

# **Exploration License Model**

**Exploration License  
Between  
Egyptian Mineral Resource Authority  
And**

-----  
**For the Exploration of Gold and Associated Minerals in Eastern Desert – A.R.E  
(Preamble)**

This License is issued on this day            of ----- (“Effective Date”).

**The Parties to this License are:**

**Ministry of Petroleum and Mineral Resources- Egyptian Mineral Resources Authority** - located 3 Salah Salem Road - Abbassiya- Cairo, Arab Republic of Egypt,

And represented by law in signing this license by the Chairman of the Board of Directors of the Authority in his capacity as the authorization issued to his sovereignty by Ministerial Resolution No.782 of 2021.

**The Egyptian Mineral Resources Authority**, a legal entity established by the Presidential Decree No. 45 of 1986 as amended, having its Legal Headquarters at 3 Salah Salem Rd. Abbassiya, Cairo, Egypt and represented herein by the Chairman of the Board of EMRA, in his capacity as the Chairman.

Hereinafter referred to as "EMRA"

.(First Party)

----- a company duly authorized and constituted corporation existing under the law of A.R.E., having its Legal Headquarters at:

address 1: -----

City, state, post code: -----

Country: -----

**Having Commercial Register No.** -----

**And Tax I.D No.** -----

And represented herein by -----

in accordance with the Board Resolutions -----

(Hereinafter referred to as the “Company”)

(Second Party)

**Whereas**, all mineral resources in mines, quarries and saline in Egyptian lands, territorial waters and Exclusive Economic Zone are the property of peoples and the State shall preserve and exploit them optimally, and

**Whereas**, mining exploration licenses for mines shall be issued by the MINISTER after approval of EMRA’s Board of Directors, and

**Whereas**, the Company, through Bid No.(1)            of 2020, has been awarded sectors as follow:

----- to conduct Mining Exploration Operations in such Sector as specified in Annex A-1 to this Agreement and acknowledged that it has the knowhow, good experience in Mining Operations and financial capability to carry out and conduct such operations under this License, and

**Whereas**, the objective of this License is to explore for Gold and Associated Minerals in a manner to promote long term stability in the conditions of mining investment and contribute to the sustainable development of the State and its communities through a process in which the production and use of non-renewable natural resources takes place in an equitable framework;

**Now, therefore**, in consideration of the mutual rights and obligations contained in this License and other good and valuable consideration, the Parties agree as follows:

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## **1.0 Definitions and Interpretation**

### **1.1 Definitions**

“**Affiliate Company**” “**Affiliate**” means any company or legal entity (i) which controls either directly or indirectly a Party; (ii) which is controlled directly or indirectly by a Party; or (iii) is directly or indirectly controlled by a company or an entity which directly or indirectly controls such Part; provided that “control” means actual controls or ownership of at least a 50% voting or other controlling interest that gives the power to direct, or cause the direction of, the management and material business decisions of the controlled entity.

“**Applicable Law**” means the law of the State as further defined in Section 34.0.

“**Authority/ Minister**” means the MINISTER of Petroleum and Mineral Resources.

“**Associated Minerals**” shall mean silver, platinum, lead, zinc, copper and other metals that are naturally associated with Gold to the extent that can be extracted, milled or processed with Gold

“**Central Bank**” means the central bank of the A.R.E.

“**Commercial Discovery**” shall mean a discovery of Gold and Associated Minerals, which in the reasonable judgment of the Company and EMRA, is economically viable to be commercially developed and exploited in accordance with the principles of good mining practices and according to (section 2.3). A Gold deposit is not deemed commercially viable unless the company presents to EMRA a Feasibility Study indicating that the deposit, can upon Exploitation, pay back all costs over a period which shall be determined by the Feasibility Study.

“**Company**” has the meaning set forth in the Preamble.

“**Confidential Information**” has the meaning assigned to that term in Section 27.2.

“**Consultation**” means an open, inclusive, and non-coercive process, conducted between EMRA and the Company, for exchange of information, ideas and viewpoints about the matters related to the execution of the Project. Parties shall strive for full prior disclosure of relevant information in advance of any decisions to be taken as part of the Consultation.

“**Date of Commencement of Exploration**” means the date on which Exploration Area handed over to the Company and the Company has obtained all necessary permits and approvals required to start the Exploration Activities.

“**Day**” means a calendar business day in the State.

“**Documents**” means the Environmental Impact Statement, the Environmental Management Plan, and the Social Impact Assessment & Action Plan

“**Effective Date**” has the meaning set forth in the Preamble.

“**EMRA**” means the Egyptian Mineral Resources Authority

“**Environmental Assessment**” means a systematic study of the environmental character of the Exploration Area to establishing a baseline of existing environmental conditions and assessing the Project-related environmental effects and impacts in order to evaluate their significance.

“**Environmental Management Plan**” means the plan required to be produced and submitted to the State by the Company under Section 2.4.

“**Expenditures**” means all direct and indirect expenses of or incidental to Exploration Operations under this License.

**“Exploitation”** means, but is not limited to, all the Operations and activities pursuant to approved work programs and budgets, following identification of a Commercial Discovery, with respect to the development and construction of a commercial mining project on the Exploration Area and in connection with all mining and related Operations on and related to the Exploration Area following commencement of commercial production on the Exploration Area, including:

- (a) All the works that should be made in the area to uncover ore bodies such as sinking shafts, driving levels and drilling, etc.
- (b) Design works; drilling, mining, and quarrying design; civil construction; installation, servicing and maintenance of equipment; electric, railway and pipe lines; sewage systems; facilities; mining and dressing plants; refinement of ores and related operations; and any other activity which help in preparing the mines or quarries for production and transportation to shipping terminals.
- (c) Producing, transporting, storing and marketing or any other work or activities necessary or ancillary to any of the activities referred to above.

**“Exploitation License”** means the exploitation license to be issued in accordance with the provisions of the Applicable Laws, as a special law by the Parliament of the A.R.E.

**“Exploration activities”** means for example but not limited to, testing the surface and the underground by all means particularly the geological, geochemical and geophysical that lead to identify the minerals via their natural, magnetic and electric characteristics or any other characteristics, or by testing pits/drill or holes to ensure the existence or probability of existing (Gold) and associated minerals. Moreover, the exploration includes a detailed test for the surface and underground by using all drilling and mining work that leads to a determination regarding the presence, quantity, and specifications of mineral Ores; the economic methods of extraction, treatment, and marketing; delineation of an identified ore body, estimation of economic reserves and resources of the Ore and associated minerals, and mining and technical specifications; and the creation of technical data required for economic assessments including but not limited to Preliminary Economic Assessments, Pre-Feasibility Studies, and Feasibility Studies such as the National Instrument 43-101 as required for listing on the Toronto Stock Exchange (TSX) or Public Reports in accordance with the JORC Code as required for listing on the Australian Stock Exchange (ASX).

**“Exploration Area”** or **“Area”** means the entirety of the area allocated to the Company under this License for exploration, specifically delineated in Annex A-1 appended hereto: the “Exploration Area” or “Area” may be reduced from time to time in accordance with the provisions of this License and the Applicable Laws and Regulations. Any reference contained herein to the “Exploration Area” or “Area” is reference to such area at the relevant time, after any reduction which may have applied previously.

**“Exploration Period”** means each two year period described in Section 2.1

**“Feasibility Study”** (FS) means the study that is required to be submitted to EMRA by the Company prior to conversion of the Exploration License to an Exploitation License under Section 2.3

**“Force Majeure”** means any event or circumstance which a Party could not reasonably be expected to prevent or control, including among other things, wars, insurrections, civil disturbances, blockades, embargoes, strikes, riots, epidemics/pandemics, earthquakes, storms, floods, explosions, fire, lightning, acts of terrorism, etc.

**“Gold”** means the metal gold produced as a result of development and exploitation operations after milling, processing and smelting of gold ores.

**“Gold Deposits”** will be applied to Gold ores and minerals associated with Gold on or under the surface of the earth.

**“Dumps and Tailings”** refers to all those dumps and tailings currently existing in the area and resulted from old mining workings that have been carried out before the date of commencement of exploration. These dump and tailings owned by the Government, and the company has no rights to move process or sell and shall be left in its place or transported later by EMRA.

**“Good Industry Practice”** means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected to be applied by a skilled and experienced person engaged in the international mining industry and includes but is not limited to the guidance provided, as applicable, by the International Council on Mining and Metals, by the IFC Performance Standards, and by ISO 14001 standards.

**“IFC Performance Standards”** means the International Finance Corporation’s Performance Standards on Social and Environmental Sustainability.

**“Independent Sole Expert”** means a mining industry professional who has a minimum of ten years relevant experience in mineral generally and specifically in the exploration of the type of deposit under this License and in the activity which that person is undertaking. Furthermore, the Independent Sole Expert must be a member in good standing of a recognized mining industry related professional society. The Independent Sole Expert shall be the same as Competent Person under the Australasian JORC code and a Qualified Person under the Canadian technical National Instrument 43-101 and, in the event such person is not a Competent Person or a Qualified Person. EMRA and the Company may agree in writing on the Independent Sole Expert, or failing such License within 90 days from the date either EMRA or the Company inform the other of the existence of a matter requires to appoint an expert either Party may request the International Centre for Expertise at International Chamber of Commerce (ICC) to appoint such Independent Sole Expert in accordance with the Rules of ICC for Expertise.

**“License”** means the exploration license granted pursuant to this exploration license, including all Annexes hereto; for certainty the terms of this License are set forth in and include: i) the license; (ii) Annex A-1, Annex A-2, and (iii) Annex B.

**“Minerals”** means Ore and its associated minerals

**“Notice”** has the meaning assigned to that term in Section 31.0.

**“Official Employee”** means anyone who is appointed or career official, or employee, of any, competent entity and/or any public corporation, who is an individual acting for any of such bodies or EMRA.

**“Ore”** means the mineral ores that lays within Gold or Associated Minerals pursuant to the results of exploration or development operations being carried out and notified to EMRA by Licensee.

**“Parties”** means the Minister, EMRA and the Company.

**“Party”** means the Minister, EMRA or the Company as the context requires.

**“Permits”** means all permits, approvals, including without limitation any desert access permits required to start the Exploration Operation.

**“Preliminary Economic Assessment”** (PEA) means the optional study that, if produced, is required to be submitted to EMRA by the Company under Section 2.3.

**“Prefeasibility Study”** (PFS) means the optional study that, if produced, is required to be submitted to EMRA by the Company under Section 2.3.

**“Project”** means the prospecting and exploration of an Exploration Area under this License, and all activities in connection therewith, pursuant to and in accordance with this License, including all facilities and infrastructure that are reasonable and necessary for the Project according to Good Industry Practice.

