

## MINING AGREEMENT.

This **AGREEMENT** is made this .....day of ....., 2024

### **BETWEEN**

**RICHARD KASUBI MFUNGI**, natural persons of Postal Office Box 645, **GETTA-TANZANIA** (Hereinafter to be referred to as "**The Mineral License Holder**" which expression shall where the context so admits include their assigns, administrators and successors in title) of the two part;

### **AND**

**ARAB AFRICAN GOLD LIMITED**, a limited liability company with Incorporation Number **174484481** incorporated in Tanzania under **the Companies Act, 2002 (Cap. 212)** of P.O. Box 72838, Dar es Salaam - Tanzania (hereinafter to be referred to as "**The Mining Company**" which expression shall where the context so admits include its assigns, administrators and successors in title) of the other part.

### **RECITAL**

- A. **WHEREAS** the Mineral License Holders is a natural person, 100% owner of two (02) Primary Mining Licenses number **PML227080 and PML 227242** who wishes to enter into this mining agreement with the Mining Company to mine Gold in the mentioned Primary mining licenses which are situated at Nyarugusu- Geita.,
- B. **AND WHEREAS**, the Mineral License Holder has found that the Mining Company is an entity registered and licensed to carry on Mining Activities in the United Republic of Tanzania with capacity and technical skills enough to conduct mining activities in the areas of the licenses.
- C. **AND WHEREAS** taking into consideration the limitations set out by Section 8 of the **MINING ACT CAP 123 R.E 2019** the parties herein have agreed to **amalgamate** so that to do away with the requirement of the said law for the purpose of carrying out mining activities, profit making, maximizing value addition, developing local capacities, skills transfer and expertise development.

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

### **ARTICLE 1.**

#### **1.0 DEFINITIONS**

1.1 In this Agreement unless the context otherwise provides -

“Agreement” means this Mining Agreement between the Mineral License Holder and the Mining Company on Primary Mining License number **PML227080 and PML 227242.**

“License” means Primary Mining License number **PML227080 and PML 227242** and shall include any subsequent Mining License (ML) to be obtained by parties herein subject to the terms of this agreement;

“Parties” means the signatories to this Agreement;

“Equipment” means all plant, equipment, machinery, appliances and movable things owned, leased, hired or brought in the project area by the Mining Company which are not owned by the Mineral Licence Holder;

“Mining Area” means the area described by the Licenses.

1.2 References to the singular include, when the context so admits, references to the plural and vice versa.

1.3 Words importing the masculine gender shall include the feminine gender and vice versa and words importing persons shall include companies.

1.4 The headings as used in this Agreement are for convenience of reference only and shall not affect the construction of any of the terms and provisions hereof.

## ARTICLE 2

### 2.0 MINING ACTIVITIES

2.1 All mining activities under this agreement are meant for both parties and shall bind both parties in terms of running costs, profit and liabilities. The parties have agreed that the Mining Company shall conduct all **Mining and Processing activities and do all other incidental activities which are deemed necessary to such** Gold mining and Processing activities such but not limited to carrying out purchases of project construction materials, chemical, explosives, other running costs including labour costs, fuel costs, electricity bills, water bills, purchases of food, procumbent of permits, annual rents of licenses, cost for amalgamation, Government charges and outgoings whether Municipal or otherwise imposed or charged upon the project etc **save that all the said running costs shall be deducted at the time of calculating and realizing profit.** Any realized profit shall be distributed to the parties in accordance with Article 4.1 of this agreement.

