

AGREEMENT ON METALLIC MINERAL EXPLORATION IN THE AREA OF

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This Agreement is made on the day of....., hereinafter referred to as (the “**Effective Date**”), as Mineral Resources Investment Agreement under the Law on Management and Exploitation of Mineral Resources, hereinafter referred to as (the “**Mining Law**”), and Sub-Decrees made under the Mining Law, and entered into by and between the MINISTRY OF MINES AND ENERGY (the “**Ministry**”) and Co., Ltd, a company duly established and registered under the laws of the Kingdom of Cambodia, hereinafter referred to as (the “**Concessionaire**”), Each Party, hereinafter referred to as (the “**Contracting Party**”) and the two Parties, hereinafter referred to as (the “**Both Parties**”).

- Whereas, all mineral deposits located in, on and under land surface, mountain, plateau, water, sea, islands, seabed, below seabed in the Kingdom of Cambodia territory are the State property;
- Whereas, the Ministry of Mines and Energy is competent at managing and controlling Mineral Operations under Royal Kram No. NS/RKM/1213/017, dated 09th of December 2013, on the Establishment of the Ministry of Mines and Energy;
- Whereas, the Ministry of Mines and Energy desires to promote the development and exploitation of mineral resources in the Contract Area;
- Whereas, Concessionaire has duly registered under the laws of the Kingdom of Cambodia and has its capabilities, technological and finance to carry out Mineral Operations under the Mining Law and concerned regulations and has never defaulted on any legal obligations under the laws;
- Whereas, Concessionaire intends to take part in the development and exploitation of mineral resources in the Contract Area by investing their own capital, technology and necessary workforces for the contemplated Mineral Operations and undertakes at its sole cost and risk;
- Whereas, the Both Parties agree that this Agreement is very important for the public interests and thereby can be publicized;
- Have seen the letter No. 009 dated 08 December 2015 of KHOV PRIMSEC Co., Ltd;
- Have seen the Title Transferred Contract dated 05 January 2016 between KHOV PRIMSEC Co., Ltd and DAPENG MINING INVESTMENT Co., Ltd;
- Have seen the letter Ref. No., dated, issued by the Ministry Mines and Energy;

The Parties hereby agree as follows:

ARTICLE 1
PURPOSES AND SCOPE

1.1 Purpose

The purpose of this Agreement is to explore for metallic minerals, hereinafter referred to as (the “Mineral Operations”).

1.2 Contract Area

The Contract Area is located in the area of, and the coordinates of the area are specified in Annex 1 and location in Annex-2A and Annex-2B attached herewith, and it shall be relinquished by the process stated in Article 4 of this Agreement.

1.3 Other Minerals other than Metallic Minerals

In case that Concessionaire found other minerals other than metallic minerals defined in this Agreement, Concessionaire shall apply for relevant mineral resources licenses in accordance to the Law on Management and Exploitation of Mineral Resources.

1.4 Scope

- a) Rights and benefits of the Concessionaire and its obligations and liability of Ministry under this Agreement shall be consistent with the Mining Law and related regulations. No Articles of this Agreement releases the Concessionaire from its responsibilities and obligations under the existing laws and regulations.
- b) Under this Agreement, the Concessionaire has exclusive rights to undertake Mineral Operations in Contract Area by providing capital, workforces, technology and shall have liability for all risks and other expenses.
- c) Concessionaire is not allowed to conduct Mineral Operations outside the Contract Area, except as otherwise provided a separate approval from the Ministry under the Mining Law and related regulations.

1.5 Concessionaire is not the Owner of the Contract Area

Concessionaire is not the owner of the above Contract Area. Concessionaire must return the Contract Areas to the Ministry without conditions once the mineral exploration license is expired or revoked except the areas for the purpose to be applied for mining license.

ARTICLE 2
VALIDITY OF AGREEMENT

2.1 Validity of Agreement

This Agreement is effective from the Effective Date until the Mineral Exploration License is expired or revoked.

