**

This should indicate commodity or deposit type covered by the License, the general character of the geology of the Exploration Area, the nature of the exploration conducted, and the main results and conclusions.

- **Keywords**

Keywords and map sheet names and numbers should identify the main points of the report for indexing purposes.

- **List of contents**

The list of contents should include section headings and all appendices and attachments. Note that the corresponding digital file name must be recorded against each item in the contents list.

- **Text**

The text should encompass a reasonably detailed description of the work done and the results of that work, including interpretations and conclusions. It should also include details of expenditure as provided in Section 6.1(j) and the proposed program for the next period. Small figures (e.g., location plan) and tables may be interleaved with the text.

- **Appendices**

Appendices are items separate from the main body of the report, and may include a range of material – specific studies, consultant reports, tabular data such as drill logs, assay results, etc. – as necessary to explain in more detail the text of the report or to support the conclusions contained in the text of the report.

- **Figures, Plans and Images**

- Figures, plans and images (other than small figures and tables) should not be interleaved with the text of a report and should appear grouped as attachments at the end of the report.
- Maps and plans should be compiled and presented at standard scales (e.g. 1:1000, 2500, 10000, 25000, 50000) with a graphic bar scale in metric units, and a north point (grid, true or magnetic).
- Maps and plans must show full coordinates, and the spatial reference must be WGS84 UTM Grid Zone 29N.
- Maps, plans, sections, logs, etc. must be clearly labeled and should include a legend where appropriate.

(b) Submission of Digital Data

Digital submissions should retain the well established structure and sequence of a hardcopy (paper) report as outlined above. Digital formats for each component of a report are described below. Digital files must be submitted on Microsoft Windows-compatible disk media (see Type of Media) and should be readable in a Microsoft Windows environment. Each disk should contain one report only. All files should be virus free and should not have any form of password or other security protection.

(i) Text

The main body of the report is to be provided in Adobe Acrobat Portable Document Format (PDF). This includes the title page, summary, list of contents, references and any figures and tables that are interleaved with the text. This should be a single PDF file created by conversion from Microsoft Word or another word processing program, and not by scanning a hard document. Appendices and attached figures, plans and images (and simple tables or maps) may be incorporated if appropriate, as long as the file does not exceed 5 Mb (see File Size).

(ii) Tabular Data (Geochemistry, Drilling, Ground Geophysics, etc.)

All tabular data (excluding small tables incorporated in the report text) should be supplied as American Standard Code for Information Interchange (ASCII) files. These should be tab or comma delimited (tab preferred), not fixed width. The Liberian Geological Survey expects in the future to specify header (metadata) information to be included at the beginning of each file, followed by the actual data. The amount of data that is included in a single data file depends on the practicalities of each case. File size, however, should not exceed 5 Mb.

(iii) Figures, Plans and Images

All graphics should be provided in PDF, Joint Photographic Group (JPEG or JPG) or Tagged Image File (TIFF or TIF) format. They must be readable and of fair print quality, and the color and spatial data of the original plan or image should be maintained. Resolution should be generally 150 dots per inch (dpi) or better. Most small- to medium-size graphics can be accommodated in PDF. These may be included in the main report PDF file, particularly if they are interleaved with the text. Further information will be provided from time to time in supplemental regulations, or, pending such regulations, by the Director of the Liberian Geological Survey. For larger plans, or where PDF is not considered appropriate, the raster image formats of JPEG and TIFF may be used. Bear in mind that JPEG is suitable for images with subtle gradations of color or shade. JPEG is not as suitable for line work because compression techniques play off quality against file size and may tend to blur sharp edges.

(c) File Naming Convention

File names should conform to the following convention: **License id_YYYYMM_##_ data type.eee**

- **License id** - an identifier for the License
- **YYYYMM** - a 6-digit report date representing year and month
- **##** - a 2-digit sequential number for each file submitted
- **data type** - for the data type contained in the file (e.g. map, appendix, report, etc.)
- **eee** - files extension (including the period). For example .pdf, .txt, .jpg, .tif

By way of example, the file “MEL_4242_200106_03_appendix.txt” would represent the third file in the June 2001 report for Exploration License MEL4242, containing tabular data in ASCII text format.

(d) File Verification

Each file name should be recorded against the item to which it refers in the List of Contents of the report. In addition, a file verification listing as an ASCII file may be included but is not a specified requirement.

(e) File Size

Files other than those embodying maps and other graphic data should normally not exceed 5 Mb in size. This is to ensure easy handling and delivery via the Internet from the Mineral Cadastral Information Management System. Larger map or graphic files are acceptable, but should be limited to a single object and not encompass multiple objects. ASCII files containing tabular data, and PDF files containing multiple graphics or a mixture of text and graphics, should not exceed 5 Mb. If the file is larger than this it should normally be split into two or more smaller files. Please seek advice from the Director or the Chief Geologist of the Liberian Geological Survey before submitting files that exceed these guidelines.

(f) File Compression

Compressed files are acceptable but only if produced using Winzip. File names specified in the report's List of Contents (and the file verification listing) must be the original (uncompressed) file names, not the compressed file names.

Nothing beyond single directories should be compressed and there should be no recompression of multiple, already-compressed files.

As most people now use CD-ROM, disk space is seldom a limitation. Files should only be compressed if there is a need to do so. However, files submitted in GIS or other native formats should be compressed (see below).

(g) Type of Media

Digital files should be submitted on either CD-ROM disks or DVD disks. All disks must be Microsoft Windows compatible and the files should be readable in a Microsoft Windows environment. Each disk should only contain one report, and should be clearly labeled to identify the Licensee, the License number, the type of report and the period covered. All files submitted on CD-ROM must be accompanied by a printed index of the files on the CD-ROM in form sufficient reasonably to identify the nature of each file.

(h) Geographical Information System (GIS) and Vector Data

GIS and other vector data in native format are generally not required as all the information should already be supplied as tabular data (in ASCII) and as plans or figures. Please seek advice from the Director or the Chief Geologist of the Liberian Geological Survey on the suitability of submitting data in this form. If GIS data are provided, however, all the files for a set of data should ideally be compressed as a single zip file.

(i) Location Coordinates

Wherever coordinates are used in the data, the spatial projection of the locations must be: **WGS84 UTM Grid Zone 29N**.

(j) Airborne Geophysical Surveys

Digital data from airborne magnetic, electromagnetic and radiometric surveys do not form part of the normal annual reporting on exploration licenses. All such data must be provided separately within three months of completion of the survey generating such data. The data are to be provided as standard ASCII, formatted in ASEG-GDF or as specified by the Liberian Geological Survey. Data should be supplied on CD-ROM or DVD disks. All such data should be accompanied by a metadata file and a covering letter giving details of the survey.

(k) Summary of File Formats

	Mandatory	Preferred	Acceptable
Text – Main body of report and additional reports as appendices	PDF		
Tabular Data – Drilling logs, geo-chemistry, ground geophysics, etc.	ASCII	tab delimited	comma delimited
Figures, Plans and Images	PDF, JPEG or TIFF	PDF for small plans; JPEG, TIFF for larger plans	
Airborne geophysical surveys – magnetic, radiometric, electromagnetic	ASEG-GDF (ASCII)		

SECTION 7. LAND AND FACILITIES

7.1. Rights to Enter on Land; Compensation

- (a) As provided in Section 10 of the Mining law, a License does not entitle a Licensee to enter upon any lands located within the boundaries of any cities, commonwealth districts, municipal districts, cemeteries, transportation or communication facilities, aqueducts, military base, port, Poro or Sande (communal land) grounds, or other grounds reserved for public purposes, except with the consent of the officials authorized to administer or control the affairs of such entities, and subject to such special terms and reasonable conditions as may be prescribed for the protection of surface users. Lands reserved for public purposes include lands held and allocated under the jurisdiction of the local village head or paramount chief and allocated to agricultural purposes.
- (b) A Licensee may not enter upon or carry out work on (i) areas that are cultivated for subsistence farming purposes or that are within 150 meters of a dwelling, or (ii) areas that constitute drinking or irrigation water sources that would be contaminated or interfered with by the Licensee's entry or work unless the Licensee concurrently provides water of at least equal quality and quantity at the same location.
- (c) With respect to Land in the License Area not covered by Sections 7.1(a) or (b), the limitations set forth in Sections 7.1(d) through (g) apply.

- (d) A Licensee may conduct Exploration operations other than actual mineral searches (such as construction of access roads, temporary camps, base camps, storage sites, and the like) on any such Land that is held by a Landowner or an Occupant other than the Republic only with the prior written permission of the Landowner or Occupant, and the Landowner or Occupant has no obligation to grant such consent. For the purposes of this regulation, “actual mineral searches” means drilling, seismic surveys, test pits and the like, as well as necessary means of access to conduct such activities, but does not include activities governed by Section 13.2.
- (e) A Licensee may conduct actual mineral searches on any such Land that is held by a Landowner or Occupant other than the Republic only if the Licensee has delivered the Landowner or Occupant the Licensee’s written agreement to provide full and complete compensation for any damage to the Land or any crops or improvements thereon (including compensation for the expected market value of growing crops) or any long term loss in value of the Land caused by or resulting from the activities of the Licensee, and has complied with Section 7.1(g). An acceptable form of agreement is set forth in Schedule 7.1(e). No other form of agreement is acceptable without the prior written approval of the Minister.
- (f) Any such agreement must:
 - (i) include a bona fide estimate of fair compensation to the Landowner or Occupant for the costs and damage sustained by the Landowner or Occupant as a result of the Licensee’s work on the land; and
 - (ii) state that if the amount paid is less than fair compensation for such costs and damage, the Licensee will pay the additional amount on demand by the Landowner or Occupant.
- (g) The amount of the estimate referred to in clause (i) of Section 7.1(e) must be paid to the Landowner or Occupant prior to any entry of the Licensee on the Land.

7.2. Manner of Obtaining Access; Disputes

- (a) If a Landowner or Occupant of Land refuses to give a Licensee reasonable temporary access as provided in Section 7.1(e) after the Licensee has delivered the agreement and tendered the payment required by such Section, the Licensee may petition the Ministry for relief, setting forth all relevant facts and circumstances including any financial offers made to such Landowner or Occupant of Land and an explanation of why it is material to the Licensee’s Exploration activities to have access to or to conduct operations on such Land.
- (b) If any Person believes that a Licensee has violated Section 7.1(a) or 7.1(b) with respect to Land administered or used by such Person, or if a Landowner or Occupant believes that a Licensee has failed to comply with its obligations under Sections 7.1(d) through (g), such Person may petition the Ministry for relief.
- (c) The Ministry will appoint one or more hearing officers to hear claims under Section 7.2(a) or (b) in accordance with the procedures established in Section 18. If the hearing officer determines that the compensation offered by a Licensee under clause (i) of Section 7.1(f) was inadequate to compensate fairly the Landowner or Occupant, the hearing officer will determine an appropriate

compensation estimate, and if the hearing officer determines that the compensation initially tendered was unreasonably low under all the facts and circumstances, or that the Licensee has unreasonably refused to provide additional compensation when additional compensation is required under clause (ii) of Section 7.1(f), the hearing officer shall assess the Landowner's or Occupant's costs against the Licensee and shall award the Landowner twice the amount of the additional damages claimed. If the hearing officer determines that a Landowner or Occupant has denied entry to a Licensee that has complied with Section 7.1(e), the hearing officer will order the Landowner or Occupant to grant entry to the subject Land.

- (d) The Minister will establish by subsequent regulation appropriate procedures for the prompt hearing and determination of petitions filed pursuant to Section 7.2(a) or (b). Such procedures shall conform to the requirements of the Administrative Procedure Act, shall provide for the conduct of hearings at the county level, and shall provide for such notice of hearings as shall be calculated to maximize the likelihood that the Landowner or Occupant will receive timely notice of the hearing. The role of the hearing officer shall be to determine the facts and circumstances before reaching a decision, and the hearing officer is expected to make independent enquiry as to the facts and circumstances if the hearing officer determines that the presentations made to the hearing officer at a hearing are incomplete or one-sided.
- (e) A Licensee must attach to each quarterly report to the Minister under Section 6 a list identifying each agreement tendered by the Licensee under Section 7.1(e) during the quarter, the purpose of the access requested in connection with each such agreement and the period for which access is required, a summary of the nature and scope of the expected damages to the Land and other property involved, and the amount of compensation offered to the Landowner or Occupant.

7.3. Use of Resources from the Land

The Licensee may from within the License Area utilize water, gravel, sand, clay, stone and timber (except for protected species) solely to the extent reasonably necessary for Exploration if the Licensee does so in accordance with applicable environmental Law, Section 10 of the Mining Law and Section 10 of this regulation, provided that a Licensee may not (a) sell or transfer any such material to any Affiliate or third party, (b) take any such material from Land in the License Area held by a Landowner or an Occupant other than the Republic without first obtaining the permission of such Person to do so, (c) utilize any gravel, sand, clay or stone from a site to which a third party (other than the Republic) holds exploitation rights or from which a third party is currently extracting such material, except in either case on terms and conditions satisfactory to such third party, (d) deprive any Person (even temporarily) of a constant and reasonable supply of usable water from a previously utilized traditional source without replacing it, or (e) interfere with any water rights enjoyed by any user under any agreement with the Government.