**“Regulations”** means the Executive Regulations for the Mineral Resources Law promulgated by the Prime Minister Decree No. 108 of 2020 and any other regulation or decree that may be promulgated by the competent authorities in accordance with the applicable laws.

**“Social Impact Assessment and Action Plan”** means the plan required to be produced and submitted to EMRA by the Company.

**“Stability Period”** means that period of time beginning on the Effective Date and ending on the date of termination of this License.

**“State”** has the meaning the Arab Republic of Egypt or Egypt.

**“Tax”** means any levy imposed by the State under Applicable Law on income, goods and services, and the employment, health and welfare of persons.

“**Tax Law**” means Applicable Law of the State pertaining to any Tax and any subsidiary and associated legislation or regulation.

## **1.2 Interpretation**

In this License, unless the context otherwise requires:

- (a) The singular includes the plural and vice-versa;
- (b) Headings do not affect the interpretation of this License;
- (c) References to a part, clause, schedule, exhibit and annex refers to a part, clause, schedule, exhibit or annex of, in or to this License;
- (d) A reference to this License includes all schedules, exhibits and annexes to this License;
- (e) A reference to a License, deed, instrument or other document includes the same as amended, notated, supplemented, or replaced from time to time;
- (f) A reference to a court is to a court of the State;
- (g) A reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinated legislation issued under, that legislation or legislative provision;
- (h) A reference to a day, month or year is relevant to a calendar day, calendar month or calendar year;
- (i) A reference to Egyptian Pound (EGP) is to the lawful currency of the State;
- (j) The expressions “including”, “includes” and “include” have the meaning as if followed by “without limitation”;
- (k) No rule of construction is to apply to the disadvantage of a Party on the basis that that Party drafted the whole or any part of this License; and
- (l) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

## **1.3 Existing Rights**

The rights, obligations and liabilities of the MINISTER, EMRA and/or the Company subsisting as of the Effective Date of this License shall continue and bind the Parties during the term of this License.

## **1.4 Exchange of Letters**

The above Preamble, this License and the exchange of the letters dated ----- (the “**Exchange of Letters**”), are an integral part of this License and complements its provisions. In all cases, the Exchange of Letters shall be considered the reference in case of any dispute.

## **2.0 License Term and Exploration Area**

### **2.1 Term of this License**

This License shall enter into force on signature by EMRA and the Company and upon authentication by the Minister and shall remain in force for a period of two years following the Date of Commencement of Exploration unless:

- (a) The Company obtains an Exploitation License which enters into force before the expiration of this License, in which case this License shall terminate only with respect to the area covered by the Exploitation License;
- (b) The Company terminates this License in accordance with its terms and Applicable Law; or
- (c) This License is sooner terminated in accordance with its terms or in accordance with the provisions of Law No. 198 of 2014, as amended or its Executive Regulations.



The duration of the exploration license shall be two years, such period may be renewed for two renewal periods, and it may be renewed for a third renewal period with technical justification accepted by EMRA provided that renewed application shall be submitted to EMRA at least six months before the end of the period.

The term of this License shall be an initial period of two years, which shall be renewable for two additional terms of two years each upon the written application for such renewal by the Company to EMRA. EMRA shall grant such renewal to the Company provided that the Company having substantially complied with its obligations for the relevant period, under this License. The License shall be renewed for a third term subject to technical justifications acceptable to EMRA, upon the written application for such renewal by the Company to EMRA. EMRA shall grant such renewal to the Company provided that the Company having substantially complied with its obligations for the relevant period under this License. The Company shall submit the renewal applications at least six months before the expiry of the License term but such application may be amended and/or supplemented by the Company up to and including the date falling 2 months before the expiry of the License term. To the extent an application for renewal has been filed within the required timeline, this License shall remain in force until a determination has been made in respect to such application. In the event of any dispute concerning the Exploration Area and/or renewal of the License there will be no dealings concerning it pending resolution of such dispute.

Notwithstanding the expiration of this License, if the Company has achieved a Commercial Discovery, prior to the date of expiration, and applied for an Exploitation License, the Company shall maintain the Exploration Area and its rights and obligations under this License for such area shall continue until the effective date of the Exploitation License.

Upon application to EMRA in accordance with this License and Applicable Laws, the Company shall be granted an Exploitation License on the agreed terms and issued as soon as practically possible as a special law by the Parliament of the A.R.E. The Exploitation License shall be granted to the Company subject to its submission to EMRA of a complete Feasibility Study which identifies a Commercial Discovery in compliance with this License, in addition to any other information that is reasonably considered by EMRA as necessary for the evaluation process. The area that to be subject to Exploitation under the Exploitation License shall be reasonably determined by the Company, based on the Feasibility Study. The Parties agreed that in the event that there is a dispute in respect of any matter that arises with respect to the grant of the Exploitation License in accordance with the Applicable Laws and this License, there will be no dealings concerning the License and/or area of Exploitation pending resolution of such dispute.

Prior to issuance of an Exploitation License, the Company will have the option to terminate this License at any time provided that it has fulfilled its Expenditure commitment for the then current Exploration Period.

The two parties shall - In case of conversion to exploitation license - out of good faith, achieve the economic feasibility necessary for the two parties to achieve an investment return in line with international standards, and the Applicable Laws and Regulations.

After establishment of a Commercial Discovery by the Company in the Exploration Area, the Company may retain some portions of the area having possible reserves in order to complete detailed exploration work and evolution provided that a work program is submitted with technical and financial commitments approved by EMRA.

## **2.2 Grant of Access Rights and Exclusivity**

Pursuant to the provisions of this License, the Company shall have full and complete access to the Exploration Area subject to Applicable Law and the terms of this License, including the rights to acquire, import, construct, install, and operate equipment in the Exploration Area, railroads, roads, bridges, airports, ports, jetties, breakwaters, pipelines, power generation and transmission facilities, and any other infrastructures reasonably required for the Exploration operations, provided that the Company obtain all the required permits and approval from EMRA and the competent authorities.

The Company shall have security of tenure and this License shall not be suspended, terminated or revised except in accordance with the provisions of this License and Applicable Laws and Regulations.

The Company shall have the exclusive right to explore for Gold and Associated Minerals in the Exploration Area in accordance with the terms and conditions of this License. EMRA shall ensure that no other entity operates in the Exploration Area for a different category of minerals in a manner that might unreasonably interfere with the operations of the Company. The rights granted to the Company herein to conduct Exploration Activities for Gold and Associated Minerals are exclusive within the Exploration Area. EMRA undertakes not to grant any rights to prospect for or to explore Gold and Associated Minerals in the Exploration Area or market Gold and Associated Minerals from the Exploration Area to any third party during the term of this License.

Nothing in this License shall be deemed to confer any right on the Company other than those rights expressly granted herein. EMRA reserves the right to enter into contracts with respect to Minerals other than Gold and Associated Minerals with third parties in the area covered by this License provided that any activities of such third parties shall not materially interfere in any way with the activities of the Company under this License .

### **2.3 Preliminary Economic Assessment, Prefeasibility Study, and Feasibility Study**

The Company may produce, at its sole discretion, a Preliminary Economic Assessment (PEA) and a Prefeasibility Study (PFS). Should the Company produce a PEA, PFS, or other similar document in compliance with JORC or NI 43-101 regulations, the Company is obligated to provide an electronic PDF or printed version of the report to EMRA. Prior to conversion from Exploration License to Exploitation License, the Company is required to produce a Feasibility Study (FS). The PEA, PFS, and FS may be prepared by (i) an independent third-party or (ii) by the Company and verified by an Independent Sole Expert in compliance with the requirements of NI 43-101 regulations, on the basis of sound engineering and economic principles in accordance with Good Industry Practice. The Feasibility Study shall include:

- (a) An estimate of minable reserves in accordance with internationally accepted standards, such as the JORC guidelines from Australia or the NI 43-101 form from Canada;
- (b) A market study for the Ore to be produced in the Exploration Area;
- (c) An evaluation of the known economic deposits within the boundaries of the Exploration Area, as well as the minerals intended to be exploited in the Project facilities;
- (d) A description of the technology process to be used in each case, with the results of any laboratory or other tests designed to identify technologically appropriate methods for processing the Ore involved;
- (e) An initial mine plan indicating expected recovery rates;
- (f) A general description of requirements associated with obtaining required permits, including the estimated cost of compliance and implementation of the Environmental Management Plan;
- (g) A description and plans of the area of the Project facilities, including a list of the main structures, machinery and equipment to be used, specification of raw materials and services (including electrical requirements and water);
- (h) An organization chart and requirements for personnel;
- (i) Schedules to initiate construction and construction timetables;
- (j) A description and generalized plans for all infrastructure and associated facilities (such as power, communication, transportation, roads, and fresh and reclaimed water), including a list of main items, structures and raw materials, and an assessment of the potential for sharing such infrastructure with other users in ways that promote sustainable development of the communities in the Exploration Area;
- (k) Plans for electricity supply for the Exploration Activities, including reliability and cost of services that includes an assessment of the potential for sharing electrical supplies and infrastructure with other users in ways that promote sustainable development of the communities in the Exploration Area;
- (l) Plans for disposal of tailings from the Ore processing plants and of waste rock and materials from the Exploration Operations;
- (m) A description of plans for any potential reprocessing of materials or tailings;
- (n) Estimates, accurate to within fifteen percent (15%), of capital costs and operation costs at the time of submitting the feasibility study.

- (o) An economic evaluation and financial analysis (estimated rate of return of the investment and cash flow for the various phases of the Exploration), including probable future capital investments and comments on the financial viability of the Exploration; and
- (p) To the fullest extent reasonably practicable, detailed proposals with respect to any beneficiation or further processing of Minerals proposed to be carried out by the Company within the State.

#### **2.4 Environmental Impact Assessment and Environmental Management Plan**

The Company shall have an Environmental Impact Assessment prepared based on sound engineering and economic principles, having regard to the requirements of the Egyptian Environmental Law No. 4 of 1994, as amended and its Executive Regulations and the Good Industry Practice including IFC Performance Standard 1, establishing a baseline of environmental conditions existing at the Effective Date, and assessing the Project-related environmental effects and impact.