2.2 Termination of Agreement

This Agreement will be terminated for one of the following reasons:

- 1) The Parties mutually agree to terminate this Agreement;
- 2) The entire Contract Area is relinquished;
- 3) The Mineral Exploration License is expired or revoked;
- 4) The exploration period defined in Article 4 of this Agreement has ended; or
- 5) In accordance with clause 2.3 or 2.4 of Article 2 of this Agreement.

2.3 Termination by Default

The Ministry may terminate this Agreement after 30 (thirty) days or longer as determined by the Ministry after the Concessionaire receives notice in writing from the Ministry about the default and such default continues without correction or the Concessionaire fails to comply with any of its obligations in this Agreement, or the correction or implementation of this Agreement is not acceptable by the Ministry.

2.4 Termination by Inappropriate Assignment

The Ministry may terminate this Agreement if it was discovered that the Concessionaire has assigned its rights under this Agreement to a third party or changed its right of control or its compositions of the management without prior approval from the Ministry, except if the transaction involved is a work contract (a subcontractor) and Concessionaire is still solely responsible for the existing laws, the rules of other relevant ministries and under this Agreement.

ARTICLE 3 MINERAL OPERATIONS

3.1 Mineral Exploration Period

Except otherwise provided in this Agreement, the renewal of mineral exploration license under this Agreement and the conditions to issue a Mineral Exploration License, the exploration period under this Agreement shall be divided into three stages:

- a) First stage: defined for 3 (three) years starting from the Effective Date.
- b) Second stage: within 30 (thirty) days prior to the date of ending the first stage, Concessionaire can request for an additional 2 years-exploration period after the first stage is completed.
- c) Third stage: within 30 (thirty) days prior to the date of ending the second stage, Concessionaire can request for an additional 2 years-exploration period after the second stage is completed.

3.2 Extension of Completion of Exploration Stage

- a) The expiry date of the first stage is not allowed to be renewed;

- b) Within 30 (thirty) days prior to the expiry date of the second and third stages, Concessionaire can request for extension of the expiry date of the second or third stages for an additional period of not more than 6 months in order to:
 - Complete an exploration drilling, samples analysis, restoration of exploration sites; or
 - Complete an evaluation and analysis of the economic mineral deposits; or
 - Set up development plans and request for an industrial mining exploitation license.
- c) The Ministry may reject the request for extension of an exploration period in the case that:
 - Concessionaire has failed or not fully completed its minimum works obligations required at each of the exploration stages or
 - The Concessionaire has failed to provide the Security Deposit under Article 5.7 of this Agreement.

3.3 Exploration Period beyond the Third Stage

The Ministry may grant the approval on the extension of exploration term for a specific period to the Concessionaire in order to finalize its feasibility study on the mineral deposits, prepare the development and mineral exploitation plans, conduct the Environmental and Social Impact Study and apply for industrial mining exploitation licenses. Concessionaire shall apply for this extension not less than 30 (thirty) days prior to the expiration of the third exploration stage.

3.4 Concessionaire's Application for an Industrial Mining License

During the Exploration Period as defined above, Concessionaire can submit its request for mining at any time on any part of the Contract Area. Concessionaire is required, in addition to this Agreement, to enter into an Agreement on Mineral Resources Exploitation with the Ministry in order to be in compliance with existing laws and be responsible for its mining operations in the area.

ARTICLE 4 RELINQUISHMENT

4.1 Obligation to Relinquish Areas under the Contract Year

- a) Concessionaire must handover land area back to the Ministry as follow:
 - At the end of the third year of the contract year, at least 30% (thirty percent) of the area stated in the primary agreement;
 - At the end of the fifth year of the contract year, at least 25% (twenty five percent) of the area stated in the primary agreement.
- b) At the end of each contract year as stated in Article 4.1 (c) below, the Concessionaire may decide to return voluntarily all or any part of the Contract Area. The volunteer return of the land area may include into the obligation to handover the land area.