- 2.2 A licenses to with **PML227080 and PML 227242** owned by Mineral License Holder shall immediately be transferred into the ownership of the Mining Company, baring the Company name before commencement of mining activities.
- 2.3 Both parties to this agreement have agreed that in future they can transfer the Licenses **PML227080 and PML 227242 to Mining License(ML)**.
- 2.4 Both parties to this agreement have agreed that at all times of this agreement no other people (Local or Foreign Miners) other than the Mining Company shall be allowed to enter and do any Mining Activity in the area of licenses.
- 2.5 Both parties to this agreement have agreed that this agreement will start official work soon after this contract to have been executed.
- 2.6 The Mining Company and its Technicians shall conduct mining activities in the manner and style of their mining skills but subject to the terms of this agreement necessary to make adequate productions but subject to the laws of the United Republic of Tanzania particularly the Mining Act [CAP 123] R.E. 2019 as amended and its regulations.
- 2.7 The mining Company will bring the C I P and machines in mining area where the same will be owned by the Mining Company, and if a partner brings materials in the CIP for processing purposes then parties should agree on terms concerning percentage sharing.
- 2.8 The mining Company shall be the owner of the area where the CIP is placed and All mining equipment owned by the Mining Company and used in the mining activities after mine closure shall remain the property of the Mining Company.
- 2.9 The meaning of Running Costs shall be determined and interpreted in accordance with relevant laws of the United Republic of Tanzania.
- 2.10 All Chemicals, magazines and explosive materials such as ammonium, detonators, IDF, etc shall be ordered by choice of the Mining Company so that the Company gets the quality of material it needs to fit its type and style of Mining at an affordable price.
- 2.11 The parties shall at all time of this agreement make the licenses active for this project and shall not mortgage the said licenses or subject them to any other undisclosed mortgages, charges, liens, leases or other encumbrances of any nature whatsoever.
- 2.12 Both parties shall be responsible for public relations and corporate social responsibility of the project.

### **ARTICLE 3**

#### **3.0 DURATION OF THE CONTRACT.**

3.1 This contract's duration shall **be open** and subject to any limitations of the **MINING ACT CAP 123 R.E 2019** as amended from time to time and all its regulations.

#### ARTICLE 4

##### 4.0 CONSIDERATION AND PAYMENTS.

- 4.1 The parties to this agreement have agreed that ownership of the Mining license will in equal proportion( that is to say 50% to the Mining Company and 50% to the License holder) and that the profit that will be generated from mining activities shall be shared between parties to this agreement that is to say, the license holder will take 25% of the profit generated only from the Ore or money obtained from sales of such Gold and the Mining Company also will be entitled to 75% being its percentage share of production (after all running costs have been deducted).
- 4.2 If the parties decide to sale the final product (Gold) before distributing the considerations, then they can do so only after selling such Gold to any dealer who offers the best high price in the Gold market or elsewhere as the parties may deem appropriate with their consent and monies shall be paid immediately after sales of Gold which is done soon after Mineral Audit process is completed by the Mining Commission officials at Government Gold Market.
- 4.3 All records of Mineral Audit, sales of Gold and payment of Tax shall be done in the names of the Mining Company and each copy of the Mineral Audit forms, Sales of Gold documents or receipts and receipts of payments of Tax shall be given to the Mineral License Holder for his records and proof of payments of tax on her part as well.
- 4.5 The Mining Company is bound to pay Royalty and Tax to TRA out of production and such payments shall be deducted before consideration and payments are made to each party. The said royalty shall not necessarily be deducted if the same is being paid by the Dealer who will be buying Gold at that time based on the best practices in the Gold market. The best practice at Gold Markets must be adopted by the mining company in relation to payments of Royalties. No deduction of Royalties shall be done if the same does not transpire in mineral audit forms issued by Mining Commission of Tanzania.
- 4.6 In the event that the Mining Company obtains **Gemstones** in the cause of carrying out its mining activities in the area of license then the said Gemstone shall be sold in accordance with the law, payment of Tax shall be made by both parties and the remaining money (revenue) thereof shall be shared equally (25%) to the Mineral Licenses Holder and (75%) to the Mining Company.

4.7 All payments of consideration to the Mineral Licenses Holder shall be done by the Mining Company after receiving written directives of the said Mineral Licenses Holder.

## **ARTICLE 5**

### **5.0 SAFETY PROVISSION.**

5.1 It is hereby agreed by the parties to this agreement that, the Mining Company is the only entity allowed to mine in the area of License. The Mineral Right Holder shall remove all other people who are mining in the area intended to be operated by the Mining Company under this agreement. This is to ensure that: -

- a) There is no interference with the operations of the Mining Company.
- b) To comply with the rules related to safety and health.
- c) To ensure the intended activities are successful accomplished.

## **ARTICLE 6**

### **6.0 PROJECT MANAGEMENT**

6.1 It shall be the responsibility of the Mining Company to handle all matters of transportation and management of Ore produced and stored at sites so that the same does not prejudice any rights of the parties herein. The Mineral License Holders have the right to have representatives in working area to observe the process of works and rights of parties but shall not have any management powers.