The Company shall also have an Environmental Management Plan prepared based on the Environmental Impact Assessment and sound engineering and economic principles and having regard to Good Industry Practice including IFC Performance Standard 1. If the Environmental Management Plan shall upon request by EMRA or the competent entity, be made publicly available. The Environmental Management Plan shall updated prior to any major change to the mine plan. The Environmental Management Plan shall include:

- (a) Measures that the Company intends to use to mitigate adverse consequences incurred in furtherance of the Project as described in the Feasibility Study;
- (b) Plans for the management, remediation, rehabilitation and control of all environmental aspects of the Project, excluding all historic environmental matters that are not assumed by the Company, including:
  - (i) A plan to avoid, minimize, mitigate, rehabilitate and offset, where appropriate, impacts on biological diversity within the Exploration Area;
  - (ii) A plan for preventing, minimizing or mitigating adverse environmental impacts to rivers and other potable water and ensuring that such pollution does not cause unnecessary harm or destruction to human or animal life or fresh water fish or vegetation;
  - (iii) Opportunities for the improved management and conservation of natural resources in the Exploration Area;
  - (iv) A plan to avoid or minimize greenhouse gas air emissions (as defined by the Intergovernmental Panel on Climate Change (“IPCC”)) from the Project taking into account economically and commercially feasible technology; and
  - (v) A plan to effectively manage soil resources to allow future use of the surface land consistent with the proposed post mining land use;
- (c) A description of the actions to be taken during any periods of temporary closure or cessation of operations and for the closure activities to be performed should closure be required prior to the completion of the planned mine life;
- (d) A plan for concurrent reclamation to the extent practicable;
- (e) A plan to restore all mined areas to a final landform that is safe, stable, and suitable for the proposed post-mining land use; and
- (f) A plan regarding the intended post-mining land use in the Exploration Area.

The Company shall comply with the Environmental law and Regulations of the State in force at any time during the period of this License, including any applicable Governorate regulations and instructions, including laws relating to protection of water quality, air quality, quality of land, the preservation of living natural resources, the protection of biodiversity, and the disposal of hazardous and non-hazardous wastes a material failure to comply with Environmental laws, the terms of environmental licenses or permits, or of the terms of all mitigation measures and restrictions contained in the Environmental Management Plan, as the same may be amended from time to time, constitutes a breach of this License.

## **2.5 Exploration Costs and Expenses**

The Company shall be responsible for raising all the financing necessary to implement the Exploration Activities for the Project. The Company shall have a Financing Plan prepared which shall include such provisions as the Company may determine consistent with its commercial requirements and Good Industry Practice. The Company's Financing Plan shall be submitted to EMRA for record.

## **2.6 Compliance with Law; Requested Changes by EMRA**

EMRA shall cause its appropriate agencies to review the Documents as promptly as reasonably possible after receipt and to provide comments thereon to the Company of any failure to conform to Applicable Law or to the terms of this License. The Company shall correct any failures to conform to Applicable Law or to the terms of this License or shall submit the matter for resolution pursuant to Section 29.0. If EMRA does not provide comments of any failure of the Documents to conform to Applicable Law or to the terms of this License within ninety (90) Days after receipt of the Documents, the Documents shall be deemed to have satisfied the requirements of this License, provided that the foregoing shall not relieve the Company of its obligation to comply with Applicable Law.

EMRA or any of the competent entities may provide Notice to the Company requesting such revisions of the Environmental Impact Assessment, Environmental Management Plan, Social Impact Assessment and Action Plan, as are reasonable to contribute to the efficient development of locally required infrastructure and to assist other national and local needs, provided that such requested revisions shall relate to the Project and shall be utilized by the Company in the Exploration Area, and provided further that such requested revisions shall not materially impact the economic returns of the Company:

- (a) If EMRA or any of the competent entities provides Notice of such requested revisions within ninety (90) Days after receipt of the Documents, the Company and EMRA shall meet within thirty (30) Days of EMRA's written notification to the Company as to any requested revisions so that EMRA and the Company may negotiate revisions to any of the Documents. EMRA and the Company shall establish a time frame within which to revise the Document, which time frame shall not exceed ninety (90) Days of EMRA's Notice to the Company as to the requested revisions. If EMRA and the Company are unable to reach agreement within forty-five (45) Days of the EMRA's written notification to the Company as to the requested revisions, the matter may be referred by either Party for resolution pursuant to Section 29.0.
- (b) If EMRA or any of the competent entities does not provide Notice of such requested revisions within ninety (90) Days after receipt of the Documents, the Documents shall be deemed to have satisfied the requirements of this License.

## **2.7 Exploration Activities**

- (a) The Company shall commence Exploration Activities within one (1) month after the Date of Commencement of Exploration, in accordance with the time schedule stipulated in the for the first year of Exploration Activities set out in Annex A-2 hereto and shall use commercially reasonable efforts to adhere to such time periods or any modification thereto as provided for by this License.

The Company shall carry out the program of activities set out Annex A-2 hereto. In carrying out such activities the Company shall spend in each contract year not less than the amount specified in such program, or any agreed review thereof, in actual and direct Exploration expenditures.

The Company, with the prior written notification of EMRA, may from time to time make such changes in the program of activities and the expenditures specified therein as may be necessary and prudent in accordance with good mining industry practice; however, such changes shall not affect the minimum limits of expenditures specified in Section 3.0, taking into account the market conditions for Gold and Associated Minerals and other relevant global economic conditions.

Not later than 90 days prior to the expiration of each Exploration two-year period from the date on which this License enters into force in accordance with section 2.1 hereof, the Company and EMRA shall jointly undertake a review of the implementation of the plan of work for Exploration under this License. In the light of the review and in case the Company wishes to renew the Exploration period, the Company shall indicate its program of activities

for the following two-year period, including a revised schedule of anticipated yearly expenditures, making such adjustments to its previous program of activities as are necessary. Annex- 2 hereto shall be adjusted accordingly.

- (b) At least 2 months prior to completion of each then current Annual Program and Budget, the Company will develop annual Programs and Budgets for Exploration Activities, (each, an “Annual Program and Budget”). Each Annual Program and Budget shall include Expenditures which will allow the Company to meet the minimum Expenditures to be made by the Company in the applicable period, as set out below.
- (c) The Company shall submit each Annual Program and Budget to EMRA. EMRA may provide non-binding recommendations to the Company for amendments or other changes to the proposed Annual Program and Budget and the Company shall consider, such recommendations.
- (d) For the Exploration Period, the expected minimum Expenditures to be made by the Company for Programs (which include, among other things, geological and geophysical prospection, drilling of exploratory holes, tranches and studies) during the Exploration Period will be as follows:

Exploration Period	Duration (Year)	Technical Commitment	Financial Commitment
First	2 Years	See Annex A-2	-----

\*financial commitments are based only on the tenures awarded under International Bid Round (1)/2020 for Exploration of Gold and Associated Minerals.

- (e) For certainty, the minimum Expenditures referred to above may be incurred in connection with preparation of a Feasibility Study, notwithstanding the issuance of an Exploitation License prior to completion of such Feasibility Study.

**2.8 Objects of an archaeological or historical nature**

All objects of an archaeological or historical nature discovered by the Company in the Exploration Area shall be State-owned. The Company shall immediately notify EMRA in writing of any finding in the Exploration Area of an object of an archaeological or historical nature and its location, EMRA shall inform the competent entities of the State of the finding.

Following the finding of any such object of an archaeological or historical nature in the Exploration Area, the Company shall cease the work and shall take all precautionary measures to ensure its preservation and avoid disturbing such object and shall follow the instructions issued by EMRA or the competent entities in this regard.

**3.0 Annual Rental**

The Company shall pay to EMRA an annual rental fee per squared kilometer of land included in the Exploration Area in accordance with Applicable Law. The rental value may be amended every three years by the Prime Minister’s Decree upon the proposal of EMRA's Board of Directors and after the presentation of the MINISTER as stipulated in Article (21) of the Executive Regulations of the Mineral Resources Law. Such rental payments shall be paid in advance.

Each Exploration License shall accrue an annual rent per square kilometer of the Exploration Area or part thereof, rounded up to the nearest square kilometer as follows:

- 1- Five thousand pounds (EGP 5,000) per square kilometer for each year of the first Exploration period of two years.
- 2- Ten thousand pounds (EGP 10,000) per square kilometer for each year of the second Exploration period of two years (both the third and fourth year).
- 3- Fifteen thousand pounds (EGP 15,000) per square kilometer for each year of the third Exploration period of two years (both the fifth and sixth year).
- 4- Twenty thousand pounds (EGP 20,000) per square kilometer for each year of the last Exploration period of two years (the seventh and eighth year).

**4.0 Investment & Fiscal Regime:**

The Company has the right to exercise its activities under this License as per the provisions of the Mineral Resources Law No. 198 of 2014, as amended by Law No. 145 of 2019 under the investment zone system stipulated in the Investment Law promulgated by Law No. 72 of 2017, which provides that the projects operating in these activities shall enjoy the incentives stipulated in Articles (10, 11, 12 and 13) of the Investment Law promulgated by law No. 72 of 2017 and its executive regulation and any decrees in relation thereof without contradicting the provisions of Law. No. 198 of 2014, as amended by Law No. 145 of 2019.

EMRA shall use best efforts to engage with the General Authority for Investment and Free Zones (“GAFI”) and the relevant authorities to procure as soon as practicable following the Effective Date, that such authorities formally issue and/or promulgate clear directions on the investment incentives and fiscal framework applicable for the duration of the Exploration License and any renewals thereof, as well as for the duration of the Exploitation License and any renewals thereof.

#### **5.0 Insurance**

At all times during the validity of this Exploration License, the Company will maintain, with financially sound and reputable insurers accepted by EMRA, insurance with respect to the Project against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is consistent with Good Industry Practice.

If at any time, the Company fails to purchase and maintain in full force and effect any and all insurances required under this License, EMRA may, at its sole discretion, purchase and maintain such insurance, and all reasonable amounts incurred by EMRA therefor shall be reimbursed by the Company.

#### **6.0 Taxation**

(a) The Company shall be subject to all fiscal legislation from time to time in force in the State except where, it is exempted wholly or partly from the application of the provisions of a particular Tax Law pursuant to a validly granted authority under any Applicable Law or by the Investment Law; taking into account the double taxation prevention agreements signed between the State and the country of the Company. In addition, the Company may be granted investment incentives in accordance with article 4-0 above.

(b) The Company before the first of May of each year, or during four months following the end of the fiscal year of the Company, shall submit to the Tax Authority the Tax return for the previous year in accordance with the applicable form and all required documents.

(c) In case of conversion to an Exploitation License that shall be promulgated by law (according to Mineral Resources Law No. 198 of 2014, as amended by Law No. 145 of 2019 and the Executive Regulations Decree No. 108 of 2020), EMRA shall undertake best efforts to procure that the income generated by the development and exploitation of Mineral shall be exempted from all taxes imposed in the A.R.E except for the corporate tax and related tax to during the Exploitation License period. For further clarity, the parties hereto shall use best efforts to take all steps and measures necessary to achieve economic viability and stability of any mine developed and operated on the Exploration Area. For certainty, such steps and measures will result in an internal rate of return, as determined by a Feasibility Study.

#### **7.0 Foreign Currency Remittance and Availability**

(a) Except in the case of generally applicable exchange controls imposed on a non-discriminatory basis during a limited time period of genuine fiscal emergency and subject to the approval of the Central Bank, interest, dividends and all other payments for goods and services are freely remittable from the State and that if foreign currency is required to make such payments, in addition to that available from foreign currency accounts authorized under this License, foreign currency will be made available to make such payments up to the amount of foreign currency payments made by the Company to EMRA and converted into the State currency. Subject to the adherence of the foregoing to the laws and the decrees related to the Central Bank.