- c) The Concessionaire shall notify its voluntarily relinquishment and request approval from the Ministry within 30 (thirty) days. Except by permission from the Ministry, the relinquishment each time (whether by voluntarily or obligated relinquishment) shall be composed of one adjacent block and areas not relinquished shall be composed of one adjacent block or adjacent blocks, where Mineral Operations can be conducted appropriately.
- d) In case, the Concessionaire has failed to relinquish the areas under Article 4.1 (a), the Ministry will reduce the entire Contract Area at the end of the second or fourth year per Clause 4.1.
- e) The Concessionaire is allowed to return the Contract area voluntarily under Article 4.1 (b) only if the Concessionaire has fully complied with its minimum works obligations under Article 5 of this Agreement.

4.2 Final Relinquishment

On the expiry date of the third stage, the Concessionaire must relinquish the remaining areas of the Contract Area, except the areas where there is an economic mineral deposits and are defined as target areas for mineral resources development under this Agreement.

**ARTICLE 5
WORKS OBLIGATIONS**

5.1 Minimum Work Obligations in First stage

The Concessionaire shall begin its Mineral Operations within 90 (ninety) days from the Effective Date and shall absolutely complete all minimum work obligations for the first stage of mineral exploration period, as follows:

Work Obligations	Estimated Value (United States Dollars)

5.2 Minimum Work Obligation in the Second Stage

The Concessionaire shall absolutely complete all minimum work obligations for the second stage of mineral exploration period, as follows:

Work Obligations	Estimated Value (United States Dollars)

5.3 Minimum Work Obligation in the Third Stage

The Concessionaire shall absolutely complete all minimum work obligations for the third stage of mineral exploration period, as follow:

Work Obligations	Estimated Value (United States Dollars)

5.4 Completion of Minimum Work Obligations by Concessionaire

In each stage of mineral exploration period, the Concessionaire shall absolutely complete the minimum work obligations defined in this Article 5 of this Agreement. The Concessionaire will not be relieved from completing minimum work obligations unless otherwise provided in this Agreement.

5.5 Estimated Value

- a) The estimated value of minimum work obligations in this Article is just an estimation based on the current market value. This estimated value could change. This estimated value is not compulsory if the Concessionaire has duly completed all the minimum work obligations.
- b) The completion of the estimated value does not relieve the Concessionaire from duly completing its minimum work obligations.

5.6 Security Deposit for Minimum Work Obligations

- a) Within 30 (thirty) days after the Effective Date and prior to the commencement of any exploration stage, the Concessionaire shall provide the Ministry with a guarantee letter issued by any bank in the Kingdom of Cambodia or deposit money into a bank account assigned by the Ministry at the National Bank of Cambodia. The amount of money for security deposit shall be equal to the estimated value of the minimum work obligations for each stage under this Agreement. The guarantee letter for the minimum work obligations shall meet the formality and conditions set by the Ministry;
- b) In the case the Ministry agrees that the minimum work obligations have been completed, the Concessionaire can request to withdraw the Security Deposit in installment basis at the amount proportionate to the estimated value of the minimum work obligations, as defined under Article 5.1 or 5.2 or 5.3 of this Agreement.

5.7 Defaults on Minimum Work Obligations

At the end of any stage of the exploration period, in case the Concessionaire has not duly completed any or all of the minimum work obligations defined for that particular stage under the Article 5 of this Agreement, the Ministry is entitled to:

- Revoke the mineral exploration license and forfeit the security deposit proportionate to the estimated values of uncompleted minimum work obligations; or
- Forfeit the security deposit proportionate to the estimated value of the uncompleted works obligations and require Concessionaire to complete the remaining uncompleted minimum work obligations at the next stage.

ARTICLE 6

REPORTS ON DISCOVERY OF MINERAL DEPOSITS

6.1 Notification on Discovery of Economic Mineral Deposits

- a) The Concessionaire shall promptly notify in writing if a potential economic mineral deposits has been discovered under the Contract Area. The Concessionaire shall provide reports and detailed geological data confirming the discovery and other data as required by the Ministry;
- b) The Concessionaire shall submit a request for zoning a particular area for mineral development to the Ministry for review and approval at any suitable time during the Exploration Period. The target area for mineral development shall be composed of one adjacent block which is included in the potential economic mineral deposit discovered in the Contract Area.