7.4. Reservation of Rights to the Government

The Government may construct or permit third parties to construct roads, highways, railroads, pipelines, power, telegraph and telephone lines, other public transport or communications facilities or other public facilities in or across a License Area. If material aspects of a Licensee's work program are materially delayed by any such activities, the Licensee may apply to the Minister for a compensating extension of its

License Term. The Minister must authorize such extension if and to the extent that the Licensee can reasonably demonstrate that the delay occurred notwithstanding the Licensee's reasonable efforts to coordinate its work program with such activities. Nothing in this regulation limits any right a Licensee may otherwise have to recover from the appropriate Governmental agency or third party for actual damage to or loss of use of equipment or facilities utilized by the Licensee in the performance of the Work.

SECTION 8. OBLIGATIONS OF A LICENSEE

8.1. Commencement of Exploration

A Licensee must commence Exploration under a License within the later of 180 days of the issuance of the License or 60 days of the Effective Date of the License.

8.2. Duty to Explore during License Term

A Licensee must diligently carry on Exploration throughout the License Term in a good and workmanlike manner using appropriate, modern and effective plant, equipment, materials and methods in accordance with (i) the substantive and timing provisions of its approved work program, this regulation, the Mining Law and other applicable Law, and (ii) accepted international standards.

8.3. Right to Suspend Exploration under Section 5.3(k) of the Mining Law

- (a) Following the approval or deemed approval of a Licensee's work program and budget under Section 4.3 or Section 4.4 a Licensee may apply to the Minister for the suspension of its Exploration obligation under the related License on the following terms and conditions:
- (i) The Licensee must apply in writing for the suspension, indicating the period of time for which the suspension is requested and the reasons for the suspension, including the Licensee's representation that as of the date of the application, the Licensee is in compliance in all material respects with its obligations under this regulation and the Mining Law, and providing evidence of the payment of the review fee provided for in Section 12.3.
 - (ii) If the period of suspension will extend beyond the next Anniversary Date under the License involved, the Annual Report due under Section 6.1(g) with respect to that Anniversary Date is due 60 days after the commencement of the suspension period and shall cover all Work performed up to the beginning of the suspension period.
 - (iii) If a Competent Person has advised the Minister in writing that the information then available about the geology of the License is insufficient to support a conclusion that there exist within the License Area mineral resources covered by the License constituting potentially mineable quantities of Indicated Resources (as defined in a CRIRSCO-compliant code) the maximum suspension period is 365 days. Otherwise the maximum suspension period is 180 days.
- (b) The Minister will grant a request duly made under Section 8.3(a) on the following terms and conditions:

- (i) The Licensee undertakes in a writing delivered to the Minister to perform no Exploration during the suspension period (it being understood that analyses of samples and data obtained prior to the suspension period is excluded from this limitation), and acknowledges in the undertaking that a breach of the undertaking is grounds for termination of the relevant License.
 - (ii) The Licensee continues to make the surface rights and License fee payments required by Sections 12.1 and 12.2 as though the suspension did not occur.
 - (iii) The Licensee represents in writing to the Minister at the end of the suspension period that Licensee has complied with its undertaking referred to in clause (i) of this Section 8.3(b).
- (c) A Licensee is entitled to only a single suspension under this Section 8.3 during the License Term. The suspension may occur during the Initial Term or during the Extended Term. A suspension on the grounds of force majeure is governed by Section 20 and not this Section 8.3. A suspension under this Section 8.3 shall extend the Initial Term or the Extended Term (as the case may be) by the length of the suspension period and shall suspend, during the suspension period, the obligation to incur Eligible Exploration Costs.

8.4. Amendment of Work Program and Budget

- (a) A Licensee may seek amendment of its work program and budget at any time. An amendment request must include a description of the nature and impact of the proposed amendments and a copy of the complete work program and budget marked to show all additions and deletions from the work program and budget as most recently approved by the Minister, and must be accompanied by evidence of payment of the review fee provided for in Section 12.3. The provisions of Section 4.4 apply to any submission filed under this Section 8.4(a), except that the review periods are reduced from 45 to 30 and from 25 to 15 days, respectively.
- (b) If the requested amendment involves any activities subject to EPA review, the Licensee must also concurrently file with the EPA all submissions as may then be required in order to obtain all EPA approvals, licenses or permits required in order to implement the Licensee's work program as amended.
- (c) The Minister must approve the proposed amended work program and budget if it satisfies the requirements of Section 4.2(a) and (b). The Licensee may not implement any of the approved work program changes until the EPA has issued all approvals, licenses or permits or modifications thereof required in order to implement the Licensee's work program as amended.
- (d) If a Licensee believes that the Minister has failed to approve a work program amendment or budget amendment that should have been approved under the standard set forth in Section 8.4(c), it may seek relief as provided in Section 18.

8.5. Eligible Exploration Costs

- (a) A Licensee must incur Eligible Exploration Costs in the first year of a License Term in an amount equal to the Adjusted Per Hectare Expenditure Requirement for such year multiplied by the number of hectares in the original License Area.

- (b) A Licensee must incur, in the second and each subsequent year of a License Term, Eligible Exploration Costs in an amount equal to the Adjusted Per Hectare Expenditure Requirement for such year multiplied by the adjusted number of hectares in the License Area for such year. The adjusted number of hectares in a License Area for a given year of the License Term is determined on the basis that any portion of the License Area added to or removed from the License Area during a year of the License Term is weighted (for each such area) by multiplying the actual number of hectares in such area by a fraction, the numerator of which is the number of days that such area is included in the License Area during such year and the denominator of which is 365.
- (c) If a Licensee is excused by Section 8.3, Section 20 or otherwise from incurring Eligible Exploration Costs for any portion of a year, the Adjusted Per Hectare Expenditure Requirement for such year is reduced in the same proportion.
- (d) If there is an extension of the Initial Term or the Extended Term for a portion of a year, the Adjusted Per Hectare Expenditure Requirement for that portion of the year is equal to the requirement for the full year multiplied by a fraction equal to the number of days of extension divided by 365.
- (e) Eligible Exploration Costs during any period are to be measured on a cash basis and not when accrued for accounting purposes.

8.6. Transactions with Affiliates; Internally Charged Costs

A Licensee may not directly or indirectly enter into any transaction or group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate, except in the ordinary course and pursuant to the reasonable requirements of the Licensee's business and upon fair and reasonable terms no less favorable to the Licensee than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate. Compliance with the preceding sentence by a Licensee does not establish compliance by the Licensee with other Law that may be applicable to transactions by the Licensee with any of its affiliates.

8.7. Health and Safety; Labor Law

This Section 8.7 applies to all Work performed in Liberia.

- (a) A Licensee must (i) comply with applicable health and safety Law, and (ii) install, maintain and use such modern health and safety devices and equipment and practice such modern health and safety procedures and precautions (including regular safety training instruction for its employees) as required by applicable Law and as are in accordance with practices generally accepted in OECD countries. This paragraph is to be interpreted as requiring a Licensee to consider the impact of Exploration on the health and safety of the residents of the area in which it is Exploring as well as the health and safety of those carrying out Exploration.
- (b) A Licensee must comply with applicable Law setting forth the duties of an employer and the rights of employees and may not hire non-Liberian citizens for unskilled positions.
- (c) A Licensee must notify the appropriate Government agency immediately of any death of or serious injury to any employee that is reasonably attributable to his or

her participation in the Work. For the purposes of this Section 8.7(c), a “serious” injury means an injury that is likely to cause the injured employee to lose 3 or more working days.

- (d) A Licensee must include the provisions of Sections 8.7(a), (b) and (c) in all contracts with third parties for the performance of any Work, and require their inclusion in all subcontracts under such contracts.

8.8. Secondment of Ministry Employees

- (a) The Ministry may from time to time second up to two professionals (mining engineers or geologists) from the Ministry to a Licensee’s operations after consultation with such Licensee as to the identity and skills of, and the work to be performed by, such secondees. Secondees shall be available for assignments from the Ministry one week out of four. If the Ministry is unable to schedule the use of a secondees’ time available to it on a regular three weeks on/one week off (or six weeks on/two weeks off) basis, a Licensee must receive at least eight days’ advance notice (or such lesser period time as the Licensee and the Ministry may otherwise agree) of the time the Ministry will require the services of a secondee, provided that if the Ministry requires the services of a secondee in connection with a safety-related emergency at another location, no notice is required.
- (b) The Licensee must pay such stipends to secondees as from time to time are determined by the Minister as applicable to all secondees after consultation with Licensees generally. Allowances may reflect differences in the training and experience of secondees. Transport costs to and from Monrovia and the Licensee’s location when a secondee will be stationed outside of Monrovia will be borne independently by the Licensee. When the Ministry requires the services of a secondee other than in Monrovia the transport costs are for the account of the Ministry.

8.9. Indemnity

By submitting its work program and budget to the Minister, a Licensee is deemed to have agreed to indemnify and hold harmless the Government and its officers and agents from all claims and liabilities for death or injury to Persons or damage to property from any cause whatsoever arising out of its Exploration operations.

8.10. Licensee an Eligible Applicant; Certain Licensees to Be Liberian Corporations

A Licensee must at all times be an “Eligible Applicant” for a Class A Mining License under the Mining Law. A Licensee under a License awarded after the effective date of this regulation must at all times be a corporation organized and subsisting under the laws of the Republic.

SECTION 9. SOCIAL OBLIGATIONS OF A LICENSEE

9.1. Employment and Training

A Licensee must provide on a continuing basis for the training of Liberian employees in order to qualify them for skilled, technical, administrative and managerial positions. A Licensee must employ and give preference to the employment of qualified Liberian citizens for skilled positions as and when such persons become available. A Licensee must advertise in at least two Monrovia newspapers for all such positions expected to

have a term of at least one year, and must maintain written records as to the number of local candidates applying and why they were determined to be unsuitable.

9.2. Liberian Goods and Services

- (a) When a Licensee purchases goods and services related to Exploration to be performed under its License, it must give preference to the maximum extent practical to materials and goods produced in Liberia, and to services provided by Liberian citizens resident in Liberia or entities incorporated or formed in Liberia where Liberian citizens resident in Liberia are entitled to receive 60% or more of all profits from such entities, provided that such goods and services are comparable in quality, terms, delivery, service, quantity and price, or better than, goods and services obtainable from other sources. Subject to the foregoing, a Licensee may freely contract with any Person. A Licensee is responsible for maintaining records sufficient to demonstrate its compliance with this Section.
- (b) A Licensee must include the provisions of Section 9.1 and this Section 9.2 in all contracts with third parties for the performance of any Work, and require their inclusion in all subcontracts under such contracts.

9.3. Local Community Enhancement Obligations

- (a) A Licensee must encourage economic and social development in or adjacent to its License Area during the term of its License and must provide for meetings on a regular basis between representatives of the Licensee and of local communities affected by its Exploration operations for the purposes of reasonably minimizing any adverse impact of such operations upon local communities.
- (b) A Licensee must expend each year during the License Term an amount equal to at least 2% of its approved budget for such year on the construction, maintenance or rehabilitation of schools or clinics within its License Area or within other local communities affected by the Licensee's Exploration. The Licensee must consult with local officials and traditional leaders as to the facilities that will benefit from this expenditure, but will retain control over all expenditures.

SECTION 10. ENVIRONMENTAL PROTECTION

10.1. Duty of a Licensee

All operations of a Licensee in connection with Exploration must comply with its Environmental Management Program, Sections 8.1 through 8.3 of the Mining Law, applicable environmental Law and the terms of all relevant approvals, licenses and permits issued to it by the EPA. A Licensee must in any event take preventive or corrective measures to ensure that all streams and water bodies within or bordering Liberia, all dry land surfaces, and the atmosphere, are protected from pollution, contamination or damage resulting from Exploration operations pursuant to its License, and shall construct its access roads and other facilities so as to limit the scope for erosion and the felling of mature trees. If the Exploration operations of a Licensee violate any requirement referred to in this Section or otherwise damage the environment, the Licensee must proceed diligently to mitigate and/or restore the environment as much as possible to its original and natural state and to take preventive measures to avoid further damage to the environment.