(b) The Company has the right to establish, maintain and hold funds in bank accounts in Egyptian Pounds and in US Dollars in the State, in accordance with the Applicable Law and the instructions of the Central Bank as well as bank accounts in foreign currency located outside the State.

- (c) The Company has the right to freely repatriate abroad and freely dispose of all proceeds) and any other payments (including loan principal and interest) to be made abroad. Subject to the adherence of the foregoing to the laws and the decrees related to the Central Bank.
- (d) Any obligation originally stated in the State currency shall be converted to US Dollars at the National Bank of Egypt rate of exchange.
- (e) For purposes of determining compliance by the Company of required payments in the State currency under Applicable Law (including without limitation any Law determining minimum wages), the amount of any payment by the Company made in US Dollars shall be converted to Egyptian Pounds at the National Bank of Egypt rate of exchange as of the date of payment.
- (f) The Company shall have the right to remit and receive in US Dollars all payments, interest, finance charges, principal, management fees and other property payable items arising from, as a result of, or related to the operations of the Project. Subject to the adherence of the foregoing to the laws and the decrees related to the Central Bank.
- (g) The Parties acknowledge that the Company may:
  - (i) Obtain, hold, deal with and disburse funds in such manner, currencies and places as it, in its absolute discretion, determines;
  - (ii) Freely import into the State funds necessary to properly carry out the Project;
  - (iii) Remit foreign currency accruing to or earned by it outside the State into the State; and
  - (iv) Remit proceeds (in currency or otherwise) and repatriate capital (in cash or assets) outside the State;
 subject to the adherence of the foregoing to the laws and the decrees related to the Central Bank.
- (h) Amounts received and expenditure made in Egyptian Pounds or in US Dollars shall be converted from Egyptian Pounds into US Dollars or from US Dollars into Egyptian Pounds on the basis of National Bank of Egypt rates for the day in which the relevant transaction occurred.
- (i) Amounts received and expenditure made in currencies other than US Dollars or Egyptian Pounds must be converted into US Dollars or Egyptian Pounds on the basis of the daily average of National Bank of Egypt rates for the day in which the relevant transaction occurred.

## **8.0 Legal Guarantees**

- (a) The Company's and its Affiliates' capital, property and assets shall not be expropriated except for public purposes or interest, and only in accordance with due process of law on a non-discriminatory basis, and with the condition of prompt, adequate and effective compensation according to Applicable Law.
- (b) The Company's and its Affiliates' capital, ownership of structural and movable property in Egypt, together with all rights and interests of the Company including the rights of exclusivity set out in Section 2.2 on or in connection with the Exploration Area shall be protected by law, from nationalization, confiscation, liquidation, or requisition, unless in accordance with Applicable Law and in each case for fair compensation to be paid in advance without delay and whose value shall be equal the fair economic value of the expropriated property on the day preceding the expropriation decision date. Such assets may not be seized, impounded, sequestered, or disposed of, or any instrumentality any authorized representative, except in accordance with Applicable Law and an order of a court of competent jurisdiction, if requested by the Applicable Law.
- (c) There will be no interference with the rights, or interests of the Company on the Exploration Area or in any way connected with the Company, except where provided by the Applicable Law or this License.

## **9.0 Financial Records and Statements, Accounting Standards and Currencies**

### **9.1 Payments and Exchange Rates**

- (a) Unless otherwise specified in this License, payments to EMRA and all competent entities may be made in US dollars which is freely convertible directly to the account of EMRA or any of such entities.
- (b) The payment of the Company's direct obligations to the competent entities for Taxes and duties shall be in Egyptian Pounds, unless such competent entities otherwise instruct. However, the Company shall make payments of sums it collects on behalf of any of the competent entities, including but not limited to Taxes

withheld from the salaries or wages of the employees of the Company and any other sums payable to other persons from which a portion is required by Applicable Law to be withheld or retained by the Company on behalf of the competent entities, in currency in which such salaries or wages or such other payments are made.

## **9.2 Financial Records and Financial Statements**

- (a) The Company is responsible for maintaining accurate accounting records according to the Egyptian Accounting Standards and in the absence of provisions, then IFRS standards in a currency agreed upon by EMRA, in order to comply with Applicable Law and this License and to support all fiscal returns or any other accounting reports required by the Applicable Law in relation to the Project.
- (b) The Company must keep in the State complete, accurate and up-to-date technical and commercial books and records of all Exploration Operations under this License, including those relating to all revenues, expenditures, all maps, geological, geophysical, mining, technical and other data, records and interpretations, mineral analyses, samples and reports, connected with and arising from such Exploration Operations.
- (c) The Company must supply and file such technical and commercial information, reports, returns and statements at such times and in such form as may be required by Applicable Law.
- (d) All books and records must be maintained and made available for inspection by an auditor appointed under and in accordance with this License for six (6) years following the calendar year in which the books and records were created or, if longer, the relevant period required by Applicable Law.
- (e) The Company shall maintain all financial, employment, commercial and other books and records and comply with all other reporting and filing obligations under Applicable Law and shall conduct its activities in accordance with Applicable Law, Regulations and Directives.

## **10.0 Mutual Obligations**

### **10.1 Applicability of Environmental Law and Regulations**

The Company shall undertake its activities in a manner consistent with the Applicable Law and regulations on environmental and management, and pollution prevention.

### **10.2 Prevention of Corruption**

#### **10.2.1 Obligations of the Company**

The Company, its officers, directors and employees acknowledge and agree that they are subject to the antibribery and anti-corruption provisions of Applicable Law and of the jurisdictions in which the Company is organized or conducts business (collectively, "Anticorruption Laws"), and shall conduct their activities in the State in accordance with their obligations under the Anticorruption Laws.

#### **10.2.2 Other Applicable Norms**

The Parties acknowledge and agree that payments made by the Company, or any of its contractors, subcontractors, officers or directors shall be in accordance with section 10.2.1 as well as the Applicable Law and may be subject to public disclosure under Applicable Law.

#### **10.2.3 Understanding of the Parties**

The Parties to this License understand that:

- (a) The offering, solicitation or acceptance of an offer, promise or gift of any pecuniary or other nature, including facilitation payments, whether directly or through intermediaries, to any private party or Official Employees, in order to act or refrain from acting in relation to the performance of official duties to achieve any favour or to otherwise obtain any business advantage; and
- (b) Any acts complicit in any act described in this Section, including incitement, aiding and abetting, conspiracy to commit or authorization of such acts, are acts inconsistent with the Applicable Law, the Anticorruption Laws and this License are acts subject to appropriate Criminal Code and other enforcement and sanctions.



### **11.0 Official Employees Access to Project**

Official Employees shall have the right, at any reasonable time and upon forty-eight (48) hours' Notice, to inspect the Exploration Area at its sole cost and risk and ensure that all Exploration Operations are carried out in accordance with this License and the provisions of Applicable Law.

### **12.0 Inspection of Books, Records and Information, Independent Audit**

- (a) EMRA has the right to audit the Company's accounts, books and records maintained under this License and Applicable Law for each calendar year within two (2) years from the end of each such calendar year. Any such audit will be performed by and through a technical inspector or an independent professionally qualified auditor, completed within twelve (12) months of its commencement, and conducted in a manner which will result in the minimum amount of inconvenience to the Company.
- (b) EMRA's inspector or auditor shall have the right in connection with such audit, to visit and inspect, during normal business hours on any day, all sites, plants, facilities, warehouses and offices of the Company directly or indirectly serving its activities under this License and to visit and question personnel associated with those activities in accordance with Applicable Law.
- (c) Company shall offer such representatives all privileges and facilities accorded to its own employees in the field and shall provide them, free of charge, the use of reasonable office space and of adequately furnished housing while they are in the field for the purpose of facilitating the objectives of their audit.
- (d) EMRA shall, and shall ensure that any inspector or auditor shall, use such information only for the purpose for which it was disclosed and not for any other purpose and shall keep confidential all information provided to it or any of its agents, advisors, representatives, officers, directors or employees by or on behalf of the Company or otherwise obtained by it or any of its agents, advisors, representatives, officers, directors or employees in connection with the audit which relates to the Company or the business of the Company.

### **13.0 Permits**

- (a) EMRA undertakes to make the utmost effort, so far as possible and in accordance with the terms of this License and Applicable Law, to expeditiously provide all necessary approvals and assistance for the Exploration and as otherwise may be reasonably required by the Company in relation to the rights granted to it under this License. EMRA shall establish simple and expedited procedures for the approval of all Permits required for the Exploration in a manner consistent with Applicable Law and so as not to be unreasonably withheld or delayed.
- (b) EMRA shall do the best effort to the following:
  - (i) Providing access to the Company to all pre-existing information and data available to EMRA related to the Exploration Area, and provide to the Company copies of such information and materials on paying applicable fees ;
  - (ii) Providing assistance to the Company in connection with tenure matters, Permits and other matters governing the rights of the Company in connection with the Exploration Area.

### **14.0 Expatriates**

The Company shall obtain work permits as may be required to allow expatriate employed by the Company and their immediate family members freely to enter into, work and reside in the State in connection with the Exploration operations, and to depart from the State, so long as they conduct themselves in accordance with the Applicable Law.

### **15.0 Infrastructure**

#### **15.1 Availability of Existing Infrastructure**

EMRA and the Company may, instead of providing for construction of new infrastructure needed for the Exploration Activities, agree upon reasonable terms and conditions for use of existing infrastructure, provided that the existing infrastructure has sufficient capacity and after obtaining the approval of the competent entities.

## **15.2 Access to Infrastructure**

To the extent commercially feasible, the Company shall endeavor to plan and develop all forms of infrastructure required to meet Exploration License obligations (including the infrastructure for electrical energy, process water, potable water, communications, and roads and transportation).

## **16.0 Government and Landowners**

EMRA shall cooperate with the Company and Governorate to resolve disputes between the Company, Governorate and landowners.

## **17.0 Company Rights**

### **17.1 Company Hiring Decisions**

Subject to Section 24.0, the Company may at all times choose its employees and shall be free to employ such persons who are not citizens of the State as are required for the efficient conduct of the Project, as long as it complies with the ration of foreign to national employees of 1:9 according to the Labor Law. Where Applicable Law stipulates minimum technical qualifications or minimum levels of competence for any technical post, EMRA undertakes to recognize equivalent technical qualifications or certificates of competency held by persons who are not citizens of the State, provided that such qualifications and/ or certificates of competency shall have been issued by a recognized institution or statutory authority in any other country employing standards comparable to those in Applicable Law. The Company shall also conduct a program to acquaint all expatriate employees and contractors with Applicable Law and customs of the State.