6.2 Obligation to Provide Work Program for Areas Targeted for Mineral Development

Not less than 12 (twelve) months after the Ministry approves a specific area targeted for mineral development, the Concessionaire shall submit its work program to conduct a feasibility study of the mineral deposits, set up development and mining plans, undertake Social and Environmental Impact Assessment and apply for an industrial mining license to the Ministry for review and approval.

ARTICLE 7

REPORTS ON RESULT OF MINERAL EXPLORATION AND TECHNICAL DATA

7.1 Reports on Result of Mineral Exploration

Within 30 (thirty) day after the end of each contract year, the Concessionaire shall provide to the Ministry annual reports on activities and result of mineral exploration.

7.2 Technical Data

The Concessionaire shall provide data and technical reports obtained from Mineral Operations as required by the Ministry within 45 (forty five) days after receiving a letter of requirement from the Ministry.

7.3 Report on Evaluation of Potential Mineral Deposits

The Concessionaire shall provide the Ministry with the reports on evaluation of potential mineral deposits and on an updated potential mineral deposits in the Contract Area to the Ministry if the Ministry requires the Concessionaire to do so.

7.4 Inspection by Competent Officials of the Ministry

The Concessionaire shall be responsible for the transportation fees and other expenses involved in the inspection to be completed by competent officials of the Ministry in the Concessionaire's Contract Area.

ARTICLE 8 FINANCIAL OBLIGATIONS

8.1 Rental Fees

- a) The Concessionaire shall pay annual rental fees at the rates determined by the Inter-Ministerial Prakas of the Ministry of Economy and Finance and the Ministry of Mines and Energy as follows:
 - Within 30 (thirty) days after the Effective Date for the first year;
 - Within 15 (fifteen) days prior to the commencement of each contract year; or
 - Within 30 (thirty) days after the date of granting the extension to mineral exploration period.
- b) The Concessionaire shall pay annual rental fees to the account of the National Bank of Cambodia assigned by the Ministry.

8.2 Obligation to Expense for Inspection Services

- a) The Concessionaire shall pay all generally applicable charges for services rendered by the Royal Government at the request of Concessionaire with the exception of those services normally rendered by the Royal Government.
- b) For each year of the Exploration Period, the Concessionaire shall pay 5,000 (five thousand) US Dollars as required by the Ministry to cover the costs for inspection as stated in Article 8.3 of this Agreement.

8.3 Obligation to Expense for Training

- a) For each year of the exploration period, the Concessionaire shall expense the amount proportionate to the Contract Areas defined in Mineral Exploration License at the rate of 100 (one hundred) US Dollars per square kilometer to cover the expenses, required by the Ministry, for training, workshops, meetings, conferences, scholarships and purchases of materials and equipment as well as to strengthen the activities and competency in mining sector.

- b) Any part or all parts of the financial obligations due that has not been paid by the Concessionaire under Article 8.3 (a) above shall be carried forward to the next calendar year or shall be remitted to the Ministry as required by the Ministry.

8.4 Other Expenses

The Concessionaire shall be responsible for other expenses under existing regulations and legal instruments.

8.5 Payment for Expenses

The Concessionaire shall pay for the expenses of the obligations defined under Article 8.2, Article 8.3 and Article 8.4 within 20 (twenty) days after receiving the letter of disbursement from the Ministry.

ARTICLE 9

PROVIDING REPORTS ON EXPENSES AND AUDITING ACCOUNT

9.1 Recording Expenses for Mineral Operations

The Concessionaire shall record expenses related to Mineral Operations under the standard format or by international practice in the mining industry and by instructions given by the Ministry.

9.2 Submission of Expense Reports for Mining Operations

Concessionaire shall submit annual expense reports for the Mineral Operations to the Ministry for review and approval within 30 (thirty) days after the end of each year.