10.2. Annual Environmental Audit

- (a) A Licensee must deliver to the Minister and the EPA, within 60 days of each Anniversary Date (other than an Anniversary Date that is the last day of the License Term), an environmental audit and assessment of the License Area, supervised and signed by an environmental consultant who is not a regular employee of the Licensee or an Affiliate of the Licensee and who is a registered engineer with at least 10 years of experience in making environmental compliance assessments and audits. The assessment and audit are for the purpose of determining whether the Licensee's work program is being conducted in conformity with applicable environmental law and regulations and this Section 10, and whether the schedule of remediation and restoration work set forth in the Licensee's work program is being maintained.
- (b) A final environmental audit and assessment must be delivered to the Minister and the EPA within 180 days of the end of the License Term, with respect to work performed in the License area since the end of the period covered by the prior audit and assessment delivered under this Section 10.2. If the period from the previous Anniversary Date to the end of the License Term is less than 105 days, the Licensee may on notice to the Minister and the EPA prior to such previous Anniversary Date omit the audit and assessment due 60 days after such Anniversary Date and file only the final audit and assessment.
- (c) The assessment and audit must cover (i) all access roads and all locations at which the Licensee has maintained during the year then ended facilities and equipment engaged in or supporting Exploration (such as base camps and equipment pool locations, but excluding urban office locations) and (ii) locations randomly selected by the auditor from a list certified as complete and correct by the Licensee's chief operating officer of all locations at which the Licensee has conducted and completed drilling or other invasive Work during such year (including such locations as temporary camps as well as locations in which drilling or sampling of any kind occurred). The locations included pursuant to clause (ii) of the preceding sentence must include at least 10% of all such locations (and must include at least two such locations). The assessment and audit for each year must be accompanied by the Licensee's report of the amounts expended on restoration and remediation at each location covered by the assessment and audit.
- (d) If any such assessment and audit identifies any location as not in compliance with the requirements of Section 10.1, the Licensee must promptly remedy such situation, and must thereafter cause the auditor to perform a second assessment and audit (i) covering the locations at which remedial work was performed and (ii) if any non-complying location was a location included pursuant to clause (ii) of Section 10.2(c), covering 10% of the locations referred to in such clause (ii) that were not previously audited (but not less than two such locations). The cycle required by the preceding sentence must be repeated until an assessment and audit show no further non-complying locations.

10.3. Security for Remediation and Restoration

- (a) Notwithstanding any finding of financial capacity of a Licensee under Section 4.2(c), a Licensee must before beginning Exploration provide security for its performance of its obligations under Section 10.1 equal to 15% of the budget for its approved work program, or such greater amount as may be required by the EPA. The security must be provided as a letter of credit substantially in the form

of Schedule 10.3 or in another form satisfactory to the Minister of Finance. If a Licensee requests the use of an alternative form (or requests material modifications in the attached form), it must fund the reasonable fees of New York or London counsel retained by the Minister of Finance to review the alternative form or modifications, as the case may be.

- (b) A Licensee must increase proportionately the amount available under any security delivered pursuant to this Section 10.3 whenever the cumulative increase in the total budget for the approved work program exceeds 10% or the sum of cumulative actual work program expenditures plus remaining budgeted work program expenditures exceed the budgeted amount by more than 10%. A Licensee is not entitled to a reduction in the amount available under any such security upon any reduction of the License Area under its License.
- (c) The Minister must release any security provided by a Licensee under this Section 10.3 at such time after the end of the License Term that the Licensee delivers a final environmental audit and assessment complying with the requirements of Section 10.2 that identifies no non-complying locations and there is no outstanding determination by the Minister or the EPA that the Licensee has failed to perform its environmental restoration and remediation obligations under this Section 10.
- (d) If a Licensee has not delivered an environmental audit and assessment satisfying Section 10.2(b) within 180 days of the end of the relevant License Term, the Minister may call on such security in its entirety (or in such lesser amount as is required by the following sentence) and hold the proceeds for application to remedy any environmental damage or defects attributable to the Exploration activities of the Licensee. If within such 180-day period an environmental audit and assessment is delivered that satisfies Section 10.2(b) subject to certain stated exceptions, the Minister shall call on such security only to the extent the Minister deems it necessary to remedy the damage or defects reflected in the stated exceptions. Any amounts so called upon must be transferred directly to and shall be held under the authority of the Minister of Finance separately from the general funds of the Government and may be applied by the Minister of Finance at the request of the Minister of Mines solely to discharge a failure of the Licensee to perform its environmental restoration and remediation obligations under this Section 10. Any unused amount will be returned to the Licensee on the third anniversary of the end of the License Term. The requirements of this Section are in addition to any late filing penalty under Section 3.3(c).
- (e) If under any law or regulation setting forth the powers of the EPA the EPA determines that security is to be provided by the holder of a License for environmental remediation and restoration, the Minister and the head of the EPA will determine whether there exploration regulations or the requirements of the EPA take priority. A Licensee may not be required to provide security to both the Minister and the EPA.

SECTION 11. BOOKS AND RECORDS AND RELATED OBLIGATIONS OF A LICENSEE

11.1. Books and Records; Accounting

- (a) A Licensee must maintain books of account and financial records relating to the Work in conformity with IFRS and in compliance with all applicable requirements

of Law. A Licensee must maintain its books of account and financial records in Dollars, and all amounts paid or received, and obligations incurred or transactions carried out, in Liberian Currency or in any other non-Dollar currency will be converted to Dollars in accordance with and pursuant to IFRS, based upon the Prevailing Market Rate of Exchange of Dollars and any such currency at the date of the applicable transaction.

- (b) The books of account and financial records of a Licensee relating to the Work must be maintained in a manner that will enable the Minister or the Minister's designee to determine the Licensee's compliance with Section 8.5 and that clearly identifies all transactions with Affiliates referred to in Section 8.6.
- (c) If a Licensee holds more than one License, it must maintain independent books and records, including books of account and financial records, for its operations under each License in such a manner as will permit the Minister to determine the compliance of the Licensee with the requirements of this regulation on a separate basis for each License. A Licensee holding multiple Licenses may not establish compliance with the annual exploration expenditure requirement contained in Section 8.5 or the 10% sampling requirement in Section 10.2 on an aggregative basis.

11.2. Currency of Payment

A Licensee must make payments to the Government of sums it collects on behalf of the Government (including, but not limited to, taxes withheld from the salaries or wages of its employees, and any other sums payable to other Persons from which a portion is required by Law to be withheld or retained by it on behalf of the Government) in the currency in which such salaries or wages or such other sums are paid. All other payment obligations of a Licensee to the Government, including all amounts due under the express provisions of this regulation, must be discharged by the payment of Dollars. Any obligation originally stated in Liberian Currency must be converted to Dollars at the Prevailing Market Rate of Exchange. For purposes of determining compliance by the Licensee of required payments in Liberian Currency under any Law (including without limitation any Law determining minimum wages), the amount of any payment by a Licensee made in Dollars will be converted to Liberian Currency at the Prevailing Market Rate of Exchange as of the date of payment.

11.3. Location of Books, Records and Samples

A Licensee must have an office in Monrovia open from at least 10 AM to 4 PM on each Business Day for the receipt of notices and other communications and must inform the Minister promptly of the location of such office and of any changes in such location. A Licensee must maintain at such office (or in the case of retained core and other field samples at such other location in Liberia as is disclosed in writing to the Minister) originals or copies of all maps, geological, mining or other earth science reports and mineral analyses (together with all field data which support such reports or data), production records and other data obtained or compiled by or on behalf of such Licensee as a result of exploration operations under its License until such time as delivery of those items is made to the Minister or the Minister's designee under Section 6. A Licensee must also maintain at its office in Monrovia original or copies of all books of account and financial records of the Licensee relating to its License and the Work performed or to be performed thereunder. The Minister or the Minister's designee is entitled to full access to all such information, material, books of account and financial records on at least one Business Day's prior written notice to the Licensee.

11.4. Inspection

- (a) Agencies of the Government may monitor a Licensee's operations from time to time to determine compliance with applicable law and regulations. Government personnel may inspect any facilities or operations of a Licensee in Liberia without prior notice but at reasonable times of day. Such inspection may not materially interfere with the normal conduct of a Licensee's operations. The failure of any agency of the Government to make any such inspection or ascertain in any such inspection the existence of any breach by the Licensee of any of its obligations will not affect the ability of the Government to require full compliance by the Company with its obligations.
- (b) As a condition to permitting any such inspection made without at least one Business Day's prior notice, a Licensee is entitled to insist upon (i) receipt of a copy of written instructions to conduct such inspection from an official senior to the official purporting to conduct the inspection, manually and legibly signed and bearing such senior officer's telephone number, and (ii) viewing and copying the identification of the persons claiming the right to conduct such inspection.

SECTION 12. SURFACE RIGHTS PAYMENTS AND OTHER FEES AND TAXES

All amounts due from an applicant for a License or a Licensee under Sections 12.1 through 12.3 and all penalties under Section 3.2(c) or 3.3(c) must be paid to the Ministry of Finance for deposit in the general revenues account of the Government against delivery of a receipt or other official document evidencing payment of the amount and the purpose for which paid. An application under Section 12.2 or 12.3 is not complete until the Ministry has received such official receipt or other evidence that the required fee or fees due under such Section have been paid.

12.1. Payments for Surface Rights

This Section 12.1 is subject to and is superseded by any inconsistent provisions of the Revenue Code of Liberia, as from time to time in effect. A License holder must comply with this Section 12.1 until notified of an inconsistency by the Minister or the Minister of Finance or until so determined by a final judgment of a Liberian court of competent jurisdiction.

- (a) A Licensee must make an annual payment (a "Surface Rights Payment"), in advance, for the right to Explore the License Area. Evidence of payment of the initial year's Surface Rights Payment must be submitted with a License application (determined based on the applicant's estimate of the License Area. This initial payment will cover the year of the License Term beginning on the Effective Date of the License. Subsequent annual payments during the Initial Term are due and payable by the Licensee on each Anniversary Date during the License Term. If the License Area is determined by the Minister to be more or less than that estimated by the Licensee, any additional amount due must be paid by the Licensee within 60 days of receipt of notice as to the amount due and the computation of such amount and any excess amount paid will be credited against the following year's Surface Rights Payment obligations.
- (b) The Surface Rights Payment for any year of a License Term commencing prior to July 1, 2010 is US\$0.50 per hectare included in the License Area.
- (c) The Surface Rights Payment for any year of a License Term commencing in the 12-month period beginning July 1, 2010 or in any following 12-month period is

US\$0.50 per hectare, adjusted, as of July 1 in each year (beginning with 2010), in proportion to the increase in value, if any, of the "GDP Implicit Price Deflator" published by the U.S. Department of Commerce, Bureau of Economic Analysis as the "revised" GDP Implicit Price Deflator for the fourth quarter of the preceding calendar year from the value of the "revised" GDP Implicit Price Deflator published for the fourth quarter of 2008. The Minister's determination of such change in value and the Minister's determination of the size of a License Area is final, absent manifest error. If such index is no longer published, the Minister will designate a substitute adjustment mechanism or index that will substantially preserve the economic impact and timing of the periodic adjustment provided for in this definition.

- (d) No abatement or refund of a Surface Rights Payment for any year will be made as a consequence of the surrender by a Licensee of any portion of a License Area or any termination of a License, except that:
- (i) if a Licensee's license is terminated under Section 4.5(b) and (c), or a Licensee relinquishes all of its License Area under Section 5.1 before the License Effective Date, the Licensee is entitled to a refund of the amount paid under the second sentence of Section 12.1(a); and
 - (ii) a surrender of all or any portion of the License Area prior to the 90th day of any year of a License term pursuant to Section 3.2 will entitle the Licensee to a credit based on the size of the surrendered portion against subsequent payments due with respect to such License under this Section 12.1.

The credit under clause (ii) of this subsection (d) is equal to the unearned portion of the surface rights payment, determined on a pro rata basis based on the ratio of the remaining number of days in the current year of the License Term to the number of days of a 365-day year.

- (e) Surface Rights Payments on any areas added to a License Area pursuant to Section 5.1 will accrue from the date such area becomes part of the License Area and will be due and payable for the balance of the current year of the License Term 10 days following notice from the Minister that such area has become part of the License Area.
- (f) If the Initial or Extended Term of the License is extended pursuant to Section 7.4 or 20.5, no Surface Rights Payment is due for such extended period. If the Initial or Extended Term of the License is extended pursuant to Section 8.3 for less than one year, then the Surface Rights Payment shall be prorated for the period of the extension.
- (g) A Licensee is not entitled to an abatement of Surface Rights Payments on the ground that portions of its License Area are subject to the rights of prior holders of Class B Mining Licenses, Class C Mining Licenses or Quarry Licenses issued under the Mining Law.

12.2. License Fee

- (a) An annual License fee of US\$5,000 is due and payable in advance for each year of the License Term. Any License fee payment coming due on or after July 1, 2010 will be adjusted in the manner provided for the adjustment of the Surface Rights Payment in Section 12.1(c). Evidence of payment of the initial year's

Licensee fee must be submitted with a License application, and will cover the year of the License Term beginning on the Effective Date of the License. Subsequent annual payments are due and payable by the Licensee on each Anniversary Date during the License Term unless the Anniversary Date is the last day of the License Term. No abatement or refund of the annual Licensee fee will be made as a consequence of the surrender by a Licensee of any portion of a License Area or any termination of its License. If the Initial or Extended Term of the License is extended pursuant to Section 8.3 for less than one year, then the License fee shall be prorated for the period of the extension.