For the duration of the implementation of this Exploration License and in the event of a change or a replacement of a key personnel, whether foreign or local, the Company shall nominate for such change or replacement a person of at least at the same qualification of the person who is changed or replaced with commercially reasonable terms basis.

### **17.2 Security**

The Company shall have the right in keeping with the provisions of Applicable Law, to directly or indirectly or under contract with other persons, establish and maintain its own security guards for the purpose of protecting its staff or maintaining security within the Exploration Area, with power both (i) of detention (any detained person to be handed over to the nearest police station as soon as practicable), and (ii) exclusion from the Exploration Area as may be properly restricted for safety or security reasons. Any such security guards will be subject to Applicable Laws at all times but shall not have the power of interrogation and shall not prevent local police from accessing the Exploration Area. The Company shall ensure and monitor that the security guards at all times conduct themselves in accordance with Applicable Law (including all Laws relating to apprehension and detention and human rights) and the Voluntary Principles on Security and Human Rights.

## **18.0 Exploration Obligations**

- (a) The Company must exercise its rights and obligations under this License according to the terms hereof, the Documents, and consistent with Good Industry Practice and Applicable Law.
- (b) The Company shall incur and pay all Exploration costs and expenses required to perform all Exploration Operations under this License.
- (c) The Company shall use its best efforts to provide the required facilities and carry out the Exploration Operations with due diligence, efficiency and economy, up to the Date of Commencement of Exploration.
- (d) The Company shall use commercially reasonable efforts to optimize the recovery of Minerals contemplated by the Preliminary Economic Assessment, the Prefeasibility Study, and / or any subsequent Feasibility study or any mine plan. All operations shall be conducted consistent with Good Industry Practice and Applicable Law.
- (e) The Company may not make any material changes to operations detailed in the Preliminary Economic Assessment and the Prefeasibility Study unless it first submits those changes to EMRA for comment following

the same procedure set forth above for obtaining EMRA comments on the Preliminary Economic Assessment and the Prefeasibility Study.

- (f) The Company shall, within a maximum period of sixty (60) days subsequent to receiving the Exploration License, submit to EMRA detailed project of the Exploration Operations it intends to carry out and required related costs and expenses

The Company is obliged to submit a quarterly report to EMRA explaining the Exploration phases and its results. The Company also shall submit to EMRA a detailed quarterly report with supported documents explaining the executed works and the sums that have been incurred.

The Company is further required to submit to EMRA at the end of each two-year Exploration period the geological, geophysical, and other relevant technical data collected as a result of all qualified exploration activities.

#### **19.0 Use of Local Goods and Services**

Subject to applicable laws and regulations, the Company commits, and it undertakes to procure that its contractors and subcontractors commit, to the following:

- (a) to use the best effort to give priority to local contractors and sub-contractors, including EMRA's Affiliated Companies, as long as their performance is comparable with international performance and the prices of their services are not higher than the prices of other contractors and sub-contractors by more than ten percent (10%) and it is commercially reasonable to do so.
- (b) to use the best effort to give preference to locally manufactured material, equipment, machinery and consumables as long as their quality and time of delivery are comparable to internationally available material, equipment, machinery and consumables.

However, such material, equipment, machinery and consumables may be imported for operations conducted hereunder if (i) the local price of such items at the Company's operating base in the A.R.E. is more than ten percent (10%) higher than the price of such imported items before customs duties, but after transportation and insurance costs have been added Or (ii) it is not technically or commercially practical to use locally manufactured material, equipment and consumables, in the circumstances.

#### **20.0 Local Community Development**

##### **20.1 Community Development**

The Parties agreed that in case of a Commercial Discovery, the Exploitation License will set out the framework within which the Community Development Agreement will be finalized in accordance with Applicable Laws.

#### **21.0 Employment and Training of Local Citizens**

##### **21.1 Minimum Employment Levels**

In selecting employees to carry out its Exploration Operations under this License, the Company shall use commercially reasonable efforts to give preference to qualified and competent Egyptian executives, officers, engineers, consultants, technicians and skilled and semi-skilled labor residents of the Governorate in which the project is located.

##### **21.2 Investment in Skills of Local Work Force**

The Company shall develop and implement an annual training plan with the objectives to:

- (a) Organize training of its employees to upgrade employees' skills and provide further practical experience;
- (b) Train employees in line with the Company's short and mid-term human resource plans; and
- (c) Upgrade selected employees' qualifications by enrolling them in studies inside or outside the State on a contractual basis to further upgrade their professional qualifications.

##### **21.3 Management Training and Capacity Enhancement**

The Company, at its own account, shall develop and implement training programs for EMRA personnel in the State and/or in other countries, as agreed upon between the Company and EMRA, in order to qualify them for technical, administrative and managerial positions, with the objectives to:

- (a) Establishing and operating a vocational and training institute to provide vocational, technical and advanced training programs in the community;

- (b) Furnishing on-the-job counterpart training, not only in the State but to the extent reasonably feasible in the offices of the Company in the State and/or abroad, in order that the beneficiaries may receive training in the overseas aspects of the Company's shipping, marketing and accounting functions;
- (c) Providing scholarships for inhabitants of affected communities to pursue studies, including advanced studies in the State or abroad; and
- (d) Enhancing such training and educational opportunities as already exist in the vicinity of the local community.

**22.0 Labor Standards**

**22.1 Labor Standards**

- (a) The Company shall adhere to provisions of Applicable Law on labor.
- (b) The Company, its affiliates, contractors and subcontractors shall observe guidance provided by Applicable Law, EMRA and Good Industry Practice, as well as internationally recognized labor standards in relation to all International Labor Organization agreements to which the State is a Party and shall respect as provided therein the right of its employees to organize.
- (c) The Company shall adopt a health and safety management system in accordance with the Applicable Law.

**22.2 Health & Safety**

- (a) The Company shall observe the provisions of the Applicable Law and Good Industry Practice for the protection of the general health and safety of its employees and of all other persons contracted by the Company having legal access to the area covered by this License.
- (b) The Company shall install and utilize such recognized modern safety devices and observe such recognized modern safety precautions as are provided and observed under Good Industry Practice. The Company shall maintain in a safe and sound condition for the duration of this License all infrastructure and equipment constructed or acquired in connection with the Project and required for ongoing operations.
- (c) The Company shall train its employees in accordance with generally accepted health and safety procedures and practices.
- (d) The Company shall construct, maintain, and operate health programs and facilities to serve its employees which programs and facilities shall install, maintain and use modern health devices and equipment and shall practice modern health procedures and precautions in accordance with accepted international medical standards. Any Company-supplied housing shall be built to a standard that provides suitable living environments adequate for health and well-being, and which meet applicable sanitation standards.

**22.3 Costs, Expenses, and Expenditures**

Subject to the provisions of this License, the Company shall bear alone and, directly, pay the following costs and expenses, which shall be classified and allocated to the activities according to sound and generally accepted accounting principles:

- (a) Labor and Related Costs.

Salaries and wages of the Company's employees directly engaged in the various activities under the Applicable Law and this License, including salaries and wages paid to geologists and other employees who are temporarily assigned to and employed in such activities. Such salaries and wages shall be classified in Accordance with the Applicable Labor Law and Egyptian Accounting Standards and shall be certified by a certified public accounting firm.

Reasonable revisions of such salaries and wages shall be effected to take into account changes in the Company's policies and amendments of Applicable Labor Law; For the purpose of this Article, salaries and wages shall mean assessable amounts for A.R.E Income-tax including the following:

1. The commission entering within the context of labor relation;
2. The percentage, which is the worker may be paid in return for what he produced, sells, or collects all along his charge of the work for which this percentage is prescribed;
3. The increments, whatever the reason for becoming payable, or their kind;
4. The in kind benefits the employer shall pay, without being necessitated by work exigencies;

5. Bonuses, any bonus given to the employee in addition to his wage, and all that is paid to him due to his honesty or efficiency, once these bonuses are described in the individual or collective labor contracts or in the work articles of association, as well as that which has become customarily payable once fulfilling the qualities of generality, continuance and constancy;
  6. Allowance, all that is given to the employee in exchange for specific conditions or risks the employer is liable to in performing his work;
  7. The employee's profit share;
- (b) Benefits, allowances and related costs of national employees: Bonuses, overtime, customary allowances and benefits on a basis of the Company's policies and similar to that prevailing for mining companies, all as chargeable. Severance pay shall be charged at a fixed rate applied to payrolls which shall equal an amount equivalent to the maximum liability for severance payment as required under the Company's policies and A.R.E. Labor Law, whichever is higher.
- (c) Material: Material, equipment and supplies purchased or furnished as such by the Company.
- (i) Purchases: Material, equipment and supplies purchased shall be accounted for at the price paid by the Company plus any related cost and after deduction of all discounts actually received.
  - (ii) Material furnished by the Company: Material, required for operations shall be purchased directly whenever practicable, except that the Company may furnish such material from the Company's or Affiliated Companies' stocks outside the A.R.E. under the following conditions:
    - (1) New Material (Condition "A")  
New Material transferred from the Company or Affiliated Companies warehouse or other properties shall be priced at cost, provided that the cost of material supplied is not higher than international prices for material of similar quality supplied on similar terms, prevailing at the time such material was supplied.
    - (2) Used Material (Conditions "B" and "C"):
      - a. Used Material which is in sound and serviceable condition and is suitable for re-use without reconditioning shall be classified as Condition "B" and priced at seventy - five percent (75%) of the price of new material.
      - b. Used Material which cannot be classified as Condition "B" but which is serviceable for original function but substantially not suitable for reuse without reconditioning, shall be classified as Condition "C" and priced at fifty percent (50%) of the price of new material.
      - c. Used Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use.
      - d. Tanks, buildings and other equipment involving erection costs shall be charged at applicable percentage of knocked-down new price.
    - (3) Warranty of material furnished by the Company: The Company does not warrant the material furnished beyond or back of the dealer's or manufacturer's guarantee, and in case of defective material, credit shall not be recorded until adjustment has been received by the Company from the manufacturer(s) or its (their) agents.
- (d) Transportation and Employee Relocation Costs:
- (i) Transportation of material, equipment and supplies necessary for the conduct of the Company's activities.
  - (ii) Business travel and transportation expenses to the extent covered by the Company's established policies of or with regard to expatriate and national employees, as incurred and paid by, or for, employees in the conduct of the Company's business.
  - (iii) Transportation and relocation costs for national employees to the extent covered by established policies.
- (e) Services:
- (i) Outside services: The costs of contracts for consultants, services and utilities procured from third parties. In addition to rents of equipment and machineries and other tools relevant to Exploration.