9.3 Auditing Account

- a) The Ministry has the rights to inspect and audit Concessionaire's accounting records for any calendar year related to this Agreement in order to check the Concessionaire's performance on schedule and its compliance with the conditions of this Agreement at any time up to 2 (two) years after the end of the Calendar Year to which they pertain.
- b) The Ministry can choose an independent accounting company who has experience in international mining industry practice to inspect and audit Concessionaire's account related to this Agreement. The Concessionaire shall be responsible for payment for fees and other expenses to the above-mentioned independent accounting company. The independent accounting company shall be selected by an agreement between the Ministry and Concessionaire.

ARTICLE 10

OBLIGATION TO PROVIDE JOBS AND TRAINING TO CAMBODIAN CITIZENS

10.1 Obligation to Provide Jobs and Training to Cambodian Citizens

- a) The Concessionaire shall employ, to the maximum extent possible, appropriately qualified Cambodian nationals in the Mineral Operations, subject to the qualifications and performance of such person meeting standards set by Concessionaires for Cambodian employees. The Concessionaire shall undertake education and training programs for non-experienced Cambodians employed by the Concessionaire in order to ensure their maximum participation in Mineral Operations at all levels.
- b) The Concessionaire agrees to offer on-job-training to personnel of the Ministry who will be seconded to Concessionaire in order to gain experiences and technical skills in mining industry practice relevant to Mineral Operations. The number and selection of seconded personnel and terms of their temporary assignment shall be subject to a mutual agreement. The Concessionaire shall pay appropriate remuneration subject to the mutual agreement to such seconded personnel.

10.2 Right to Employ Foreign Aliens

The Concessionaire, its sub-concessionaire and agents have a right to employ qualified foreign nationals to the extent that qualified Cambodians cannot be found to fill the positions required. However, the Concessionaire shall try its best to enable Cambodians to be employed for that job.

10.3 Consumption of Local Goods and Services

The Concessionaire, at its utmost efforts, shall promote the maximum use of local goods and services obtainable in the country, where and when it is appropriate.

ARTICLE 11

SOCIAL AND ENVIRONMENTAL PROTECTION

11.1 Social Protection

- a) The Concessionaire shall fulfill its duties and undertake Mineral Operations in conformity with its policy on sustainable mining business policies based on strict compliance and undertake a high responsibility for social prosperity, environmental protection, public welfare and creation of socio-economic benefits;
- b) Through other sustainable development plans, the Concessionaire shall participate in improving community living standard such as the participation in:

- 1) Establishing a good communication framework between the Concessionaire and local communities and implementing strategic policy on society, economy, health, and the environment;
- 2) Developing methods and mechanisms to resolve problems, complaints, requests from the local communities (For example: dissemination of mineral operation procedure and long term sustainable development strategy and mechanisms to promote participation and consultation with the communities and all stakeholders in setting up mineral operation plans);
- 3) Establishing a formal organizational structure within the Concessionaire's company to promote and coordinate its activities with local communities concerned and be an internal mechanism for monitor and evaluation in compliance with development goals and sustainable mining; and
- 4) Participating in implementing other local community development projects in consistent with village-commune development plan of each community.

11.2 Environmental Protection

- a) The Concessionaire shall have an environmental management plan which is made based on the environmental impact assessment, economic and engineering principles, and best practices in mining industry. The environmental management plan shall be made in a form and language for public publication in relevant local communities when it is required by the Ministry.
- b) The Concessionaire shall follow and implement all legitimate orders and instructions of national and sub-national competent institutions with regard to the environmental protection, protection of quality of water, air and land, preservation of living natural resources, biodiversity conservation and creation of an area for wastes disposal. Failure to abide by these orders or instructions, the Concessionaire will have breached this Agreement.

11.3 Restoration and Safety

After the final closure of the exploration operations or any mined areas, the Concessionaire shall be responsible for restoring those areas where to be suitable conditions, and it shall prevent soil erosion and maintain safety in the areas.