- (b) If the Initial or Extended Term of the License is extended pursuant to Section 7.4 or 20.5, no License fee is due for such extended period.

12.3. Application Processing Fees

A Licensee must pay the following fees for the processing of applications made under this regulation:

- (a) for the processing of any application to add one or more Additional Areas to the License Area under Section 5.1, or to extend a License Term under Section 5.2, US\$5,000;
- (b) for the processing of any application to suspend exploration under Section 8.3, US\$2,500;
- (c) for the processing of any application under Section 8.4 to amend an approved work program and budget, US\$2,500;
- (d) for the processing of any application to undertake a pilot mining and recovery program under Section 13.2, US\$10,000 plus the fees of the independent Competent Person selected by the Minister as contemplated by Section 13.2(e), whether such application is filed separately or together with an application for an Extended Term; and
- (e) for the processing of any Transfer or Change of Control under Section 15, US\$2,500, provided that in the case of a Transfer or Change of Control governed by Section 15.6, the fee is not payable until there is an actual foreclosure or other exercise of remedies under the Mortgage that triggers the requirements of subsections (a) through (c) of such Section.

12.4. Taxes, Duties, Fees, etc.

The issuance of a License does not excuse a Licensee from paying, and a Licensee must pay all direct and indirect income, profit, excess profit, additional profit, gains, capital gains, corporation, dividend, interest, financing, net worth, sales, transaction, payroll, import, export, customs, consul, inspection, value added, consumption, supply, use, turnover, severance, stumpage, cash flow, rental, land rental, surface rental, property, stamp, withholding and other taxes, duties, fees, levies, excises, rates, charges, imposts, surcharges, royalties and other Government-imposed revenue payments of whatever nature and however called from time to time imposed or required by the Revenue Code of Liberia or other applicable Law, whether paid to the Government or to any other Person at the directive of the Government.

12.5. Imports

A Licensee is entitled to import and use in respect of Exploration (including any pilot mining permitted under Section 13.2), and subsequently sell or export, any and all machinery, equipment, consumable items, fuels, explosives and any other commodity reasonably required for such purposes, subject to the following:

- (a) If items were imported under an exemption from Taxes and Duties, a Licensee must pay all Taxes and Duties on any resale of such items in Liberia as though they had been imported into Liberia at the time of the resale for the price for which they are resold. Such payments shall be made to the Ministry of Finance for deposit into the general revenue fund and a receipt for the deposit obtained from the Ministry.
- (b) A Licensee must file promptly within 30 days after each June 30 and December 31 with the Minister of Finance a list of all items imported under an exemption from Taxes and Duties and resold during the six month period then ended, the sales prices of such items, the computation of Taxes and Duties due on such sales, and a copy of the deposit receipts evidencing payment of such amounts, or a certification that no such items were sold.
- (c) A Licensee may not re-export fuels.
- (d) A Licensee must comply with all provisions of Law regarding the use, security and storage of explosives, and may sell or otherwise dispose of explosives only to another licensed mining or exploration company or as authorized by the Minister.

SECTION 13. CERTAIN RIGHTS OF LICENSEES

13.1. Right to Take Samples

A Licensee may obtain, either directly or from others who hold exploration or prospecting licenses issued and in effect under the Mining Law, and freely export (where it decides not to have tests conducted within Liberia) samples recovered from the License Area (or from other areas by third parties with the right to take samples from such areas) for analysis by recognized laboratories or research institutes so long as the samples are of no commercial value or represent concentrates and in either case have been inspected and certified by the Liberian Geological Survey. The Licensee is not required to pay royalties or other Taxes and Duties on samples of no commercial value; otherwise royalties are due on shipment. The right set forth in this section extends to the taking by or on behalf of the Licensee of limited bulk samples (not in excess of five metric tons from any one location or 100 metric tons in the aggregate) from within its License Area so long as they are solely for analysis and verification of economic beneficiation or other processing techniques with respect to a mineral resource discovered by the Licensee and within the scope of its License. Notwithstanding the foregoing all bulk sampling of diamond-yielding resources must be carried out pursuant to Section 13.2.

13.2. Pilot Plant Mining and Bulk Sampling

- (a) If a Licensee with diamond exploration rights identifies a diamond prospect within its License Area and the Licensee is unable to determine through normal sampling techniques whether the mineral content is high enough to make large scale exploitation of the resource economically feasible, the Licensee may apply

for permission under this Section 13.2 to conduct pilot diamond mining and recovery. The Minister will consider any such application only if the Licensee has prior to the application fulfilled its approved work program and budget expenditure obligations for the License Area, is otherwise in compliance with this regulation and applicable Law, and provides evidence of payment of the review fee provided for in Section 12.3.

- (b) The application requirements are set forth in Schedule 13.2(b). The salary, accommodations and per diem allowance for the monitor referred to in clause (b)(4) of Schedule 13.2(b) are for the account of the Licensee and will be set at the level reasonably determined by the Minister after consultation with the Licensee to be necessary to obtain the services of individuals with suitable prior experience.
- (c) Approval of the pilot mining and recovery work program and budget will follow the process outlined in Sections 4.3 and 4.4 (except that the Licensee need satisfy only the requirements of Sections 4.2(a), (c) and (e) with respect to its pilot mining program).
- (d) Only costs associated with pilot mining and recovery that exceed the amount recovered from the sales of recovered material (after payment of any royalties due) may be taken into account in determining compliance by a Licensee with the Adjusted Per Hectare Expenditure Requirement in any year of its License Term.
- (e) The Minister may also apply the requirements of this Section 13.2 with such changes as the Minister deems appropriate on the advice of a Competent Person to:
 - (i) a pilot mining and recovery plant to be used to determine the economic feasibility of developing a non-diamond mineral resource in which the recoverable mineral appears to be randomly distributed on a “nugget” basis if the Competent Person has advised the Minister in writing that there are no practical, less invasive, methods of determining whether the resource could be developed; or
 - (ii) a program for recovering bulk samples of up to 100 metric tons from a single site for analysis and verification of economic beneficiation or other processing techniques if the Competent Person has advised the Minister in writing that there are no practical, less invasive methods of determining whether the resource could be developed.

In any such case the Minister may permit deviations from the otherwise applicable provisions of Section 13.2 on the advice of the Competent Person that such deviations represent best practice for the activity involved.

- (f) The Competent Person referred to in Section 13.2(e) will be selected by the Minister from a list (accompanied by comprehensive resumes) of at least three such persons nominated by the Licensee none of whom has in the preceding six years been regularly employed by the Licensee or any of its Affiliates, and none of whom has in the preceding three years been retained for any purpose by the Licensee or any of its Affiliates (other than in circumstances in which the Competent Person is acting under the direction of an unrelated party but funded by the Licensee or an Affiliate). The fees and expenses of the Competent Person selected are for the account of the Licensee.

- (g) If a Licensee believes that the Minister has failed to approve a work program that should have been approved under the standards applicable under this Section 13.2, it may seek relief as provided in Section 18.

13.3. Access to Information

- (a) A Licensee is entitled to have access to or obtain copies of all geologic information relating to its License Area or adjacent areas that is owned by or subject to the control of the Ministry (including any core library under the control of the Ministry or to which the Ministry has access rights) subject to any confidentiality obligations (or exclusions) required to be observed by the Ministry.
- (b) A prospective Licensee is entitled to have access to or obtain copies of all geologic information relating to areas in which it is interested that is owned by or subject to the control of the Ministry (including any core library under the control of the Ministry or to which the Ministry has access rights), subject to any confidentiality obligations (or exclusions) required to be observed by the Ministry.
- (c) The Ministry will establish charges for furnishing or making available such information to Licensees and to prospective Licensees reasonably related to the costs of receiving, preserving, indexing, retrieving and delivering the information.
- (d) The Ministry makes no representation or warranty as to the accuracy of any information provided by it under this Section 13.3.

13.4. Confidentiality

- (a) The Ministry will hold confidential all information and materials provided by a Licensee to the Ministry pursuant to Section 4, 5, 6 or 13.2 during the term of such Licensee's License constituting information about (a) the geology of or the minerals that may be found in the License Area, (b) the financial condition of the Licensee or any of its shareholders, or (c) the specific exploration program proposed to be carried out by the Licensee that is designated by the Licensee in writing at the time of delivery as confidential material. In addition, if a Licensee has designated a portion of its License Area as a proposed production area under the Mining Law or mining regulations issued pursuant to the Mining Law, the information referred to in clause (a) will be kept confidential until the designation is revoked or withdrawn, or if a mining license is ultimately granted for any such designated area or portion thereof, for such longer period of time as provided in the mining regulations. Except as provided in the preceding sentence, the obligations of the Ministry under this Section 13.4 expire, in the case of information referred to in clause (a) or clause (c), at the termination of the License with respect to the area to which such information relates, and in the case of clause (b), two years after the information is received by the Ministry.
- (b) Information that (i) is publicly known prior to the time of disclosure to the Ministry (or was otherwise known to the Ministry at the time of disclosure and not subject to a confidentiality obligation), (ii) subsequently becomes publicly known through no act or omission by the Ministry, or (iii) is required to be disclosed pursuant to generally applicable Law or a final order of any court having jurisdiction, is not subject to the confidentiality requirements of this Section.

SECTION 14. APPROVALS NOT TO BE UNREASONABLY WITHHELD

The Minister may not unreasonably withhold approvals or consents that are necessary for the conduct of Exploration by a Licensee or that a Licensee is otherwise entitled to request under this regulation.

SECTION 15. ASSIGNMENTS, TRANSFERS AND CHANGES OF CONTROL

The restriction on Transfers contained in Section 15.1 and the restriction on Changes of Control in Section 15.4 are to be independently applied.

15.1. General Transfer Rule

No Transfer of a License is permitted unless it has received the prior written consent of the Minister or is otherwise permitted under the terms of Section 15.2, 15.3 or 15.6.

15.2. Permitted Transfers under Section 9.17 of the Mining Law

A Transfer of a License to an Affiliate of the Licensee is permitted if the Licensee undertakes in writing to remain jointly and severally liable for all of the obligations of the Affiliate under the License and the Affiliate delivers the agreements and other materials required by Section 15.3(a).

15.3. Other Permitted Transfers

A Transfer of a License as a consequence of a merger or consolidation of a Licensee in which the Licensee is not the survivor, or a sale or other transfer of all of the Licensee's interest in a License (whether or not in conjunction with a sale of all or substantially all of the properties or assets of the Licensee), is permitted if:

- (a) the survivor or transferee, as the case may be, is a corporation organized and validly subsisting under the laws of Liberia, and delivers to the Minister prior to the consummation of such Transfer (i) its agreement, in form and substance reasonably satisfactory to the Minister, to carry out the Licensee's work program and budget, as then approved under this regulation, (ii) evidence that all required consents or approvals of the EPA have been obtained (or that none are required), and (iii) its written representations and warranties as required by Schedule 4.2(d) made as of a time immediately after giving effect to such Transfer;
- (b) the survivor or transferee, as the case may be, has demonstrated to the reasonable satisfaction of the Minister that:
 - (i) it possesses, or has access to, the technical capacity as contemplated by Schedule 4.2(c)(i) to carry out its predecessor's approved work program and budget and comply with its obligations under this regulation and the Mining Law; and
 - (ii) it possesses or will possess the financial capacity as contemplated by Schedule 4.2(c)(ii) to carry out its predecessor's approved work program and budget and comply with its obligations under this regulation and the Mining Law; and
- (c) the Licensee is in compliance with its reporting obligations under Section 6, no order suspending work under Section 16.2 is outstanding and not withdrawn or

revoked, and no event or condition has occurred and is continuing that is, or after the passage of time would become, a License Termination Event under Section 17.1.

15.4. General Change of Control Rule

No Change of Control of a Licensee is permitted unless it has received the prior written consent of the Minister or is otherwise permitted under the terms of Section 15.5 or 15.6.

15.5. Permitted Changes of Control

A Change of Control with respect to a Licensee is permitted if the Change of Control occurs solely by operation of a Transfer permitted under Section 15.3 or if:

- (a) the Licensee delivers to the Minister (x) prior to the Change of Control, evidence that all required consents or approvals of the EPA have been obtained (or that none are required), and (y) its written representations and warranties as required by Schedule 4.2(d) made as of a time immediately after giving effect to such Change of Control; and
- (b) the Licensee has demonstrated to the reasonable satisfaction of the Minister prior to the Change of Control that after giving effect to the Change of Control:
 - (i) it possesses, or has access to, the technical capacity as contemplated by Schedule 4.2(c)(i) to carry out its approved work program and comply with its obligations under this regulation and the Mining Law; and
 - (ii) it possesses or will possess the financial capacity as contemplated by Schedule 4.2(c)(ii) to carry out its approved work program and comply with its obligations under this regulation and the Mining Law; and
- (c) on giving effect to the Change of Control, the Licensee is in compliance with its reporting obligations under Section 6, no order suspending work under Section 16.2 is outstanding and not withdrawn or revoked, and no event or condition has occurred and is continuing that is, or after the passage of time would become, a License Termination Event under Section 17.1.