- (ii) Cost of services performed by the Company or Affiliated Companies in facilities inside or outside the A.R.E. Regular, recurring, routine services, such as interpreting magnetic tapes and/or other analyses, shall be performed and charged by the Company or their Affiliated Companies at an agreed contract price, which shall be based on the prevailing competitive market rate for such services. Major projects involving engineering and design services shall be performed by the Company or Affiliated Companies at prevailing competitive market rates.
  - (iii) Use of the Company's or Affiliated Companies' wholly owned equipment shall be charged at a rental rate commensurate with the cost of ownership and operation, but not in excess of competitive rates then prevailing in the A.R.E.
  - (iv) Company's and Company's Affiliated Companies' rates shall not include any administrative or overhead costs.
- (f) Damages and Losses: All costs or expenses, necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable by the Company through the exercise of reasonable diligence. The Company shall furnish EMRA with a written notice of damages or losses incurred in excess of ten thousand U.S. Dollars (\$10,000) per occurrence, as soon as practicable after report of the same has been received by the Company.
- (g) Insurance and Claims: The cost of any public liability, property damage and other insurance against liabilities of the Company and/or the Parties or any of them to their employees and/or outsiders as may be required by the laws, regulations and rules of the State or as the Parties may agree upon. The proceeds of any such insurance or claim collected, less the actual cost of making a claim, shall be credited against operations. If no insurance is carried for a particular risk, in accordance with good international mining industry practices, all related actual expenditures incurred and paid by the Company in settlement of any and all losses, claims, damages, judgments and any other expenses, including legal services.
- (h) Indirect Expenses: Camp overhead and facilities such as shore base, warehouses, water systems, road systems, salaries and expenses of field supervisory personnel, field clerks, assistants, and other general employees indirectly serving the Area.
- (i) Legal Expenses: All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the Area, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the parties or any of them on account of the operations under the License, and actual expenses incurred by any Party or Parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the operations or the subject matter of the License. In the event actions or claims affecting the interests hereunder are handled by the legal staff of one or more of the Parties hereto, a charge commensurate with the cost of providing and furnishing such services shall be made to operations.
- (j) Administrative Overhead and General Expenses:
- (i) While the Company is conducting Exploration Operations, the cost of staffing and maintaining the Company's head office in the A.R.E. and/or other offices established in the A.R.E. as appropriate other than field offices and with the exception of the salaries of employees of the Company who are temporarily assigned to and directly serving on the Exploration Area.
  - (ii) While the Company is conducting operations, the Company's personnel engaged in general clerical and office work, supervisors and officers whose time is generally spent in the main office and not the field, and all employees generally considered as general and administrative and not charged to other types of expenses shall be charged to operations. Such expenses shall be allocated each month on Exploration Operations according to sound and practicable accounting methods.
- (k) Taxes: All taxes, duties or levies paid in the A.R.E. by the Company with respect to this License.

- (l) Other Expenditures: Any costs, expenses or expenditures, other than those which are covered and dealt with by the foregoing provisions of this Section 22.3, incurred by the Company under approved work plans and budgets.

### **23.0 Annual reports**

The Company shall, within (90) days of the end of each calendar year, submit a report to EMRA covering its program of activities in the Exploration Area and containing, as applicable, information in sufficient detail on:

- The Exploration work carried out during the calendar year, including maps, charts and graphs illustrating the work that has been done and the results obtained; the proposed mining technologies, and analyses of environmental parameters; A statement of the quantity of gold and associated minerals recovered as samples or for the purpose of testing; details of any proposed adjustments to the program of activities and the reasons for such adjustments.
- The Company shall keep, in good condition, a representative portion of samples of the gold and associated minerals obtained in the course of Exploration until the expiration of this License. EMRA may request the Company in writing to deliver to it for analysis a portion of any such sample obtained during the course of Exploration.

### **24.0 Rights of Citizens of the State**

#### **24.1 Company Grievance Mechanism**

- (a) The Company shall, at its own expense, promptly respond to communities' concerns related to the Exploration Operations as outlined in paragraph 23 of IFC Performance Standard 1.
- (b) The Company will establish a grievance mechanism to receive and facilitate resolution of the affected communities' concerns and grievances about the Company's environmental and social performance. The grievance mechanism should be proportionate to the risks and adverse impacts of the Project. The grievance mechanism should be established in Consultation with EMRA. The mechanism should not impede access to judicial or administrative remedies. The Company shall take proper procedures according to Applicable Law to inform the affected communities about the mechanism in the course of its community engagement process.

#### **24.2 Forum for Claims and Disputes Involving Natural Citizens of the State**

A natural citizen of the State who has a claim or dispute regarding the Exploration Operations may submit such claim or dispute for resolution under Applicable Law. The Company consents to the jurisdiction of local institutions for these purposes.

### **25.0 Obligations of Contractors and Subcontractors**

#### **25.1 Applicability of Obligations to Contractors and Their Subcontractors**

- (a) Any agreement between the Company and contractors or subcontractors shall contain appropriate terms by which the contractor or subcontractor shall acknowledge the terms of this License to the extent applicable to the activities undertaken by the contractor and its subcontractors.
- (b) The Company shall ensure that its supervision and management of its contractors and their subcontractors is sufficient to inform it of when the practices of its contractors or their subcontractor may ever place them, or the Company, at risk of violating this License.
- (c) Nothing in this License shall exempt the Company from any and all obligations under this License despite the delegation of such obligations to a contractor or its subcontractors.

#### **25.2 Applicability of Obligations to Affiliates**

The Company shall ensure that its Affiliates, involved in the activities under this License, to the extent reasonable and appropriate under Applicable Law, comply with the terms of this License as if they were party to it.

### **26.0 Assignment**

#### **26.1 Assignment**

The Company may assign all or part of its rights and obligations arising from this License, provided that the assignment request shall have EMRA's prior written approval and the MINISTER's approval. The Assignment

request shall be submitted to EMRA on the Form provided for in Article 3 of the Executive Regulations accompanied with the prescribed fees.

In order to consider the assignment application, the following conditions must be met:

1. The assignor must have fulfilled all of its obligations under the license at the time of the assignment.
2. The assignee must be registered in the qualified record at EMRA.
3. The assignee must have the technical capability and financial ability.
4. The assignee must comply with all the terms and conditions of the License.
5. The assignor must pay double of the amount of annual rent to EMRA when applying for the assignment.
6. The assignee must submit the guarantee required by EMRA.
7. The assignee must submit a work program of for the remainder of the License period.

In the case of partial assignment, the assignor and the assignee shall be jointly liable to EMRA in all the obligations stipulated in the license.

In the event of the sale of all or part of the shares of ownership to the licensed judicial person, EMRA must be notified.

The whole assignment of the License also entails the simultaneous transfer of all Permits associated with the Exploration License to the assignee, in the case of partial assignment, this transfer shall be limited to the rights and obligations as much as the assigned share. The assignment shall not produce any effects until the MINISTER's approval.

In the event that the Company is a consortium of more than one member, all members of this consortium shall be jointly liable for fulfilling all the obligations and requirements under this License, and neither of them may assign or exit from this consortium before the end of the First Exploration Period, unless the assignment is to an Affiliated company, provided that the request for the assignment must have EMRA's prior written approval the Minister's approval.

#### **26.2 Assignment by EMRA**

EMRA shall have the right without consent of the Company to transfer or assign its rights or obligations in this License to any of its Affiliates, provided that EMRA must have the MINISTER's approval.

#### **27.0 Availability of Information**

##### **27.1 This License is a Public Document**

- (a) This License and the Documents required to be submitted under Section 2.4, by any past and present Parties is a public document and shall be open to free inspection by any appropriate Official Employee.
- (b) There shall be a presumption that any information regarding this License, or the activities taken under this License is public, other than Confidential Information.
- (c) All reports and submissions by the Company to EMRA, and all responses by EMRA, are freely available on request to the EMRA or the Company, provided that Confidential Information may be redacted prior to disclosure.
- (d) The Company shall maintain document files to facilitate access to this License and the Documents, and informed participation in all Consultation required by this License. These files shall contain this License, the Documents, all adopted updates and amendments thereto, and information on payments and reporting under this License. These files shall be maintained at the Company's and EMRA's offices and shall be open during normal business hours.



## **27.2 Certain Confidential Information**

- (a) Confidential Information shall be retained by EMRA and the Company in strictest confidence and shall not be disclosed to any third party without the express prior written consent of EMRA and the Company Throughout the period of validity of this license, which consent shall not be unreasonably withheld, conditioned or delayed, provided that EMRA or The Company consent shall be deemed given if not withheld in writing within 72 hours after EMRA or The Company notifies the other party in writing of an emergency situation where disclosure is required to protect the health, safety, and security of the individuals.
- (b) “Confidential Information” shall mean:
- (i) Information that is by law confidential under Applicable Law;
  - (ii) Personnel matters, health records of individual employees, or other documents in which employees or others have a reasonable expectation of privacy and other matters that involve the privacy of individuals;
  - (iii) Confidential technical or proprietary information regarding equipment, process innovations, or business secrets;
  - (iv) Confidential legal matters, including advice from attorneys;
  - (v) The Company’s intellectual property related to the Project, including geological information and mineral reserves;
  - (vi) Information obtained in the course of an audit as set forth in Section 11.0 above;
  - (vii) Information disclosed to the other Party to this License designated as “Confidential” by Notice to the other Party at the time of its initial disclosure to such Party, provided that such designation shall be deemed to be a representation that the disclosing Party has reasonably determined after review of such information that maintaining the confidentiality of such information is necessary to protect business secrets or proprietary information.
  - (viii) Information related to any part of the Exploration Area relinquished by the company.
- (c) The term “Confidential Information” does not mean or include information that:
- (i) Becomes publicly available without wrongful disclosure;
  - (ii) Was obtained by a Party from a third party who is not known by the obtaining Party to be under any obligation of confidentiality with respect to such information;
  - (iii) Is required to be disclosed by Applicable Law, by any law to which the Company or its Affiliates is subject, by any court proceeding or arbitral award, or by any applicable rule of a stock exchange;
  - (iv) Is disclosed to Affiliates, professional advisers, potential providers of finance.

The Company shall transfer to EMRA all data and information that are both necessary for and relevant to the effective exercise of the powers and functions of EMRA in respect of the Exploration Area in accordance with the provisions of this Section.

Upon expiration or termination of this License the Company, if it has not already done so, shall submit the following data and information to EMRA:

- (i) Copies of geological, environmental, geochemical and geophysical data acquired by the Company in the course of carrying out the program of activities that are necessary for and relevant to the effective exercise of the powers and functions of EMRA in respect of the Exploration Area;
- (ii) The estimation of mineable areas, when such areas have been identified, which shall include details of the grade and quantity of the proven, probable and possible gold and associated minerals reserves and the anticipated mining conditions;
- (iii) Copies of geological, technical, financial and economic reports made by or for the Company that are necessary for and relevant to the effective exercise of the powers and functions of EMRA in respect of the Exploration Area;
- (iv) Information in sufficient detail on the equipment used to carry out the Exploration work, including the results of tests conducted of proposed mining technologies; and

- (v) A statement of the quantity of gold and associated minerals recovered as samples or for the purpose of testing.