11.4 Prohibited Sites

The Concessionaire is strictly prohibited from conducting Mineral Operations in:

- Cultural, historical and heritage zones;
- Areas where concrete buildings or houses or large infrastructures are located;
- Agricultural land, gardens, paddy field or farms where regular harvest and farming activities are existing, graves, cemeteries, worship places, land of indigenous

communities, reserved land or other prohibited areas, except by a separate approval in writing from the legal authorities governing the areas;

- Rivers, small rivers, ponds, water dams or water dam construction, except a separate approval in writing from legal authorizes governing the areas.

11.5 Prevention of Forest Fires

The Concessionaire shall take caution to prevention forest fires and shall notify immediately the nearest competent authorities of any forest fire occurred.

11.6 Logging Operation

The Concessionaire shall not involve in logging operation in the Contract Area. In case there are or will be illegal logging in the Contract Area, Concessionaire shall report promptly to the competent authorities governing the areas.

11.7 Water for Consumption

The Concessionaire shall covenant and ensure that the quality that is released from the mining areas or disposed from the exploration operation is not degraded. The Concessionaire has no right to downgrade the quality or quantity of the existing water available for household uses by local residents in the areas, farming or raising livestock without making reasonable effort to provide users of such water with a comparable supply and sources or adequate compensating the said users.

ARTICLE 12 SETTLEMENT OF DISPUTES

12.1 Consultation

The Ministry and Concessionaire agree to resolve problems arising from this Agreement amicably.

12.2 Arbitration/Governing Law

If any dispute cannot be settled amicably as mentioned in Article 12.1 herein, such dispute shall be settled in the Kingdom of Cambodia by an arbitration under the laws of the Kingdom of Cambodia.

ARTICLE 13 MISCELLANEOUS PROVISIONS

13.1 Office and Management Structure

- a) The Concessionaire shall have a permanent office and an appropriate management structure in the Kingdom of Cambodia to be responsible for Mineral Operations under

this Agreement. If it is necessary, and taking in consideration of the size of the Mineral Operations, the Ministry may require additional conditions on the management structure of the Concessionaire in order to ensure effective management of the Mineral Operations as well as to maintain social and environmental safety.

- b) Any change of headquarter or major management structure of the Concessionaire, Concessionaire shall inform the Ministry within 15 (fifteen) days.

13.2 Notice

All notices required by a party to notify another party under this Agreement shall be written in Khmer or English language and may be made by prepaid airmail, or by telex or facsimile confirmed by prepaid airmail, or by hand to the respective addresses of each party indicated below or to such other address as either party may subsequently notify the other. All notices shall be confirmed when received.

Ministry: Minister of Mines and Energy
No. 79-89, Pasteur Street (51), Sangkat Phsar Thmei 3,
Khan Khan Daun Penh, Phnom Penh, Cambodia
Tel: (855) 23 219 574, Fax: (855) 23 219 584

Concessionaire: Mr.
Chairman,
No.....,
Phnom Penh, Cambodia
Tel: (855)

13.3 Language Used in the Agreement

This Agreement has been executed in Khmer and English and each language shall have equal legal value for interpretation and implementation, however, if there is any discrepancy between the two languages, the Khmer language shall prevail.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in Khmer and English languages in Phnom Penh, Kingdom of Cambodia, on the date first written here above in two (2) original copies in each language.

MINISTRY OF MINES AND ENERGY

.....

SUY SEM
Minister

..... **Co., Ltd.**

.....

.....
Chairman

Coordinates of the area for metallic mineral exploration in the area of
.....

POINT	ABSYS (UTM)	ORDINATE (UTM)
A		
B		
C		
D		

The Border of the Contract Area is the joint straight line starting from point A to and then from ... to A.

The surface of the area is Km²

ANNEX-2A

Location map of the area for metallic minerals exploration in the area of

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(based on topographic map, scale 1/100,000, List UTM)

*** In case of any discrepancies between the annex 1 and 2A, the coordinates in annex 1 shall prevail.

Location map of the area for metallic minerals exploration in the area of

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