15.6. Right to Encumber, and Related Transfers and Changes of Control

A Licensee may mortgage, charge or otherwise encumber (collectively, a "Mortgage") all but not less than all of its interest under its License as security for an obligation or indebtedness as contemplated by Section 9.18 of the Mining Law if the holder of such Mortgage agrees in writing with the Minister prior to the granting of such Mortgage that a foreclosure or other exercise of remedies under such Mortgage against the rights of the Licensee under its License may occur only if:

- (a) the exercise of remedies results in a Transfer of 100% of the interest of the Licensee in its License to a corporation organized and validly subsisting under the laws of Liberia;
- (b) the transferee delivers to the Minister prior to such exercise of remedies (i) its agreement, in form and substance reasonably satisfactory to the Minister, to carry out the Licensee's work program and budget, as then approved under this regulation, (ii) evidence that all required consents or approvals of the EPA have

been obtained (or that none are required), and (iii) its written representations and warranties as required by Schedule 4.2(d) made as of a time immediately after the Transfer of the License to the transferee;

- (c) the transferee has demonstrated to the reasonable satisfaction of the Minister prior to the occurrence of such Transfer that:
 - (i) it possesses, or has access to, the technical capacity as contemplated by Schedule 4.2(c)(i) to carry out its approved work program and comply with its obligations under this regulation and the Mining Law; and
 - (ii) it has the financial capacity as contemplated by Schedule 4.2(c)(ii) to carry out its approved work program and comply with its obligations under this regulation and the Mining Law; and
- (d) all failures of the Licensee to make any payments due to the Government under this regulation are cured at the time of such Transfer, and the transferee has undertaken to cure all other defaults of the Licensee then existing under this regulation (to the extent it can cure them) within nine months of the date of the transfer.

Any exercise of remedies with respect to and transfer of a License by such holder in accordance with the requirements set forth in clauses (a) through (c) of this Section 15.6 is both a permitted Transfer and a permitted Change of Control.

If requested, the Minister, acting on behalf of the Government, will enter into an agreement with any such holder embodying the terms of this Section 15.6 at the time any such Mortgage is granted.

15.7. Reissue of License in Name of Transferee; License Invalid unless Reissue Request Timely Received

The Minister must reissue in the name of the transferee any License that is the subject of a Transfer permitted under this Section 15 within 30 days after receipt of a transfer request from the transferor or the transferee. A License becomes invalid 90 days after a Transfer unless a request to reissue the License in the name of the transferee is received by the Minister within such 90-day period.

15.8. Responsibility of Licensee

It is the responsibility of the Licensee and its Controlling Persons to ensure that Management Rights with respect to the Licensee are structured and held in such a manner that transfers of such rights are made in compliance with the Change of Control provisions of this Section 15.

SECTION 16. SUSPENSION OF WORK

16.1. When Minister May Suspend

If any of the following events or conditions relating to a Licensee or to Work being carried out under its License has occurred and is continuing, the Minister may order the suspension of all or any part of the Work under such License:

- (a) the Licensee did not make a payment when due under Section 12.1 or 12.2 and the failure is not cured within 10 days after the Licensee receives notice of the failure from the Ministry or the Ministry of Finance; or
- (b) the Licensee is not an Eligible Applicant, or the Licensee is Controlled by a Person who is not an Eligible Applicant; or
- (c) there is a violation of Section 15; or
- (d) the Licensee is not in compliance with Section 8.7 or Section 10.1, and such failure poses significant risks to the health and safety of workers or individuals residing in or near the License Area; or
- (e) an environmental assessment and audit under Section 10.2 has demonstrated that there exists a material failure to comply with Section 10.1, the Licensee's Environmental Management Program or the Licensee's EPA-approved "environmental mitigation plan," as the case may be, and the Licensee has not remedied such failures to the reasonable satisfaction of the EPA within 60 days from notice to the Licensee from the Minister or the EPA as to the nature of such failure; or
- (f) the Licensee is utilizing resources from the Land in violation of Section 7.3 (other than an isolated immaterial violation); or
- (g) the Licensee is conducting Exploration in violation of Section 2.2 or Section 2.4(b); or
- (h) the Licensee has failed to comply in a material manner with the reporting or information and sample delivery requirements under Section 6, or to file when due any reports required under Section 3.2(c), 3.2(d) or 5.2(b), and the failure has not been cured within 30 days of notice from the Director of the Liberian Geological Survey.

16.2. Order Suspending Work

- (a) Except as provided in the following sentence, an order of suspension of Work must be in writing and signed by the Minister. Any such order is effective the Business Day following its receipt by the Licensee at its address for notices, or, if delivered to a field office or other location at which Work is performed and at which a person with supervisory responsibilities is present, is effective on delivery. An order of suspension of Work under Section 16.1(d) may be given by telephone confirmed in writing within 48 hours, and is effective immediately.
- (b) Any order suspending Work (except an oral order under the last sentence of Section 16.2(a)) must set forth in a summary manner the facts relied upon for the issuance of the order and the name, location and telephone number of a responsible person at the Ministry who may be contacted for additional information.
- (c) Neither a Licensee's payment obligations under Section 12 nor a Licensee's obligation to incur Eligible Exploration Costs under Section 8.5 is suspended by an order of suspension of Work under this Section 16.
- (d) A License Term is not extended by an order of suspension of Work under this Section 16.

- (e) If less than all Work by the Licensee is suspended, the order must delineate with reasonable clarity the nature of the Work to be suspended.

16.3. Compliance with Suspension Order

A Licensee must comply with an order of suspension of Work properly given under this Section 16 until such order is withdrawn by the Minister (or deemed withdrawn) pursuant to Section 16.4 or is directed to be withdrawn pursuant to a final administrative order in a hearing held under Section 18, or in a final order in a judicial proceeding referred to in Section 18.

16.4. Right to Resume Work

- (a) A Licensee may at any time submit a request that an order suspending Work be withdrawn, setting forth in detail the facts and circumstances relied upon to demonstrate the elimination or correction of the event or condition that supported the issuance of the order suspending Work. The Minister must withdraw the order if the event or condition no longer exists or has been remedied to the reasonable satisfaction of the Minister.
- (b) If within 20 days of receiving such submission the Minister does not either grant such request or give notice to the Licensee setting forth reasons for not granting such request, the order involved will be deemed withdrawn. If within 15 days of receiving a resubmitted request for withdrawal of the same order, the Minister does not either grant such request or give notice to the Licensee setting forth reasons for not granting such request, the order involved will be deemed withdrawn.
- (c) The initial and each subsequent resubmission (if any) must be conspicuously marked to show all changes (additions and deletions) from the previous submission.

SECTION 17. LICENSE TERMINATION EVENTS

17.1. Termination Events

The occurrence of any of the following events or conditions will constitute a "License Termination Event" as to a particular License, subject to force majeure as provided in Section 20:

- (a) a Licensee has not made the filings required by Section 4.1(a) within the period provided in such Section, or has not commenced Exploration within the period provided in Section 8.1; or
- (b) a Licensee has suspended substantially all Work for a period of 12 months, unless any such failure or suspension is excused by force majeure or is permitted under Section 8.3; or
- (c) the Licensee did not make a payment when due under Section 12.1 or 12.2 and the failure is not cured within 30 days after the Licensee receives notice of the failure from the Ministry or the Ministry of Finance; or
- (d) a Licensee is otherwise in violation of this regulation or the Mining Law and the failure is not cured within 60 days of notice from the Minister to the Licensee; or

- (e) a representation or warranty made in writing by the Licensee to the Minister or the EPA is false or misleading in any material respect; or
- (f) the right to exercise or direct the exercise of more than 5% of the Management Rights of a Licensee is directly or indirectly held by one or more Prohibited Persons.

17.2. Termination by the Minister

The Minister may give notice of termination of a License (a "Termination Notice") at any time that a License Termination Event has occurred and is continuing, setting forth in such notice a summary in reasonable detail of the facts relied upon to establish the occurrence and continuation of a License Termination Event. Such notice must include a statement of the right of the Licensee to request a hearing to be held to contest the assertion that a License Termination Event has occurred. Pursuant to Section 9.15 of the Mining Law a termination under this Section is effective two months after the Termination Notice is sent to the Licensee, subject to automatic stay during the pendency of any hearing or judicial appeal referred to below in Section 18. If the Minister does not receive a request for a hearing under Section 18 within 30 days of the date on which the Licensee received the notice of termination, the Licensee will be deemed to have waived its rights to such hearing, and the License in question will then terminate at noon on the date provided in the preceding sentence; otherwise termination is stayed until the conclusion of the hearing and any subsequent judicial appeal.

SECTION 18. OPPORTUNITY FOR HEARING AND JUDICIAL REVIEW

The following section is based on the Administrative Procedure Act.

18.1. Licensee Right to Challenge

If a Licensee wishes

- (a) to challenge a determination that a License Termination Event has occurred and is continuing, or the issuance of an order to stop Work under Section 16, or a refusal of the Minister to take an action or give a consent or approval under this regulation that is to be taken or given by the Minister if the requirements of this regulation have been satisfied, or
- (b) to assert that the Minister has acted in violation of this regulation or has failed to act reasonably in a situation in which this regulation requires reasonable action by the Minister or prohibits unreasonable action by the Minister,

it may give notice requesting a hearing to the Minister, with a copy to the Ministry of Justice. The notice must contain a summary in reasonable detail of the facts expected to be relied upon by the Licensee to establish the Licensee's right to the remedy claimed.

18.2. Hearing and Appeal

- (a) Upon receipt of notice requesting a hearing, the Minister must cause a hearing to be held in compliance with the Administrative Procedure Act, to commence not more than 45 days following the date of such notice. The Licensee must be given at least 20 days' notice of the date such hearing is scheduled to commence. The notice must comply with the requirements of Section 82.4 governing the content of a notice of hearing given by an agency of the

Government. Thereafter the hearing schedule will be established by the hearing officer in consultation with the Ministry and the Licensee, the hearing will be conducted in accordance with Section 82.4, and a determination will be reached in accordance with Section 82.5. The Ministry will seek in good faith to expedite in accordance with Section 82.6 all hearings under this Section 18.

- (b) If the determination is favorable to the Licensee, the hearing officer will order appropriate relief consistent with the terms of the Mining Law and this regulation. If the determination is adverse to the Licensee, the Licensee has the right of appeal to a court of competent jurisdiction provided in Section 82.8. Review by a court is subject to the limitations contained in clause 7 of Section 82.8.
- (c) Any determination favorable to a Licensee shall take into account delays suffered by the Licensee in the commencement or conduct of its Exploration program and in the conduct of the proceedings contemplated by this Section 18 and shall include an appropriate adjustment to the Initial Term or the Extended Term, as the case may be.

SECTION 19. NOTICES

19.1. Communications to Be in Writing

All notices, demands, reports and other communications required or expressly provided for under this regulation must be in writing.

19.2. Communications to the Minister and Other Officials or Agencies of the Government

- (a) A communication under this regulation to the Minister or any other agency or official of the Government must be in writing and is effective only when received at the address specified in this regulation or if no such address is specified, at the principal office in Monrovia of the relevant agency. Delivery of a communication will be deemed to have occurred if a copy is manually dated and signed by a responsible employee and returned to the Person making delivery. The preceding sentence does not prevent a Person from introducing evidence that a communication was duly tendered to an agency of the Government and a responsible employee at the agency involved refused to confirm delivery in the manner required.
- (b) The Minister may from time to time, by notice to Licensees generally or by publication as provided in Section 19.6, provide that for specified purposes means of communication to the Minister or other governmental officials or agencies other than as provided in Section 19.1 will be necessary or sufficient (as the case may be) to establish delivery by such Licensee under this regulation. Such notice or publication is effective as to all Licensees.
- (c) Until further notice to a Licensee, the address of the Minister for any communications under this regulation is:

The Minister of Lands, Mines and Energy
Ministry of Lands, Mines and Energy
Capitol Hill
Monrovia, Republic of Liberia

- (d) Until further notice to a Licensee, a copy of all communications to the Minister or the Ministry under this regulation shall be given to the Liberian Geological Survey as follows:

The Director
Liberian Geological Survey
Old Sinkor Road
Monrovia, Liberia

19.3. Communications to a Licensee

A communication under this regulation to a Licensee must go to the address specified by the Licensee to the Minister by notice from the Licensee given as provided in Section 19.2. A Licensee's address for communications must be an address in Monrovia unless the Licensee has directed that notice be given by email. The address of a Licensee in Monrovia stated on its License is its address for all communications until the Licensee by notice to the Ministry directs otherwise. If the License does not contain an address in Monrovia, it is the responsibility of the Licensee to provide the Ministry with an address in Monrovia or an email address for communications. Unless otherwise expressly provided in this regulation, a communication to a Licensee is effective only when delivered, provided that in the case of emails, the Minister will designate an independent third party as the recipient of copies of all emails to Licensees, and receipt of an email by the third party showing that a Licensee was properly addressed as a co-recipient of that email shall be proof of delivery to the Licensee.