6.2 Management of the Mining Activities inside the shafts or open Pit operated by the Mining Company is hereby exclusively vested to the Mining Company. The Mining Company shall direct control and manage all shafts or Pit through its Management body which within the terms of this Agreement shall have full authority to bind the Mining Company in exclusion of the Mineral License Holders in respect of all matters relating to underground activities.

6.3 Management of Labour, Site and Camps shall be by the Mining Company. The Mineral License Holder have the right to have his representatives in those areas to observe the rights of the parties but shall not have management powers.

## **ARTICLE 7.**

### **7.0. OBLIGATIONS OF THE PARTIES.**

#### **7.1. THE FOLLOWING SHALL BE OBLIGATIONS OF THE MINERAL LICENSE**

##### **HOLDER: -**

- a) To pay remuneration of their management people and representatives (if any).
- b) To maintain peace and harmony with the Mining Company and all outsiders.

#### **7.2 THE FOLLOWING SHALL BE OBLIGATIONS OF THE MINING COMPANY:**

- a) To pay Royalty and Tax of production to TRA.
- b) To provide necessary financial resources for the running of the mining activities.
- c) To purchase all the necessary equipment for production as well as supply of electricity and water facilities to the mining site area.
- d) To provide and pay qualified manpower as well as necessary working capital with view to increase production of the raw gold to the optimal level including all production expenses, salaries for local and experts, legal matters, taxes and all overheads.
- e) To give access to the employees representing the Mineral Right Holder all the necessary information and documents evidencing production in order to establish the level of production for the purpose of verification.
- f) To continue, simultaneously with the production activities within the licenses area.

## **ARTICLE 8**

### **8.0 NOTICES**

8.1 There shall be a 90 days' notice in respect of any breach communicated to the defaulting party for the purpose of rectifying such breach.

8.2 If such default is not rectified by the defaulting party within 30 days of notice, then such default shall be deemed breach of contract and the aggrieved party may take any appropriate measures including those stated in clause 9 and 10 of this agreement

8.3 For the purpose of notice by one party to the other party in this Agreement, herein below are the parties' addresses;

**FOR MINERAL LICENCES HOLDER**

**RICHARD KASUBI MFUNGI** P.O. Box 645-GEITA,  
PHONE;

**FOR MINING COMPANY:**

**ARAB AFRICAN GOLD LIMITED**

For the attention of MOHAMMED OTHMAN MOHAMMED,

P.O. Box 72838, Dar es Salaam

PHONE: 0762507508

EMAIL: mohammedaljaf980@gmail.com

**ARTICLE 9**

**9.1 DISPUTE SETTLEMENT**

9.2 Any disputes arising from or in connection with this Agreement shall be settled amicably by the parties involving the Mining Commission of Tanzania within 1 month following its notification of such dispute to each other, failing which the matter will be referred to a competent court of law in Tanzania for adjudication.

**ARTICLE 10**

**10.0 TERMINATION.**

10.1.1 Termination of this agreement may be effected by any party upon occurrence of the following events: -

- a) Upon Breach of the terms of this agreement which has failed to be remedied despite issuance of a 90 days' notice in writing.
- b) Upon occurrence of an event of Force-Majeure which has failed to be remedied. The parties shall first take all necessary steps to remedy the event of force-majeure at all reasonable solutions and failure to that, termination shall be a last resort.
- c) After completion of Mining Activities
- d) Change of Laws and Government Policy that makes the consummation of this agreement impossible.

- c) Bankruptcy of any party to this agreement
- f) If it is proved that the Mineral Resources (Gold Ore) in the area of licenses does not satisfy to continue with the Technical Support Activities intended and for that reason it is necessary for the parties to terminate this agreement to avoid future loss of profit and capital.
- g) If any part terminates this agreement for any other reason which shall be deemed not fatal and or not among the above events the terminating party shall be liable to compensate the other party for the loss it has incurred.

## **ARTICLE 11.**

### **11.1 COMPENSATION OF LAND, LICENSE COSTS AND LOCAL SHAFTS.**

11.2 The Mineral Licenses Holder warrants to the Mining Company that he owns the land inside the license therefore there shall not be any compensation of land to any person as far as this contract is concerned. In case any person appears to claims ownership of land in the license then it shall be the responsibility of the Mining Company to pay for such compensation and the same shall be deducted as running cost before calculating and realizing profit subject to provisions of this agreement.