The data and information referred shall also be submitted to EMRA if, prior to the expiration of this License, the Company applies for approval of a plan of work for exploitation or if the Company renounces its rights in the Exploration Area to the extent that such data and information relate to the relinquished area.

## **28.0 Force Majeure; Suspension of Operations for Market Conditions**

### **28.1 Definition of Force Majeure**

“Force Majeure” means any event or circumstance which a Party could not reasonably be expected to prevent or control, including among other things, wars, insurrections, civil disturbances, blockades, embargoes, strikes, riots, epidemics, earthquakes, storms, floods, explosions, fire, lightning, acts of terrorism, etc.

For certainty, “Force Majeure” includes the outbreak or existence of the novel coronavirus that was designated as a pandemic by the World Health Organization on March 11, 2020 (“COVID-19”), including, without limitation, any Applicable Laws enacted in response to COVID-19. The Parties acknowledge and agree that the foregoing shall include any Applicable Laws or circumstances related to COVID-19 existing as at the Effective Date, as well as any Applicable Laws or circumstances which may arise at any time after the Effective Date, whether on a final or intermittent basis.

### **28.2 Obligations of Party in Event of Force Majeure**

If either EMRA or the Company is prevented from complying with this License, in whole or in part, by an event or circumstance of Force Majeure, it shall give written Notice to the other Party as soon as practicable after its occurrence (specifying the nature of the event or circumstance, what is required to remedy the event or circumstance – if remedy is possible, the estimated time to cure or overcome the event or circumstance, and the obligations that cannot be properly or timely performed on account of the event or circumstance) and the obligations of that Party other than the payment of money due, the performance of which are prevented by the Force Majeure event or circumstance shall be suspended during the continuance of such Force Majeure.

### **28.3 Extension of License**

The term of this License shall be automatically extended for the period of the Force Majeure.

### **28.4 Negotiation in Event of Force Majeure**

If an obligation is suspended by reason of Force Majeure for more than one (1) year, EMRA and the Company shall enter into good faith negotiations to revise the terms of this License to reflect the changes circumstances, provided that this License shall remain in effect during the period during which the Parties are negotiating the terms of any such revision, provided that nothing in this License shall require the Company to settle any strike or other labor dispute otherwise than on terms acceptable to it, or to contest the validity or enforceability of any law, regulation, order, determination, or other legal proceeding.

### **28.5 Suspension of Operations**

The License shall be temporarily suspended by the MINISTER’s Decree in the following cases:

1. If the Exploration operations constitutes a extreme danger on the safety and security of the work, laborers, third parties, or the Exploration Area.
2. If the work is suspended for reasons due to the Company's will, or negligence, the duration of the suspension must be calculated within the License period and without prejudice to EMRA's right to have all necessary indemnifications for any damages to the Exploration Area.
3. If work is suspended for reasons beyond the Company's control, force majeure or sudden accident, the suspension period will be added to the License period without claiming the rental value due for that period.
4. If EMRA’s technical department submits two technical reports for the existence of a breach of technical standards and references in compliance with the requirements of National Instrument 43-101, which shall cause the aforementioned damages

The License may be re-valid at the request of the Company, when the reasons for the suspension Decree are removed, and subject to the MINISTER's Decree.

### **29.0 Cooperation, Dispute Resolution and Arbitration**

(a) Any dispute, controversy or claim arising out of or in relation to this License and/or the interpretation and/or its application and/ or the Applicable Law to the extent it applies to this License and/or the breach, termination or invalidity of this License, shall be settled amicably through negotiations between EMRA and the Company within a period not exceeding ninety (90) days from the date either Party inform the other Party with the existing of such dispute, controversy or claim.

If the dispute controversy or claim is not settled within the aforementioned period, either EMRA or the Company may refer the subject of the dispute, controversy or claim to arbitration in accordance with the Arbitration Rules of the Cairo Regional Center for International Commercial Arbitration (the "Center") in effect on the date of this License. The award of the arbitrators shall be final and binding on the Parties.

(b) The number of arbitrators shall be three (3).

(c) Each Party shall appoint one (1) arbitrator. If, within thirty (30) days after receipt of the claimant's notification of the appointment of an arbitrator the respondent has not notified the claimant in writing of the name of the arbitrator he appoints, the claimant may request ("the Center") to appoint the second arbitrator.

(d) The two (2) arbitrators thus appointed shall choose the third arbitrator who shall act as the presiding arbitrator of the tribunal. If within thirty (30) days after the appointment of the second arbitrator, the two arbitrators have not agreed upon the choice of the presiding arbitrator, then he shall be appointed by and according to the Cairo Regional Center for International Commercial Arbitration rules. Such presiding arbitrator shall be a person of a nationality other than the A.R.E or the Company's nationality (ies) and of a country which has diplomatic relations with both the A.R.E. and the Company's country (ies) and who has no economic interest in the mining business of the signatories hereto.

(e) The arbitration, including the making of the award, shall take place in Cairo, A.R.E.

(f) The decision of the arbitrators shall be final and binding upon the Parties, including regarding the arbitration fees and all related issues between the Parties and the execution of the arbitrator's decision shall be referred to any of the competent courts according to the Egyptian law No 27 of year 1994 as amended.

(g) Egyptian law shall apply. The arbitration shall be conducted in both Arabic and English languages.

### **30.0 Surrender and Termination**

#### **30.1 Surrender**

(a) The Company may surrender its rights under this License by sixty (60) Days' prior written Notice to EMRA signed by an authorized Company representative.

(b) Once an effective surrender is made, the Company shall have no obligations and liabilities under this License except as specifically provided herein to the contrary.

(c) The Company shall remain liable for all obligations accrued before the effective date of the surrender and also for the obligations that must be fulfilled after termination, except for the Project completion and the cost and payment obligations specified in this License.

#### **30.2 Termination by the MINISTER**

##### **30.2.1 Termination on Certain Events**

The MINISTER may, upon the approval of EMRA's B.O.D terminate the Exploration License, if any of the following events, that represent a material breach of the License, occur:

(a) Failure to pay the rental value or the royalty within sixty (60) days from the due date.

(b) Breach of any of the provisions of the Law or its Executive Regulations.

(c) Breach of any of the License terms or conditions unless cured by the company within reasonable time from receiving a notice from EMRA of such breach.

(d) Issuance of an enforceable judgment declaring the Company bankrupt.

(e) Liquidation, dissolution or expiry of the duration of the licensed Company.

- (f) Non-commencement of the works subject of the License for a maximum period of one-month from the Date of Commencement of Exploration for causes attributable to the licensee, or the stoppage of work without a written permission from EMRA, for six consecutive months, except for in the event of Force Majeure.
- (g) Assignment of the License to third parties or subletting the licensed area without EMRA's written approval.
- (h) If the licensee stores the extracts in a land outside the borders of the Exploration Area without concluding a lease contract therefor.
- (i) In Case licensee export ore from outside the licensed area.
- (j) Violation of the operations and failure to liquidate these violations within sixty days from the date of the warning received by the licensee.
- (k) If it is proved that the licensed area is polluted due to a cause attributable to the licensee and the licensee does not remedy it, in spite of warnings by EMRA.
- (l) If the licensee submits to EMRA false data or documents established to be falsified.

In the case of termination, all the maps and data related to the License shall be the property of EMRA

No termination under this section 30.2 (other than Section 30.2.1(a)) shall be effective unless the Company has been given sixty (60) days prior written notice to remedy any such material breach (“**Default Notice**”) and the Company has failed to remedy the same within sixth (60) days of having received such Default Notice.

### **30.3 Termination by the Company**

The Company may terminate this License without prejudice to any other rights it may have if EMRA commits a material breach of this License and fails or neglects to diligently and consistently pursues a course of action that is reasonably intended to remedy that breach within sixty (60) Days after the Company gives Notice requiring that the breach be remedied.

### **30.4 Retention of Assets on Surrender, Expiration or Termination by the MINISTER**

On the expiration of this License, its termination by the MINISTER, or the surrender of this License by the Company, the licensed area shall be handed over to EMRA in the same condition as it was at the time of delivery to the Company and in accordance with the environmental conservation standards; and all equipment and machinery shall be transferred from the Area within thirty (30) days; otherwise, EMRA will return the area to same condition on the handover date at the expense of the company and deducting its dues from the Company dues at EMRA, all technical reports, analyses, maps, ores and materials resulting from the Exploration at the Area shall become the property of EMRA without any right of the Company to claim any compensation.

### **30.5 Retention of Books and Records**

No books and records of the Company may be removed from the State on the expiration, surrender or termination of this License for a period of five (5) years without the prior consent of EMRA, except that the Company may obtain copies of the books and records of the Project and hold these outside the State.

### **30.6 Obligations Following Expiration, Surrender or Termination**

- (a) On the expiration, surrender or termination date of this License by the MINISTER under this Agreement, the Company's rights and obligations shall be stopped and shall have no right to take any action, deal, or transaction in connection with the Exploration Area, the Company must:
  - (i) Make the Exploration Area safe to the reasonable satisfaction of EMRA so as to prevent injury to persons, livestock or other property, and to prevent offsite damage;
  - (ii) Comply with the Environmental Management Plan as required to avoid imminent damage to the environment;
  - (iii) Comply with Applicable Law; and
  - (iv) Hand over the Area to EMRA at the end of the period stipulated in Section 30.3.

### **31.0 Notices**

#### **31.1 General**

All notices to be made or given by a Party hereunder (each, a “Notice”) shall be in writing and delivered:

To [STATE]: 3 Salah Salem Rd. Abbasiya, Cairo, Egypt

To [COMPANY]:

#### **31.2 Change of Address**

A Party may change its address by Notice to the other Party.

#### **31.3 Delivery Methods**

All Notices shall be given:

- (a) By personal delivery (including courier), which shall be deemed to have been delivered on the day on which it shall have been delivered to an apparently responsible person at the address listed in Section 31.1;
- (b) By registered mail, charges prepaid; or
- (c) By electronic transmission, signed by the sender and marked for the attention of the person identified above, with a hard copy mailed to the address above.

#### **31.4 Effective Time of Delivery**

All Notices shall be effective and shall be deemed received on the date of personal delivery or delivery by registered mail at the address of the addressee established pursuant to this License, if delivered during normal business hours on any Day, and if not delivered during normal business hours, on the next business Day following delivery. A Notice given by electronic transmission shall be deemed received on the next business Day following the date of transmission.

