

MINISTRY OF MINES
AND GEOLOGY

REPUBLIC OF GUINEA
Work – Justice – Solidarity

DECREE NO. 2006/706/MMG/SGG
GRANTING A MINING RESEARCH PERMIT
TO THE COMPANY BSGR GUINEA

THE MINISTER

Upon recommendation of the Centre of Mining Development and Promotion (CPDM)

- Considering The Basic Law;
- Considering Law L-95: 036: CTRN pertaining to the Mining Code of the Republic of Guinea;
- Considering Decree D/97/069/PRG/SGG dated 5th May 1997 pertaining to the organization of the Ministry of National Resources and Energy;
- Considering Decree D/99/2004/010//PRG/SGG dated 23rd February and D/2004/017/PRG/SGG dated 1st March 2004 and D/2004/019/PRG/SGG dated 8th March 2004 naming the members of the Government;
- Considering Decree D/2004/081/PRG/SGG dated 9th December 2004 pertaining to the nomination of the Prime Minister;
- Considering The request for a mining research permit submitted by the company BSGR Guinea, dated January of 2006.

DECREE

Article 1: The **company BSGR Guinea** has been granted Four (4) Mining Research Permits for Iron covering a total area of 2047 km² in the prefectures of Beyla, Macenta, Nzérékoré and Yomou.

Article 2: The period of validity of these titles is set at three (3) years, renewable under the conditions stipulated in Article 30 of the Mining Code. These titles are registered in the Mining Title Register opened for this purpose in the Geological and Mining Information Division of the CPDM under number A/2006/023/DIGM/CPDM.

Article 3: In conformance with the 1/200,000 plans of the Macenta, Beyla, Tinsou and Nzérékoré sheets (NC-29-III; NC-29-IV; NB-29-XXI and NB-29-XXII), the perimeters of the thus granted permits are defined by the following geographical coordinates:

Permit I: (500 km²) – Prefectures: Beyla, Machenta and Nzérékoré

<u>POINTS</u>	<u>NORTH LATITUDE</u>	<u>WEST LONGITUDE</u>
A	8°25'00"	8°58'00"
B	8°25'00"	8°47'00"
C	8°14'00"	8°47'00"
D	8°14'00"	8°52'00"
E	8°09'32"	8°52'00"
F	8°09'32"	8°58'00"

Permit II: (547 km²) – Prefectures: Nzérékoré and Macenta

<u>POINTS</u>	<u>NORTH LATITUDE</u>	<u>WEST LONGITUDE</u>
A	8°14'00"	9°00'34"
B	8°14'00"	8°58'00"
C	8°09'32"	8°58'00"
D	8°09'32"	8°52'00"
E	7°52'00"	8°52'00"
F	7°52'00"	9°00'34"

Permit III: (500 km²) – Prefectures: Nzérékoré, Macenta and Yomou

<u>POINTS</u>	<u>NORTH LATITUDE</u>	<u>WEST LONGITUDE</u>
A	8°14'00"	9°07'17"
B	8°14'00"	9°00'34"
C	7°52'00"	9°00'34"
D	7°52'00"	9°07'17"

Permit IV: (500 km²) – Prefectures: Macenta, Nzérékoré and Yomou

<u>POINTS</u>	<u>NORTH LATITUDE</u>	<u>WEST LONGITUDE</u>
A	8°14'00"	9°14'00"
B	8°14'00"	9°07'17"
C	7°52'00"	9°07'17"
D	7°52'00"	9°14'00"

Article 4: Starting from the effective date of these Titles, the holder, the **company BSGR Guinea**, must carry out, in conformance with the applicable regulations, a work program and corresponding budget for research operations, to be submitted to the CPDM as soon as possible for approval.

The start of the work as well as allocation of the budget must occur within six (6) months starting from the date of signature of these Titles. The titleholder, the **company BSGR Guinea**, will ensure that the funds necessary for the normal, uninterrupted execution of the work are always available in Guinea and usable for the abovementioned research and prospecting project.

Article 5: Due to the extent of the work zones (2047 km²), the titleholder of these Titles must conduct a strategic study covering all of the concerned areas of the entire permit area at a sufficient grid level. The results of this strategic study (a plan of distribution of surveys with very precise geo-referenced coordinates, survey logs, sample results, etc.) are recorded in the quarterly activity reports and sent to the CPCM.

Article 6: In addition to the personnel recruited by the titleholder, the mining Administration will make available to it on-site supervision and monitoring inspectors at the expense of the permit holder.

Article 7: In conformance with Article 128 of the Mining Code, the titleholder of these Titles will provide prior notice to the National Mine Management one month before starting the work and three (3) months before its conclusion.

Article 8: In conformance with the provisions of Article 130 of the Mining Code, during the period of validity of this title, its titleholder, the **company BSGR GUINEA**, is subject to the following obligations:

- To provide the CPDM with monthly activity reports and quarterly financial reports in five (5) copies.
- To inform the CPDM of the discovery of any other substance during the research work.
- To have the research work monitored by the Geological Supervision Division of the National Directorate of Geology (DNG).

Article 9: For purposes of this Title, the obligations of the Titleholder, the **company BSGR Guinea**, to respect regulations for hygiene and worker safety, preservation of the environment and restoration of zones affected by work are governed by the provisions specified in Articles 15, 132, 133, 134 and 135 of the Mining Code and those specified in Articles 20, 60 and 69 of the Environmental Code.

Article 10: If any economically exploitable deposits are identified and at the request of the titleholder, one or more operating permits will be granted it in conformance with the applicable mining regulations.

Article 11: In addition to the above-mentioned provisions, the titleholder of this Title is subject to the following payments:

- An Administration Fee of four hundred thousand (400,000) Guinea francs per permit; a total of one million, six hundred thousand (1,600,000) FG to be paid to the CPDM.
- A stamp duty set at two million (2,000,000) per permit, a total of eight million (8,000,000) FG to the Public Treasury Account.
- A land tax of one thousand francs per square kilometre per year (1000fr/km²/year) to be paid instead of a setting up of the abovementioned research permits.

Article 12: A suspension of rights and taxes related to the importation of prospecting equipment and supplies will be granted to the titleholder, the **company BSGR Guinea**, of this Title in agreement with the Ministry of Economy and Finances.

The list of equipment and supplies will be submitted beforehand to the CPDM for comments.

Article 13: Before the expiration of the period for which this research permit was granted, it may be cancelled or withdrawn by the Mining Administration under the following circumstances:

The failure by the titleholder, the **company BSGR Guinea**, to meet obligations imposed on it by Articles 4, 5, 6, 7, 8, 9 and 11 above.

- Other causes of withdrawal specified in Articles 60 and 61 of the Mining Code for an enforcement for which a written notice was sent to no avail within sixty (60) days.

Article 14: The Centre for Mining Promotion and Development, National Directorate for Mines, The National Directorate for Geology, The Regional Inspectorate for Mines of Nzérékoré, The Mines and Careers Departments of Beyla, Macenta and Yomou are each responsible for their part of the application of this decree.

Article 15: This Decree, which takes effect on the date of its signature, will be registered and published in the official journal of the Republic.

Conakry, 06 February 2006

[Stamp – Ministry of Mines and Geology]

[signature]

Dr. Ahmed Tidrane Souare

CC:

PRG/SGG	4
P.M.	2
MEF	2
MMGE	4
CPDM	3
DMM	3
DNRGH	3
IRM/Nzérékoré	2
PREF/SMC/Beyla/Macenta/Yomou	6
Interested party	2
OJ	2/34