## **12.THE AGREEMENT.**

- 12.1 This Agreement constitutes the entire agreement between the parties with regard to the matters dealt with in and no representation; terms or warranties not contained herein shall be binding on the parties;
- 12.2 No agreement varying, adding to, deleting from or canceling this Agreement shall be effective unless reduced in writing and signed by or on behalf of the parties.
- 12.3 Any Provision of this agreement, which is or may become prohibited by law or unenforceable, shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this agreement or effecting the validity or enforceability of such provisions.

## **ARTICLE 14**

## **13.0. COVENANTS OF THE MINERAL LICENSE HOLDERS.**

The Mineral License Holder hereby covenants to the Mining Company as follows: -

13.1 That he has the right, power and all necessary authority to enter into this Agreement free from any encumbrances, liabilities, lien or third-party notices;

13.2 That he will, at the request of the Mining Company, do all acts and execute all documents necessary for the better assurance or perfection of this agreement;

13.3 The Mineral Licenses Holder has a good title to the Licenses and that the Licenses are not subject to any other undisclosed mortgages, charges, liens, leases or other encumbrances of any nature whatsoever;

13.4 That the Licenses are not affected by or subject to any notice or scheme of acquisition, requisition or expropriation of or by the Government authority or department;

13.5 The Mineral Licenses Holder has been responsible to remove any person who is conducting mining activities on the Licenses intended for this agreement so that to enable better performance of the activities intended by the Mining Company.

## **ARTICLE 14**

### **14.0 REPRESENTATIONS AND WARRANTIES OF THE MINING COMPANY**

The Mining Company represents and warrants as follows to the Mineral Right Holder and acknowledges that the Mineral License Holder is relying upon such representations and warranties in entering in to this Agreement.

14.1 The Mining Company has good and sufficient power, authority and right to enter onto this agreement and complete the transactions contemplated hereby.

14.1.1 The execution of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Mining Company, and shall not result in a breach of his organizational documents.

## **ARTICLE 15**

## **15.0 MISCELLANEOUS PROVISIONS**

15.1 Each of the parties to this Agreement undertakes to take all steps necessary for its implementation and sign, from time to time all documents, contracts or writings and to do, or to see done, all which is considered necessary to be done in order to fulfill the object of this Agreement and in order to give full effect to its provisions.

15.2 The parties to this Agreement shall maintain confidentiality and shall not disclose to any third party, the subject matter, the terms and contents of this Agreement, except by mutual consent in writing or to the extent required by the law.

15.3 The Agreement cannot be modified or amended except by a written document duly executed and authorized by each of the parties.

15.4 Except in the case of express waiver, the fact that one Party does not exercise all or any part of its rights, which are conferred upon it by this Agreement, shall not constitute in any event the waiver, or abandonment of the rights not exercised.

15.5 All matters arising from or in connection to this mining Agreement shall be governed and construed in accordance with the laws of the United Republic of Tanzania.

15.6 This Agreement shall be in English Language and in three (3) originals each being authentic.

## **ARTICLE 16**

### **16.0 INDEMNIFICATION**

16.1 Any party to this contract shall indemnify the other party against all losses arising directly or indirectly out of any act or omission or negligence caused by it or any person expressly or impliedly with its authority and control or any breach or non-observance by either party of the covenants, conditions or other provisions of this Agreement or any of the matters to which this Agreement is subject.

## **ARTICLE 17**

### **17.0 MINE CLOSURE.**

17.1.1 the parties to this agreement have agreed that, at the end of their mining activities, both parties shall prepare a mine closure plan that will be jointly implemented by both parties

IN WITNESS WHEREOF the parties hereto have executed these presents on the day and year appearing hereunder:

SIGNED AND DELIVERED AT GEITA BY

RICHARD KASUBI MFUNGI who is known  
To me/identified to me by.....who  
Is known to me personally  
this..18..day of ..09...2024



HOLDER OF PML

BEFORE ME


Name : THEODORA GABRIEL MBULANYA  
Signature :   
Qualification : ADVOCATE  
Date : 18/09/2024




SEALED WITH A COMMON SEAL OF  
ARAB AFRICAN GOLD LIMITED

In Our presence this..18..day of ..09...2024

COMPANY STAMP

Name : MOHAMMED OTHMAN MOHAMMED MOHAMMED  
Signature :   
Qualification : **DIRECTOR**  
Date : 18/09/2024



Name : HUSSEIN JABER MASAOODI  
Signature :   
Qualification : **DIRECTOR**  
Date : 18/09/2024