### **32.0 Relinquishments**

#### **32.1 Mandatory:**

At the end of the each Exploration Period after the Date of Commencement of Exploration hereof, Company shall relinquish to EMRA a total of twenty percent (20%) of the aggregate Exploration Area not then converted into an Exploitation License and not already relinquished in accordance with this Section 32. However, at the end of the last exploration period the Company shall relinquish all parts of the Exploration Area other than (i) areas containing a Commercial Discovery or an identified mineral resource, as defined in NI 43-101 (including areas for which a Feasibility Study has not yet been completed or submitted to EMRA); (ii) areas identified in the Feasibility Study as areas required for infrastructure related to development or operation of a mine; or (iii) areas for which an application to obtain an exploitation license has been submitted. Such relinquishment shall be in the form of all or part of Exploration License sector(s).

#### **32.2 Voluntary:**

The Company may, voluntarily, at any time during any Exploration Period relinquish all or any part of the Exploration Area, provided that at the such time of such voluntary relinquishment, unless already fulfilled, the Company shall remain liable for its aggregate outstanding expenditure commitments over the Exploration Area prior to the date of such voluntary relinquishment. Such voluntary relinquishment shall be credited toward the mandatory relinquishment provisions of section 32.1 above. Such relinquishment shall be in the form of all or part of Exploration License sector(s).

### **33.0 Royalty Rate & free carried interest in case of conversion to Exploitation**

- (a) Upon commencement of commercial production on the Exploration Area and for the term of the Exploitation License, the Company shall pay to EMRA a five percent (.....%) royalty from the value of the sales revenue of the Gold and Associated Minerals, according to the price for gold published by London Metal Exchange, payable quarterly. The basis and method of calculation of the royalty shall be set out in detail in the Exploitation License.

- (b) Upon commencement of commercial production on the Exploration Area and for the term of the Exploitation License the Company shall pay a fifteen percent (15%) free carried interest to EMRA from the net profits of the Company .
- (c) For certainty, the -----% free carried interest from the net profits of the Company shall not give EMRA any rights to any share or equity interest in the Company or its management. The basis and method of calculation and modalities for payment of the free carried interest from the net profits of the Company shall be set out in details in the Exploitation License.

### **34.0 Applicable Law**

This License shall be governed by and construed in accordance with the Mineral Resources Law No. 198 of 2014, as amended by Law No. 145 of 2019 and its Executive Regulation promulgated by the Prime Minister Decree No. 108 of 2020 and the laws, regulations and decrees of the State, including international treaties and bilateral investment treaties to which the State is a party (collectively, “Applicable Law”).

### **35.0 Periodic Review**

#### **35.1 Modification and Review**

The implementation of this License shall, upon written request of a Party, be subject to periodic review during a period of three (3) months prior to the expiration date every two (2) years after the Effective Date for the purpose of good faith discussions to consider any proposed modification(s) to this License as may be necessary or desirable for its implementation in the light of any substantial changes in circumstances that may have occurred during the previous two (2) years, or experience gained in that period. The Parties agree always to be open to discussing any matter which may help maximize the positive development benefits of the Project or minimize its undesirable impacts. Nothing herein shall preclude a Party from requesting the other Party to initiate discussions regarding the implementation of any provision herein, provided that this License shall remain in effect during the period during which the Parties are conducting such discussions. Any decision resulting from these discussions shall be with the consent of the contracting parties and any failure to reach agreement on proposed modifications to this License shall not prevent the renewal of this License pursuant to the terms thereof.

### **36.0 Ancillary Provisions**

#### **36.1 Entire License**

This License and the documents referred to within as well as the Exchange of Letters, contain the entire understanding and agreement with respect to the subject matter of this License and supersedes all prior agreements and understandings except where noted herein. All annexes, schedules and exhibits to this License are incorporated by reference and form part of this License.

#### **36.2 Survival of Certain Provisions**

Notwithstanding termination of this License for any reason, including a termination due to a finding that this License or a portion thereof is void, invalid, or unenforceable, Sections 6.0, 8.0, 9.2, 12 (a), 29, 30.6, 31, 34, and 36 shall survive such termination and shall remain effective as to any matters which are the subject of this License or which arise out of, in relation to or in connection with this License. Moreover, any such termination shall be without prejudice to rights, duties and obligations that have accrued prior to termination and, notwithstanding such termination, such provisions of this License as are reasonably necessary for the full enjoyment and enforcement of such rights, duties and obligations shall survive such termination for the period necessary.

#### **36.3 Amendment**

This License shall not be amended, modified, or supplemented except by an instrument in writing signed by the EMRA and the Company and approved by the MINISTER. Any purported amendment, modification or supplement of this License not in writing signed by the Parties shall be null and void.

#### **36.4 Severability**

The provisions of this License shall be separate and severable each from the other to the extent that if any portion or any one provision or portion thereof is held to be inoperative or unenforceable in any jurisdiction then the remainder of this License shall remain binding upon and enforceable by the Parties hereto in that jurisdiction and

shall be construed as if the License had been executed without such inoperative or unenforceable provision or portion thereof, provided that the provision or portion so severed shall not materially affect the remainder of this License.

### **36.5 Limitations Waiver**

The failure of EMRA or the Company to enforce at any time any of the provisions of this License shall in no way be construed to be a waiver of the provision or any part thereof or the right of any Party thereafter to enforce each and every part of the provision in respect of any subsequent default or breach.

(a) The rights of each Party under this License:

- (i) may be exercised as often as necessary;
- (ii) shall be the exclusive and sole remedies of the Parties with respect to any breach, default, or Notice of termination under this License or any dispute relating thereto or otherwise relating to this License or its subject matter; and
- (iii) may be waived only in writing and specifically.

(b) Delay in exercising or non-exercise of any such right is not a waiver of that right.

### **36.6 Indemnification by Company and by EMRA**

#### **36.6.1 Indemnification for Breach of License**

Any breach by a Party to this License of any obligation provided for in this License, shall entitle the Party aggrieved by the breach to be indemnified by the defaulting Party in an amount equal to the damage suffered by the aggrieved Party. The amount and payment of the indemnification shall be subject to Applicable Law.

#### **36.6.2 Indemnification of EMRA by Company**

The Company shall at all times indemnify and hold harmless EMRA and the State and their 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 Exploration Operations to the extent that the same arises from its failure to comply with any Applicable Law to which it is subject or the terms of this License.

### **36.7 Governing Language**

This License will be provided and executed in the Arabic and English languages, with each Party retaining one copy in each language and the Parties agree that in the event of any legal dispute in the interpretation or execution of this License, the Arabic version shall prevail.

### **36.8 Further Acts**

The Parties shall execute such documents and do and perform such acts that lie within their power and are necessary to give full effect to, and to give each other the full benefit of, this License.

### **36.9 Duplicate Originals**

This License may be executed in three or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this License to produce or account for more than one original.

### **36.10 Representations and Warranties**

(a) Each Party warrants to each other Party that at the date of this License it has full legal capacity, right, power and lawful authority to execute and deliver this License (including the Arbitration Clause under Section 29.0 of this License) and to perform its obligations under this License.

(b) EMRA represents and warrants to the Company, as at the date of grant of this License, no person (other than the Company) has any right or interest including exploration or exploitation rights, in respect of Gold and associated minerals located over, under or upon the Exploration Area and that the License is legally valid, binding and enforceable.

Except as expressly stated in this License, no representation, inducement or warranty was, prior to the execution of this Agreement, given or made by one of the Parties hereto with the intent of inducing the other Party to enter into this License, and any representations, inducements or warranties that may have been so given are hereby denied and negated.

**37.0 Good Faith**

The Parties to this License shall have a simple obligation to act in good faith in all matters related to this License.

**Minister of Petroleum and Mineral Resources**

**Delegation**

**Chairman of the BoD**

**Egyptian Mineral Resources Authority – First party**

Name:

Signature:

Date:

**Company -----second party**

Name: -----

Title: -----

Signature:

Date:



## **Annex A**

### **Annex A-1: Illustrative map showing area covered**

Annex A-1 is an illustrative map at an approximate scale of ----- showing the area covered and affected by this License. The area measures approximately ----- square kilometers. It is composed of exploration Blocks as follow: ----- defined on a 1/8 degree by 1/8 degree grid. It is to be noted that the delineation lines of the Area in Annex "A-1" are intended to be: only illustrative and preliminary and thus may not show precisely the position of these blocks in relation to existing monuments and geographical features.

Coordinates of the corner points of the Area are given in the following table which forms an integral part of Annex "A-1": [Projected Coordinate System:WGS\_1984\_UTM\_Zone\_36N]

## **Annex A-2: Technical Plan and expected Exploration Activities**

**Annex B**  
**Letter of Guaranty**

Letter of Guaranty No. --- (Cairo ----- 200--)  
EGYPTIAN MIUNERAL RESOURCES AUTHORITY (EMRA).

Gentlemen,

The undersigned, National Bank of Egypt (or any bank operating in A.R.E. under the supervision of the Central Bank of Egypt and that has credit rating not less than that of A.R.E) as Guarantor, hereby guarantees to the EGYPTIAN MIUNERAL RESOURCES AUTHORITY (hereinafter referred to as "EMRA") to the limit of ----- U.S. Dollars (\$ -----), the performance by "-----" (hereinafter referred to as "Company") of its obligations required for Exploration operations to spend a minimum of ----- million U.S. Dollars (\$-----) during the initial two (2) year of the Exploration period under the Mining Exploration Agreement (hereinafter referred to as the "Agreement") covering ----- Area----- described in Annexes "A-1" of said Agreement, by and between the EMRA and THE Company, dated ----- .

It is understood that this Guaranty and the liability of the Guarantor hereunder shall be valid for the term of the Mining Exploration Agreement plus six (6) months.

In the event of a claim by EMRA of non-performance or surrender of the Agreement on the part of the Company prior to fulfilment of said minimum expenditure obligations under said Agreement, there shall be no liability on the undersigned Guarantor for payment to EMRA unless and until such liability has been established by written statement of EMRA setting forth the amount due under the Agreement.

It is a further condition of this Letter of Guaranty that:

- (1) This Letter of Guaranty will become available only provided that the Guarantor will have been informed in writing by the Company and EMRA that the Agreement between EMRA and the Company has become effective according to its terms and said Guaranty shall become effective on the Effective Date of said Agreement.
- (2) This Letter of Guaranty shall in any event automatically expire:
  - (a) two (2) years and six (6) months after the date it becomes effective, or
  - (b) At such time as the total of the amounts shown on a joint statement of EMRA and the Company equals or exceeds the amount of said minimum expenditure obligation, whichever is earlier.
- (3) Consequently, any claim, in respect thereof should be made to the Guarantor prior to either of said expiration dates at the latest accompanied by EMRA's written statement, setting forth the amount of under-expenditure by the Company to the effect that the Company has failed to perform its expenditure obligations referred to in this Guaranty, and

Please return to us this Letter of Guaranty in the event it does not become effective, or upon the expiry date.

Yours Faithfully,

Accountant: -----

Manager: -----