

DECREE NO. A 2009/1327/PR/MMEH/SGG
RENEWAL OF THE MINING RESEARCH PERMIT

NO. A2006/706,707/ ISSUED TO THE BSG RESOURCE GUINEA COMPANY

THE MINISTER

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

- Considering Notice No. 001/CNDD dated 23rd December 2008 pertaining to the effective taking of power by the National Council for Democracy and Development;
- Considering Law L-95: 036: CTRN pertaining to the Mining Code of the Republic of Guinea;
- Considering Order No. 006/PRG/CNDD dated 29th December 2008, pertaining to the creation of the post of Prime Minister, the Head of the Government;
- Considering Order No. 007/PRG/CNDD dated 29th December 2008, pertaining to the powers of the Prime Minister, the Head of the Government;
- Considering Order No. 008/PRG/CNDD dated 29th December 2008, pertaining to the nomination of the Prime Minister, the Head of the Government;
- Considering The request for a mining research permit submitted by the BSG Resources Guinea company, dated 21st January 2009;

DECREE

Article 1: This Decree grants **the company BSG Resource Guinea** the first renewal of the aforementioned Four (4) Mining Research Permits formulated as follows:

The hereby renewed research permits are granted for the same substances, **Iron**, covering a total area of **1,667 km²** in the prefectures of **Macenta, Nzérékoré, Yomou, Beyla and Kérouané**.

Article 2: In conformance with the 1/200,000 plan sheets: Macenta, Beyla Tinsou and Damaro (NC-29-III, NC-29-IV, NB-29-XXI and NC-29-X), the perimeters of the thus granted permits are defined by the following geographical coordinates:

Permit I: 500 km² (South Simandou) Beyla

<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: 524 km² (North Simandou) Macenta, Nzérékoré

<u>POINTS</u>	<u>NORTH LATITUDE</u>	<u>WEST LONGITUDE</u>
A	8°14'00"	9°02'54"
B	8°14'00"	8°58'00"
C	8°07'44"	8°58'00"
D	8°07'44"	9°00'42"
E	7°55'16"	9°00'42"
F	7°55'16"	9°08'48"
G	7°52'00"	9°08'48"
H	7°52'00"	9°14'00"
I	7°59'34"	9°14'00"
J	7°59'34"	9°07'17"
K	8°03'14"	9°07'17"
L	8°03'14"	9°05'20"
M	8°09'51"	9°05'20"
N	8°09'51"	9°02'54"

Permit III and IV: 643 km² (North Simandou) Kérouané

<u>POINTS</u>	<u>NORTH LATITUDE</u>	<u>WEST LONGITUDE</u>
A	9°35'00"	9°05'00"
B	9°35'00"	8°46'00"
C	9°25'00"	8°46'00"
D	9°25'00"	9°05'00"

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

Article 5: Due to the extent of the work zones (**1,667 km²**), the titleholder, the company **BSG Resources Guinea**, must conduct a strategic study covering all of the concerned areas of the entire permit area to a grid of at least 600 m x 600m. 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 CPCPM.

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: 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 **BSG Resource 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 project.

Article 8: 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 9: In conformance with the provisions of Article 130 of the Mining Code, during the period of validity of this title, the titleholder, the **company BSG Resource 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 Geological Supervision Division of the National Directorate of Geology (DNG).

Article 10: For purposes of this Title, the obligations of the Titleholder, the **company BSG Resources Guinea**, to respect hygiene and worker safety regulation, preserve 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 11: 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 12: In addition to the above-mentioned provisions, the titleholder of this Title is subject to the following payments:

- A fixed, flat-rate Administration Fee following Joint Decree No. A2008/3765./MEF-MMG/SGG dated 10th October 2008 of Five Hundred (500) USD per permit for a total of Two Thousand (2,000) USD, payable in Guinea francs according to the daily exchange rate to be paid to the CPDM.
- A stamp duty following Joint Decree No. A2008/3765./MEF-MMG/SGG dated 10th October 2008 set at Forty (40) USD per km², for a total of Sixty six thousand, six hundred and eighty (66,680) USD, payable in Guinea francs according to the daily rate to the Public Treasury Account.
- A land tax following Joint Decree No. A2008/3765./MEF-MMG/SGG dated 10th October 2008 of Fifteen (15) USD per km² per year (15 \$US/km²/year) for a total of Twenty five thousand and five (25,005) USD payable in Guinea francs according to the daily rate to be paid instead of an establishment of the abovementioned research permits. Five certified copies of the receipt of payment must be filed with the CPDM for registration.

Article 13: A suspension of rights and taxes related to the importation of prospecting equipment and supplies will granted to the titleholder, the **BSG Resources Guinea company**, of this Title in agreement with the Ministry of Economy and Finances.

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

Article 14: 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 BSG Resource 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 15: The Centre for Mining Promotion and Development, National Directorate for Mines, The Regional Inspectorate for Mines of Nzérékoré and Kankan, The Mines and Careers Departments of Macenta, Nzérékoré, Yomou, Beyla and Kérouané are each responsible for their part of the application of this decree.

Article 16: This Decree, which takes effect on the date of its signature, will be registered and published in the Official Journal of the Republic.

Conakry, 10th June 2009, 2009

[Stamp – Ministry of Mines and Geology]

[signature]

Mahmoud Tiiham [sic]

CC:

PRG/SGG	4
P.M.	2
MEF	2
MMEH	4
CPDM	3
DNM	3
DNG	2
IRM/Nzérékoré and Kankan	2
PREF/SMC/Macenta, Nzérékoré, Yomou, Beyla and Kérouané	5
Interested party	2
OJ	2/31