Delivery of a communication to a Licensee will be deemed to have occurred in any one of the following circumstances:

- (a) in the case of facsimile communication, confirmation of receipt is electronically issued to the sender by the facsimile receiving device; or
- (b) delivery is made by hand to the Licensee's address in Monrovia between 10 AM and 4 PM on a day that is not a Saturday, Sunday or national holiday and the person making the delivery has obtained a delivery receipt or has confirmed in writing deposited with the Ministry that the notice was delivered to that address during such hours and deposited within the premises; or
- (c) written confirmation of receipt is received by the postal or courier service delivering the communication and returned to the sender; or
- (d) the Licensee has otherwise directly or indirectly acknowledged in a writing (which for this purpose includes an email communication) receipt of the communication.

19.4. Quantities

All documents, information or materials delivered pursuant to Section 6 or required to accompany a submission under Section 6 must be delivered in the manner and in the quantities provided in or pursuant to Section 6. All other notices, reports, applications, work programs, budgets, related plans and documents, financial statements and other materials furnished to the Minister under this regulation must be delivered in triplicate hard copy, and if more than 750 words long or in a spread-sheet format, must be accompanied by (a) a reproducible electronic copy on a CD-ROM in Word 2003, Excel 2003 or Adobe PDF format clearly labeled as to the name of the Licensee, the

submission date and the purpose of the submission, together with (b) a printed index of the documents on the CD-ROM.

19.5. Running of Time Periods for Required Action by an Agency or Official of the Government

Notwithstanding that Section 19.3 states that notice to a Licensee is not effective until received, any time period provided in this regulation within which action must be taken by any agency or official of the Government is deemed to be complied with if notice to the relevant Licensee of the government's action is dispatched in appropriate manner appropriate for notices to a Licensee before the end of such time period.

19.6. Notice of Certain Changes by Amendment and Publication

The Minister may amend by notice any provision of this Section 19 to change the address of the Minister for any particular or all communications to the Minister, change the number of copies of a communication to be provided, add or subtract agencies of the Government to which communications are to be directed and their addresses for communications, or change the medium in which communications are to be provided, in each case without a hearing.

SECTION 20. FORCE MAJEURE

20.1. Impact of Force Majeure on Licensee Obligations

If a Licensee is rendered unable, in whole or in part, by force majeure to carry out any obligation imposed on it by this regulation, the Licensee's obligation to perform such obligations is suspended to the extent provided in the Mining Law.

20.2. Definition of Force Majeure

For the purposes of this regulation, "force majeure" has the meaning set forth in the Mining Law.

20.3. No Required Settlement

Nothing in Section 20.1 or the definition of force majeure may, in and of itself, be construed to require a Licensee to settle any strike, lockout or other labor or industrial dispute except as may be required by Law.

20.4. Limitations on Availability of Force Majeure as Excuse

A Licensee's lack of financial capacity does not constitute force majeure. In addition, force majeure does not excuse:

- (a) delays caused by the negligence or omissions of a Licensee or the negligence or omissions of its contractors or suppliers; or
- (b) delays caused by a Licensee's inability to retain, or the unavailability of, contractors or suppliers, except to the extent such inability or unavailability is itself the result of force majeure; or
- (c) delays resulting from (i) reasonably foreseeable unfavorable weather conditions, (ii) reasonably foreseeable unsuitable sea conditions, (iii) unsuitable ground

conditions (other than earthquakes or other geological calamities) or (iv) any other similar reasonable foreseeable adverse conditions.

20.5. Extension of Time for Performance

- (a) A Licensee is expected to make reasonable adjustments in its work program if force majeure prevents the conduct of Exploration in part of its License Area but not the remainder of its License Area. An event of force majeure will entitle the Licensee to an extension of the License Term only if the impact of such event, together with all prior events of force majeure, has forced the Work to be substantially discontinued for an aggregate period of at least 60 days.
- (b) If the Work is so discontinued, the affected Licensee may apply to the Minister for a compensating extension of its License Term. The Minister must authorize such extension if the affected Licensee can reasonably demonstrate that the delay occurred notwithstanding the Licensee's reasonable efforts to adjust its work program and that the delay was not primarily attributable to any of the factors referred to in Section 20.4. If an extension is granted, the affected Licensee will not be required as a consequence of the extension to make additional payments under Section 12.1 or 12.2 or to incur Eligible Exploration Costs under Section 8.5 beyond those that would have been required in the absence of such delay.
- (c) If a payment under Section 12.1 or 12.2 comes due during an event of force majeure constituting war, civil war, rebellion or the like, the due date of the payment is postponed until 30 days following the cessation of such event of force majeure, but the amount due remains unchanged.

20.6. Termination of License for Force Majeure

If one or more events of force majeure have caused the work under a License to be suspended for an aggregate period of at least 12 months, the Licensee may by notice to the Minister terminate the License. A termination under the preceding sentence:

- (a) will excuse a Licensee from payment of all future amounts due under Section 12.1 and 12.2 but will not entitle the Licensee to the return of any payments previously made under Section 12;
- (b) will not excuse the Licensee from the performance of its post-term environmental restoration and remediation obligations unless (i) the force majeure events have made it impractical for Licensee to perform such work over two consecutive dry seasons following the Licensee's notice of termination or (ii) the Ministry has failed, after request by the Licensee, to give the Licensee reasonable assurances under the circumstances that if the Licensee performs such Work it will be able to recover any security provided by it under Section 10.3; and
- (c) will not exclude the Licensee from compliance with its obligations under this regulation to deliver final Annual Reports and geological materials and maps at the end of the License Term except to the extent such compliance is itself prevented by one or more events of force majeure.

For the purpose of clause (b)(ii) above, reasonable assurances include assurances as to both the future availability and the future transferability of the funds involved, and reasonableness will be evaluated based on the political and economic conditions prevailing at the time.

SECTION 21. MINERAL DEVELOPMENT AGREEMENT AND MINING LICENSE

If in the written opinion of a Competent Person a portion of a License Area contains Inferred Mineral Resources as defined in SAMREC or another CRIRSCO-compliant code that are within the scope of the License, the Licensee may request (prior to the expiration of the License Term) that the relevant area be subjected to a Mineral Development Agreement with a view to continuing exploration and ultimately obtaining a Class A Mining License to exploit the minerals contained in such area. The Mineral Development Agreement offered by the Ministry will be based on the then existing standard form of Mineral Development Agreement used to cover deposits of similar types, grades and sizes, and be subject to then-existing Law (including tax Law) and will incorporate or include by reference the terms of any regulations then in effect applicable to the issuance and administration of Class A Mining Licenses. No Licensee is entitled as a matter of right to any extension of time or other variation from the terms of this regulation, any such mining regulations or other applicable Law as a consequence of entering into any such Mineral Development Agreement. Under existing law a Mineral Development Agreement may not be effective until approved by the Legislature.

SCHEDULE 1.4
FORM OF EXPLORATION LICENSE

MINERAL EXPLORATION LICENSE

This License is hereby granted by the Government of Liberia, through the Ministry of Lands, Mines and Energy (the "Ministry"), to ¹

(the "Licensee").

SECTION 1. SCOPE OF LICENSE

1.1. This License entitles the Licensee to explore for the minerals identified in Section 1.2 of this License in the exploration area defined in Section 3 of this License (the "Exploration Area") in order to ascertain the existence, location, quantity and quality or commercial value of deposits in the Exploration Area of such minerals.

1.2. The minerals covered by this License are the following:²

SECTION 2. EFFECTIVE DATE

The effective date of this License is the date on which the new MINERAL EXPLORATION REGULATIONS come into effect under Chapter 21 of the New Minerals and Mining Law of 2000.

SECTION 3. EXPLORATION AREA

The Exploration Area, which covers approximately _____ sq km,³ is the area defined by the UTM coordinates of **SPATIAL REFERENCE (WGS84 UTM GRID ZONE 29N)** set forth below:

[insert table]

SECTION 4. CONCERNING THE LICENSE

4.1. This License and the rights of the Licensee hereunder are subject to

- (a) exploration regulations to be issued by the Minister of Lands, Mines and Energy (the "Minister") pursuant to the authority granted the Minister under the Liberia Minerals and Mining Law of 2000 (the "exploration regulations"), and
- (b) the Liberia Minerals and Mining Law of 2000, the Liberia Revenue Code of 2000, the environmental laws and regulations of the Republic of Liberia and all other applicable laws and regulations of the Republic of Liberia,

¹ Insert full legal name of Licensee

² Identify here the minerals or mineral groups covered by this License

³ Insert license area in square kilometers

as such laws and regulations may from time to time be amended, modified or supplemented.

4.2. The Exploration Area granted by this License excludes areas within the Exploration Area excluded by Section 10 of the Minerals and Mining Law and areas subject to Class B mining licenses previously granted by the Republic of Liberia, and the Licensee shall not interfere with the activities of licensees under such licenses.

4.3. The Licensee will be required under the exploration regulations to make detailed quarterly reports of all field and sampling activities and results, and to make quarterly deposits with the Ministry of all geological information and samples gained from its exploration work in the Exploration Area, other than that portion of the samples subjected to destructive analysis or testing, in each case within specified periods after the end of a quarter.

4.4. The initial term of this License is three years from the Effective Date, subject to the ability of the Ministry in accordance with the exploration regulations to terminate this License for non-compliance with the regulations or other applicable law. If the Licensee is in compliance with its obligations during the initial term it will be entitled to a two-year extension of its License with respect to a portion of the Exploration Area on the terms set forth in the Minerals and Mining Law of 2000 and the exploration regulations.

4.5. The address of the Licensee in Monrovia for notices relating to this License is as follows:⁴

The Licensee may change this address to another address in Monrovia by notice to the Minister at the principal office of the Ministry in Monrovia in the manner provided in the Exploration Regulations.

4.6. If the Licensee discovers in the Exploration Area exploitable deposits of the minerals referred to in Section 1.2 of this License and has complied during the exploration period with its obligations under the Mining Law, the exploration regulations, and other applicable Law, and if the criteria of Section 21 of the exploration regulations are satisfied, the Licensee will have the right to enter into a Mineral Development Agreement (in the form then generally used by the Ministry in circumstances in which known deposits are not being put out for tender) and to obtain a Class A Mining License for the mining of such deposits in accordance with the Minerals and Mining Law, the provisions of such Mineral Development Agreement and the applicable regulations of the Ministry governing the issuance of and operations under a Class A Mining license.

⁴ Insert address in Monrovia at which hand deliveries will be accepted during normal business hours.

SECTION 5. LICENSE BINDING ON GOVERNMENT.

This License is duly issued and binding on the Government of Liberia when signed by the Assistant Minister for Mineral Exploration and approved by the Minister.

Signed: _____
Assistant Minister for Mineral Exploration
Ministry of Lands, Mines and Energy

Approved: _____
Minister of Lands, Mines and Energy

DATE: _____

SCHEDULE 1.5

FORM OF EXPLORATION AGREEMENT

THIS EXPLORATION AGREEMENT is entered into, by and between the REPUBLIC OF LIBERIA (the "Republic") and _____, a corporation organized under the laws of Liberia (the "Applicant").

WITNESSETH:

WHEREAS, minerals on the surface of the ground or in the soil or subsoil, rivers, streams, watercourses, territorial waters and continental shelf of Liberia are the property of the Republic and all rights related to the exploration for and exploitation of minerals are reserved to the Republic;

WHEREAS, matters relating to the exploration, development, mining and export of minerals are governed by the Minerals and Mining Law of 2000 (as from time to time amended, modified and supplemented, the "Mining Law") and pursuant to the Mining Law the Minister of the Ministry of Lands, Mines and Energy (the "Minister") is charged with the responsibility for the administration of the Mining Law and the regulations established pursuant thereto so as to achieve their purposes and promote the policies set forth herein;

WHEREAS, the Applicant has applied for an Exploration License covering specified minerals and specified areas within Liberia; and

WHEREAS Section 5.3 of the Mining Law provides that the Government and an eligible applicant for an Exploration License shall previously have concluded an exploration agreement, or other agreement covering the area applied for prior to the issue to such applicant of an Exploration License;

NOW, THEREFORE, for and in consideration of the premises and the agreements of the Parties contained herein, the Government and the Applicant hereby agree as follows:

1. Capitalized terms used in this Agreement without other definition have the respective meanings given in the Mining Law.
2. The Government agrees to issue to the Applicant an Exploration License as contemplated by Section 5.3 of the Mining Law for the minerals identified in Schedule 1 to this Agreement and for the exploration area identified in Schedule 2 to this Agreement.
3. The Applicant represents that it is not a Person rendered ineligible to hold a Class A Mining License by virtue of Section 4.2 of the Mining Law, and acknowledges that it may not be issued a Class C or a Class B Mining License unless at the time it is not a person ineligible to hold such a license pursuant to Section 4.2(h) or (i) of the Mining Law.
4. The Applicant acknowledges that it is familiar with the regulations issued by the Minister under the authority of the Mining Law governing the conduct of exploration under an Exploration License issued pursuant to the Mining Law (as

from time to time in effect, the “Exploration Regulations”), including the provisions therein providing for the termination of an Exploration License, and if it is granted an Exploration License will comply with the requirements of the Exploration Regulations.

5. The Applicant further acknowledges that the grant to it of an Exploration License does not entitle it to commence exploration until it has fully satisfied the requirements of Section 2.2(b) of the Exploration Regulations.
6. In carrying out operations under its Exploration License and the Exploration Regulations the Applicant is subject to all laws and regulations in Liberia of general application or specifically applicable to the nature of the operations being conducted by the Applicant except as may be otherwise specified in the Exploration Regulations or the Mining Law.
7. The term of this Agreement shall begin on the date on which it has been executed by both the Applicant and the Minister, and shall end when the Exploration License issued to the Applicant pursuant to this Agreement terminates.
8. Any Person who becomes a transferee of the Exploration License to be issued to the Applicant pursuant to this Agreement in accordance with the Exploration Regulations shall succeed to all of the rights and duties of the Applicant under this Agreement without further action by either party to this Agreement.
9. This Agreement may be amended only by the written Agreement of the parties. No amendment, modification or waiver of, or supplement to, this Agreement shall limit in any way the duties or liabilities of the Applicant under the Exploration Regulations following the issues to the Applicant of the Exploration License contemplated by this Agreement.
10. This Agreement is governed by the laws of the Republic of Liberia.

[signature page and schedules follow]

IN WITNESS WHEREOF, the Parties have caused this Exploration Agreement to be executed and delivered as of the last date set forth below.

THE REPUBLIC OF LIBERIA

By THE MINISTRY OF LANDS, MINES AND ENERGY

By _____

Name:

Title: Assistant Minister for Exploration

Ministry of Lands, Mines and Energy

By _____

Name:

Title: Minister, Ministry of Lands, Mines and Energy

Date: _____

[Name of Applicant]

By _____

Name:

Title:

Date: _____

SCHEDULE 1 to Exploration Agreement: Covered Minerals:

SCHEDULE 2 to Exploration Agreement: Location of Exploration Area

SCHEDULE 4.2(a)(i)

WORK PROGRAM AND BUDGET CONTENT

A. Work Program

The work program must be generally consistent with current best-practice exploration standards in light of the geology of the License Area (as then understood) and the Minerals covered by the relevant License.

In addition, the work program must:

1. describe all non-invasive exploration activities planned to be undertaken, such as geochemical surveys, geophysical surveys, geobotanical surveys, and any other geological mapping and survey techniques to be utilized;
2. describe all invasive exploration activities to be undertaken, such as excavations, trenching, pitting and drilling, and in the case of drilling, specifying technique (i.e., percussion drilling (normal or reverse circulation), diamond core drilling, auger drilling, large diameter drilling, etc.), and include information as to expected dimensions and volumes of excavations and expected depths and diameters of boreholes, deep drilling, etc;
3. include a plan at a scale of at least 1 cm to 1 km of the License Area indicating the location(s) and spacing of all proposed invasive exploration activities, all base camps, all field camps and all access roads or helipads; and
4. include a discussion of any adverse impact on the environment of the activities included in the proposed exploration plan, together with an "Environmental Management Program" that complies with the requirements of Sections 8.1 through 8.3 of the Mining Law. The program must include a description of the actions to be taken to mitigate such adverse impact, and the remediation and restoration actions to be undertaken in respect of those adverse impacts that are not avoided by mitigation actions.

In the case of activities to be conducted as part of the work program that would affect the flow of rivers or streams, the response to clause 4 should include a full discussion of the methods to be undertaken to avoid interruption of water flow and contamination of downstream waters. In the case of other activities to be conducted as part of the work program that will adversely affect the environment (such as the construction of base camps and access roads or the removal of ground cover to create a drilling area or other sampling area), the response to clause 4 should contain a "closure management" component that provides a budget and a schedule for effective environmental restoration and remediation of such locations so that all such work is completed within six months of the end of the License Term, and that separates restoration and remediation work to be done during the License Term from restoration and remediation work to be done after the end of the License Term.

B. Budget

The budget must indicate the estimated costs incurred in carrying out the principal components of the work program, including the environmental components, on an annual basis and broken down into conventional accounting categories, and must

demonstrate compliance with the Eligible Exploration Cost expenditure requirements set forth in Section 8.5.

SCHEDULE 4.2(c)(i)

LICENSEE TECHNICAL CAPACITY

The Licensee must demonstrate that it possesses, or is able to outsource, the technical resources to conduct the proposed work program. These technical resources must include registered professionals with experience in the specific field of prospecting for the Minerals covered by the relevant Licensee. Evidence of the qualifications of third parties should come directly from them or from reliable external sources which are identified. If the requisite technical capacity is to be provided by third parties, the submission must include true and correct copies of letters of intent or similar communications from third parties relied upon by the Licensee to demonstrate the availability of third parties for the proposed work program. The Licensee must also show evidence of the availability on the schedule provided in the proposed work program of the equipment required to carry out the proposed work program, whether to be provided by the Licensee or to be provided by third parties.

SCHEDULE 4.2(c)(ii)

LICENSEE FINANCIAL CAPACITY

The Licensee must provide a financial plan indicating the manner in which its proposed work program and budget will be funded, including the costs of the security required under Section 10.3 and any required environmental restoration and remediation. To the extent funding is to come from the owners of the Licensee, audited financial statements and estimated free cash flow projections of such Persons should be provided. To the extent funding is to come from other sources, the nature of the sources should be described, and the Licensee must provide a letter from an investment banking or similar firm experienced in the funding of mining exploration companies to the effect that the financing plan is a practical plan that could reasonably be expected to be implemented under the circumstances existing as at the date of such letter.

SCHEDULE 4.2(d)

REQUIRED REPRESENTATIONS AND WARRANTIES

The representations and warranties set forth below are to be made in a writing addressed to the Minister and signed by a senior officer of the Licensee or of a Person authorized to bind the Licensee. The individual executing such writing will be deemed to have represented in his or her individual capacity that he or she has no reason to believe that any of such representations and warranties is not true and correct. Capitalized terms below must be used with the definitions provided for such terms in the Exploration Regulations to which this Schedule is annexed.

1. The Licensee (if its License was granted after the effective date of this regulation) is a corporation duly organized and validly subsisting under the laws of the Republic. [*Otherwise the representation will recite that the Licensee (if other than a natural person) is duly organized and validly existing under the laws of its jurisdiction of organization.*]
2. The Licensee, if other than a natural person, has the power and authority and the legal right to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, and to apply for and perform under a License granted pursuant to this regulation.
3. The Licensee has delivered to the Minister complete and correct lists or tables identifying:
 - (a) each Affiliate of the Licensee, setting forth in each case its relationship to the Licensee and the jurisdiction in which it is organized; and
 - (b) if the Licensee is not a natural person:
 - (i) the directors and officers of the Licensee (or Persons acting in a similar capacity);
 - (ii) each Person that directly holds Management Rights in or the right to share in profits of the Licensee;
 - (iii) each Person that directly or indirectly Controls the Licensee or is a member of a Group that Controls the Licensee; and
 - (iv) the directors and senior management (or Persons acting in a similar capacity) with respect to each entity referred to in clause (b)(iii).
4. Each director or officer of the Licensee (or any Person that has similar powers with respect to the Licensee) and each Person holding Management Rights with respect to the Licensee is an Eligible Applicant.
5. The Licensee is not a Prohibited Person, no Person identified pursuant to clause 3 above is a Prohibited Person, no Person holding, directly or indirectly, in excess of 5% of the Management Rights with respect to the Licensee is a Prohibited Person, and no Person who directly or indirectly has 5% or more of the rights to share in the profits of the Licensee is a Prohibited Person.

For the purposes of this clause 5, the record owner of the right to receive 20% of the profits of a Person that has a 25% record interest in the profits of a Licensee is the indirect record owner of 5% of the rights to share in the profits of a Licensee if the 25% profits interest in the Licensee represents a principal asset of the holder thereof.

6. The Licensee has reviewed and understands the reporting and other requirements contained in or referred to in Section 6 of the Regulation Governing Exploration under a Mineral Exploration License of the Republic of Liberia and has the technical and administrative capacity to comply with those requirements.
7. The Licensee has or has access to the experience, expertise, technical know-how and systems required for the conduct in a professional and competent manner of the exploration permitted by its License and set forth in its work program.
8. None of the Licensee, any Affiliate of the Licensee or any Person acting on behalf of the Licensee or any Affiliate of the Licensee has made or promised to make any payment or transfer of anything of value, directly or indirectly, to or for the benefit of an Official or to an intermediary for payment to or for the benefit of an Official, or made any promise of employment to an Official or a family member of an Official, in either case in connection with the obtaining of the Licensee's License or any consent or approval from any ministry, department or other agency of the Government required in order that the Licensee may conduct Exploration in compliance with Applicable Law. For the purposes of this paragraph, "Official" means (i) any employee, officer, legislator or judge of any government, including any national, regional or local government, (ii) any employee, officer or director of any corporation or other entity owned or controlled by any government, (iii) any official, representative or agent of a political party, (iv) any official or employee of a multilateral international organization, (v) any candidate for political office, or (vi) any Person acting or believed by the Licensee, any such Affiliate or any such other Person to be acting on behalf of any Person identified in any of clauses (i) through (v) of this sentence.
9. The Licensee is in compliance in all material respects with the requirements of the Mining Law and the Regulations applicable to all licenses issued to it under the Mining Law and all Mineral Development Agreements to which it is a party, and each Affiliate of the Licensee that holds one or more licenses under the Mining Law is in compliance in all material respects with the requirements of the Mining Law and the Regulations applicable to such licenses and all Mineral Development Agreements to which it is a party.

SCHEDULE 6.1(d)

I. COVER SHEET FOR QUARTERLY AND ANNUAL REPORTS

Liberian Geological Survey / Ministry of Lands, Mines and Energy

[QUARTERLY] [ANNUAL] REPORT ON MINERAL EXPLORATION

For the period beginning on _____ and ending on _____.

Date Submitted: _____

DETAILS OF LICENSE:

License No:

Project Name:

Note 1: Give the location in geographic coordinates and with reference to a significant regional town, geographic centre or feature, e.g., "30 km northeast of Buchanan Port"

License Holder:

Exploration Operator/Manager(s) (if different from License Holder(s)):

Note 2: Include the full legal name of the Licensee and any operator/manager

SUBMITTED BY:

Name:

Signature: _____

Title or Position:

Date:

Phone No:

Include the full name of the Licensee and any operator/manager.

Give the location in geographic coordinates and with reference to a significant regional town, geographic centre or feature, e.g., "30 km northeast of Buchanan Port".

II. QUARTERLY REPORTS

The content of the Quarterly Report shall be as outlined in Section 6.1(e) of the Exploration Regulations covering the following main topics:

- a) Quarterly Exploration Progress Report
- b) Quarterly Exploration Expenditure
- c) Proposed Activities for the Next Quarter

III. ANNUAL REPORT

The content of the Annual Report shall comply with the requirements of Section 6.1(g) or Section 6.1(h), as the case may be and shall cover the topics as outlined in section 6.2 Part B – Structure of the Annual Report

SCHEDULE 7.1(e)

FORM OF AGREEMENT FOR ENTRY ONTO LAND

[This Exploration Compensation Agreement form may be amended from time to time by the Minister. Use of the changed form is mandatory commencing one week after notice is given to the Licensee of the changed form.]

Exploration Compensation Agreement

This Agreement is made by [insert name of Licensee] .

This Agreement is for the benefit of and is enforceable by [insert name of Landowner or Occupant]

“You” means the person named as landowner or occupant in the second paragraph of this Agreement.

“We” means the company named in the first paragraph of this Agreement.

1. This Agreement covers all land you own or have a legal right to occupy, and applies also to the land on which your residence is located or where you grow crops to feed yourself or your family, even if you do not have the legal right to occupy that land.
2. Under the Liberia Minerals and Mining Law and the mineral exploration regulations issued under that law, we have a valid mineral exploration license to conduct exploration on the area that includes your land.
3. The exploration regulations say that we can enter on your land to explore for minerals if we first give you this Agreement and pay you for the damage we may cause.
4. However, we do not have the right to:
 - (i) enter onto or damage any land on which you grow crops to feed yourself and your family even if you do not have the right to occupy that land;
 - (ii) enter onto any land that is closer to 150 meters from your residence even if your residence is not on land that you have the right to occupy; or
 - (iii) interfere with the flow of or the quality of any sources of drinking water or irrigation water that you use, unless we replace them with other sources of similar quality and quantity.
5. We propose to do the following exploration work on your land:

6. We are required to compensate you for all damage our work causes to your land and any improvements or other property on your land, including (for example):
 - (i) damages to crops or trees
 - (ii) a reduction in the value of your crops because we interfere with the planting or the harvesting of your crops
 - (iii) damage to roads, culverts, bridges, fences, buildings or structures located on your land
 - (iv) permanent loss of value of your land caused by something we did to the land, such as removal of topsoil.
7. We anticipate that the damage we cause will have a value of ____ Liberian dollars.
8. We must pay you this amount before we do any work on your land.
9. If the work we do causes more damage than we have paid for, you should tell us.
10. If you are not satisfied with our answer, you may send a complaint to the Assistant Minister for Exploration, at the Ministry of Mines, Lands and Energy, Capitol Hill, Monrovia.
11. Your claim does not have to take any special form, but it must state your name, tell how you can be reached, and include a copy of this Agreement and an explanation of why the amount we paid you is not fair compensation for the damage our work will cause or has caused.
12. A local official or other person you trust can submit the claim for you.
13. If the Ministry of Lands, Mines and Energy determine that the amount we originally paid you was less than the value of the damage we caused, we must pay you twice the amount of the difference.
14. If you cannot read English and we do not arrange for someone you trust to explain this Agreement to you, we must pay you 500 United States dollars.
15. If we start work without first giving you a signed copy of this Agreement and paying you the amount of the estimated damages, we must pay you 1,500 United States dollars as penalty for failing to provide said agreement.
16. Any payment we make under this Agreement must be made directly to you. We cannot make payment under this Agreement to a person who is (or who claims to be) acting on your behalf.
17. If you sign this Agreement, we must give you two copies of it. Also, we must give you a copy of this Agreement whenever you or any person assisting you asks for it.
18. We are bound by this Agreement once we enter onto your land to undertake any work of any kind, even if you have not signed this Agreement. The Ministry of Lands, Mines and Energy may enforce this Agreement against us for your benefit.

Today's date: _____

Signature of our representative: _____

Name of our representative: _____

Title of our representative: _____

SCHEDULE 10.3

FORM OF LETTER OF CREDIT FOR SECURITY

[Letterhead of Issuing Bank]

_____, 20__

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [##]

BENEFICIARY

The Republic of Liberia (the “Beneficiary” or “you”)

APPLICANT

[(name of Licensee)]

Gentlemen:

We, [_____] (the “Bank” or “we”) located at [address of issuing bank, including place of presentation (e.g., XYZ Bank, Room 1407, 104 Broadway, New York, New York 10009), Attn. Standby Credit Department], hereby establish this irrevocable and unconditional Standby Letter of Credit (“this Credit”) in favor of the Beneficiary in the amount of [spell out Dollar amount] United States dollars (US\$[amount in numbers]) (the “Stated Amount”) effective _____, 20__. This Credit expires at our close of business on _____, 20__ unless extended as provided in the third paragraph of this Credit.

We hereby undertake promptly to honor this Credit for up to the Stated Amount in a single draw upon presentation at our office specified above of the Beneficiary’s sight draft drawn on the Bank in the form of the attached Schedule A on or before the expiration date of this Credit (as such expiration date may be extended pursuant to the following paragraph). Presentation of the original of this Credit is not required, but together with such sight draft, the Beneficiary must present a signed certificate in the form of the attached Schedule B-1 or B-2, or, when required by the following paragraph, in the form of the attached Schedule C.

This Credit is deemed to be automatically extended, without amendment, for one year from the initial or any future expiration date unless at least 90 days prior to such expiration date we notify you, by registered air mail, postage prepaid,⁵ addressed to the Minister of Lands, Mines and Energy, Ministry of Lands, Mines and Energy, Capitol Hill, Monrovia, Liberia,⁶ with a copy by registered air mail, postage prepaid, to The Ambassador of Liberia to [the United States (add address)],⁷ that we will not extend this Credit beyond the initial expiration date or the then effective extended expiration date, as the case may be. If such notice of non-extension is given, this Credit may be drawn by you for the Stated Amount upon presentation at our office specified above on or before the applicable expiration date of this

⁵ If regular mail deliveries are not being made in Monrovia at the time a letter of credit is issued, this must be modify to require delivery by DHL or another courier service that regularly operates to Monrovia

⁶ Government may decide to maintain letters of credit in the custody of the Minister of Finance, in which case notices would go to the Minister of Finance

⁷ Use of a Liberian ambassador as an additional notice recipient is at Government’s option. Purpose is to ensure a responsible official receives timely notice of the letter of credit termination.

Credit, of the Beneficiary's sight draft drawn on the Bank in the form of the attached Schedule A, accompanied by a signed certificate in the form of the attached Schedule C.

Drafts presented in conformity with the terms and conditions of this Credit before 4:00 p.m. local time in [*the place of presentation*] on any Business Day shall be honored before 5:00 p.m. on the following Business Day. Drafts presented in conformity with the terms and conditions of this Credit after 4:00 p.m. in [*the place of presentation*] on any Business Day shall be honored before 1 p.m. in [*the place of presentation*] on the second following Business Day.

The term "Business Day" as used herein means any day other than (i) a Saturday, (ii) a Sunday, or (iii) a day on which banking institutions in [*the place of presentation*] are required or expressly authorized by law to be closed.

Except as expressly stated herein, this undertaking is not subject to any agreement, requirement or qualification. The obligation of the Bank under this Credit is the individual obligation of the Bank and is in no way contingent upon reimbursement with respect thereto, or upon the Bank's ability to obtain or perfect any lien, security interest or any other source of reimbursement.

This Credit is subject to and governed by [*the Laws of the State of New York*] [*the laws of England and Wales*] and the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 600) and in the event of any conflict the laws of [*the State of New York*] [*England and Wales*] will control. If this Credit expires while the location for presentation stated in this Credit is closed as a consequence of force majeure described in Article 36 of UCP 600, then notwithstanding such Article 36, the Bank hereby specifically agrees to effect payment if this Credit is drawn against within 30 days after the resumption of business at such location.

Very truly yours,

Authorized Signature

Authorized Signature

**SCHEDULE A
FORM OF SIGHT DRAFT**

REPUBLIC OF LIBERIA

SIGHT DRAFT

[DATE]

[Name of Bank]

[Address of Bank (per letter of credit)]

Irrevocable Standby Letter of Credit No. _____

On sight

Pay to The Republic of Liberia by wire transfer to its account number [_____] at [*insert at the time the letter of credit is issued the name and address of the bank that holds the account of The Republic of Liberia controlled by the Ministry of Finance that is to receive the fund, and include the SWIFT number of such bank*] in immediately available funds the amount of [*insert in words and numbers the stated amount of the letter of credit*] _____

U.S. Dollars (US \$ _____) pursuant to and within the time provided in your Standby Letter of Credit No. _____ dated _____, 20__.

REPUBLIC OF LIBERIA

By: _____

Name:

Title: Minister of Finance of the
Republic of Liberia

By: _____

Name:

Title: Minister (or Deputy Minister for
Operations) of the Ministry of Lands,
Mines and Energy of the Republic of
Liberia

**SCHEDULE B-1
FORM OF DRAWING CERTIFICATE
(Failure to Deliver Environmental Audit)**

[DATE]
[Name of Bank]
[Address]

Irrevocable Standby Letter of Credit No. ____ (the "Credit")

The above Credit was issued to The Republic of Liberia at the request of [*Name of Licensee*] (the "Licensee"). The undersigned certifies, with respect to the Exploration License issued to the Licensee by The Republic of Liberia and identified as No. _____ (the "License"), that (i) the License Term (as defined in the License) expired on _____, which date is at least 180 days before the date of this certificate, (ii) the undersigned has not received an environmental audit and assessment from the Licensee satisfying the requirements of the mineral exploration regulations of The Republic of Liberia applicable to environmental audits and assessments delivered after the end of the term of the License, and (iii) the undersigned is hereby drawing the full amount available under the Credit.

REPUBLIC OF LIBERIA

By: _____
Name:
Title: Minister (or Deputy Minister for Operations)
of the Ministry of Lands, Mines and Energy
of the Republic of Liberia

SCHEDULE B-2
FORM OF DRAWING CERTIFICATE
(Environmental Audit Delivered with Qualifications)

[DATE]
[Name of Bank]
[Address]

Irrevocable Standby Letter of Credit No. ____ (the “Credit”)

The above Credit was issued to The Republic of Liberia at the request of [*Name of Licensee*] (the “Licensee”). The undersigned certifies, with respect to the Exploration License issued to the Licensee by The Republic of Liberia and identified as No. _____(the “License”), that (i) the License Term (as defined in the License) expired on _____, which date is at least 180 days before the date of this certificate, (ii) the undersigned has received an environmental audit and assessment from the Licensee generally satisfying the requirements of the mineral exploration regulations of The Republic of Liberia applicable to environmental audits and assessments delivered after the end of the term of the License except for certain non-complying matters specified in such audit and assessment, and (iii) the undersigned is hereby drawing US\$ _____ under the Credit, which does not exceed the full amount available under the Credit, and which represents the good faith estimate by the undersigned of the costs of remediation or restoration with respect to the identified non-complying matters.

REPUBLIC OF LIBERIA

By: _____
Name:
Title: Minister (or Deputy Minister for Operations)
of the Ministry of Lands, Mines and Energy
of the Republic of Liberia

**SCHEDULE C
FORM OF DRAWING CERTIFICATE
(Failure to Extend Letter of Credit)**

[DATE]

[Name of Bank] (the "Bank")

[Address]

Irrevocable Standby Letter of Credit No. ____ (the "Credit")

The above Credit was issued to The Republic of Liberia at the request of [*Name of Licensee*].
The undersigned certifies that the Bank has notified the Republic of Liberia that the Bank will
not extend the Credit beyond its currently effective expiration date.

REPUBLIC OF LIBERIA

By: _____

Name:

Title: Minister of Finance of the Republic
of Liberia

By: _____

Name:

Title: Minister (or Deputy Minister for
Operations) of the Ministry of Lands,
Mines and Energy of the Republic of
Liberia

SCHEDULE 13.2(b)
REQUIREMENTS FOR APPROVAL OF
A DIAMOND BULK SAMPLING PROGRAM

The Licensee must submit, for each site at which pilot mining is proposed:

- (i) to the Minister:
 - (1) a proposed work program and budget substantially satisfying the requirements of Schedule 4.2(a)(i) that will result in bulk sampling the resource in a scientific manner and recording sampling data and data from the processing of samples in such manner as to permit an independent Competent Person to draw statistically valid conclusions about the probable distribution of diamonds throughout the mineral resource;
 - (2) a map of the affected portion of the License Area, in such scale as may then be specified by the Minister, clearly setting forth the area to be affected by the project, the location of the sampling program, and the facilities and access roads to be constructed in connection with the project, all based on a GPS location system approved by the Minister or an actual survey;
 - (3) an analysis from an independent Competent Person that the information provided to the Ministry under Section 6 supports the Licensee's conclusion that it would be necessary to carry out pilot diamond mining and recovery operations at the site; and
 - (4) proposed reporting requirements relating to the progress of the Work and the operations of the pilot mine complying, at a minimum, with applicable requirements of the Kimberly Process and the Extractive Industries Transparency Initiative; and
- (ii) to the EPA, such submissions as EPA may at the time require to commence a review of the proposed work program for possible environmental consequences, each of which will reflect the Licensee's proposed work program.

An application under Section 13.2(a) must, for each site at which pilot mining and recovery is proposed:

- (i) demonstrate in the work program an understanding of applicable environmental Law, and propose an Environmental Management Program that (1) complies with the requirements of Sections 8.1 through 8.3 of the Mining Law, and (2) is otherwise reasonably designed to minimize the overall impact of the work program on the environment of the License Area and surrounding areas, and (3) includes a closure management program that provides for timely and effective remediation and restoration of all areas affected by the Work on the assumption that the Licensee will not proceed to seek a mining license for the site;

- (ii) demonstrate that it has the financial and technical resources to carry out such a pilot mining and recovery program, or has contractual commitments with responsible financiers and suppliers (contingent upon approvals) to provide, the financing and technical capacity to carry out its proposed work program, and pay the processing fee required under Section 12.3;
- (iii) make provision satisfactory to the Minister for compliance at the expense of the Licensee with the Kimberley Process Certificate Scheme and the applicable requirements of Liberia's commitment to the Extractive Industries Transparency initiative and for reporting of the results of the pilot mining and recovery program consistent with the requirements of Section 6;
- (iv) enter into a written agreement with the Minister satisfactory to the Minister providing for the full-time presence at the site of a representative of the Ministry who will monitor compliance of the Licensee with the approved pilot mining and recovery program;
- (v) enter into a written agreement with the Minister satisfactory to the Minister providing for the payment of royalties on all sales of recoverable mineral content resulting from pilot mining and recovery at the then applicable royalty rate imposed under applicable Law; and
- (vi) make in writing to the Minister the representations and warranties set forth in Schedule 4.2(d).