

**MINERAL RESOURCE RESEARCH COMPANY – CPRM**

**TENDER NOTICE**

**Auction no. 002/2020 - CPRM**

**Phosphate - Miriri**

**MINING RIGHTS ASSIGNMENT PLEDGE**

**3<sup>rd</sup> 2020 CPRM/MME MINING ASSETS TENDER**

**BRASÍLIA, NOVEMBER 26<sup>th</sup>, 2020**

## **NOTICE**

This tender notice contains the provisions applicable to the mining activities.

This tender notice was prepared originally in Portuguese, and that is the only official version. CPRM makes this version available as a reference, but the official version in Portuguese shall always prevail in case of a conflict of interpretation.

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## TENDER NOTICE

The Mineral Resource Research Company – CPRM (hereinafter referred to as "CPRM"), through the Special Tender Committee (hereinafter referred to as "CEL") constituted by CPRM Presidency Act No. 99/PR/2020, of June 3, 2020, makes public the opening of bids for assignment of the Mining Rights described on sub item 4.1 of this notice.

### 1. AVAILABILITY OF THE NOTICE

- 1.1. Copy of this notice can be obtained at the CPRM unit in the city of Rio de Janeiro, located at Av. Pasteur, 404 - Urca - Rio de Janeiro, RJ, Mondays to Fridays (weekdays), from 8am to 12pm and from 2pm to 6pm, or at the following website:  
<http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>

### 2. REQUESTS FOR CLARIFICATIONS AND DISPUTES

- 2.1. The clarifications about the provisions of this notice and its annexes must be requested in writing, in Portuguese, submitted via electronic mail to [ppi.mineracao@cprm.gov.br](mailto:ppi.mineracao@cprm.gov.br), within up to thirty (30) days after the publication of this notice on the Official Gazette , and will be answered within 30 (thirty) days after the end of the request submission deadline.
- 2.2. Any citizen is a legitimate party to dispute this notice for alleged irregularities, and must file the request within 5 (five) weekdays before the date established for the public session, and CPRM must judge and reply the dispute within 3 (three) weekdays.
- 2.3. The clarifications and disputes will be answered directly to bidders through electronic mail and made available to everyone at the following website: <http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29->

6244.html

2.4. The absence of dispute about the terms of this tender notice within the period established on item 2.2 will imply that the bidder is fully aware and unconditionally accepts its terms, thus prohibiting further allegations of ignorance or disagreement regarding its terms and conditions, as well as the applicable regulatory rules.

2.5. Any and all additional information disclosed by CEL, when published at the website: <http://www.cprm.gov.br/publico/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>, will be an integral part of this notice and unawareness of it may not be claimed by any bidder.

2.6. It is the sole responsibility of the interested party to keep updated as to any alteration or clarification about this notice, through permanent consultation to the website: <http://www.cprm.gov.br/publico/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>

2.7. If there are no requests for clarification, it will be presumed that the information and elements contained in this tender notice and in its annexes are sufficient for preparation of bids, for submission of documents for qualification and for signature of the Contract of Pledge of Assignment of Mining Rights (Annex I of this tender notice), reason why no further questioning or disputes will be admitted.

2.8. Amendments to the present notice that imply alteration to the conditions necessary for formulation of proposals, for qualification or for signature of the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice) will lead to the republication of this notice, and the schedule will be altered if necessary.

### **3. OBJECT**

3.1. This tender procedure has as its object the conclusion of a contract of

pledge of assignment, and, if the conditions of this notice and of the applicable legislation are fulfilled, subsequent definitive assignment of mining rights, described on Table 1 of this notice ("Mining Rights"), with legal basis on art. 28 of Law no. 13,303, of June 30, 2016 ("Law of State-owned Companies"), on art. 104 of the CPRM Tenders and Contracts Regulation ("RLC-CPRM"), on national and international good practices, and in accordance with the requirements and other conditions and specifications expressed in this notice and in its annexes.

**Table 1 – Mining Rights**

<b>Asset</b>	<b>Mining processes</b>	<b>Total area</b>
Fosfato de Miriri (PE-PB)	840.302/1979	6,112.18
	840.303/1979	
	840.304/1979	
	840.305/1979	
	840.306/1979	
	840.307/1979	
	840.446/1980	

#### **4. LEGAL BASIS, EXECUTION, BIDDING MODE AND JUDGEMENT CRITERION OF THE TENDER**

- 4.1. This tender will be governed by the provisions in this notice and its annexes, by Laws No. 8,970, of December 28, 1994; 9,491, of September 9, 1997; 13,303, of 2016; 13,334, of September 13, 2016 ("PPI Law"); by the RLC-CPRM, by Resolutions No. 1 and 3, of September 13, 2016, of the Council of the Investment Partnerships Program of the Presidency of the Republic – CPPI; and Decree-Law No. 227, of February 28, 1967 and other rules in force on the matter.
- 4.2. This contest is intended to satisfy the requirement of tender for the assignment of Mining Rights.
- 4.3. Tender Execution Mode: On site.
- 4.4. Bidding Mode: CLOSED, according to art. 15, of RLC-CPRM.

- 4.5. Judgement criterion: HIGHER PRICE OFFER (higher signing bonus), according to art. 35, VI, of RLC-CPRM and art. 54, VI, of Law of State-owned Companies.

## **5. FINANCIAL HOLDINGS OF CPRM**

- 5.1. The financial holdings of CPRM applicable to this notice are:

- 5.1.1. Signature bonus, value of R\$ 30,000.00 (thirty thousand reais), paid in two installments, as detailed in this notice and in its annexes; and
- 5.1.2. Discovery Bonus, in the amount of R \$ 2,631,000.00 (two million, six hundred and thirty-one thousand reais), paid in a single installment, as detailed in this notice and its annexes; and
- 5.1.3. Royalty on monthly gross revenues from the mined ores, with a fixed bid percentage of 1.0% (one integer per cent), also detailed in this notice and in its annexes.

### **Signature bonus**

- 5.2. The Signature Bonus is will be paid in two installments, as follows:

- 5.2.1. first installment in the amount corresponding to 50% (fifty percent) of the total value of the Signature Bonus to be paid prior to the signing of the Mining Rights Assignment Agreement (Appendix I of this announcement); and
- 5.2.2. second installment in the amount corresponding to 50% (fifty percent) of the total value of the Signature Bonus to be paid prior to the execution of the Mining Rights Assignment Instrument (Attachment I-C of this notice).

- 5.3. The installments of the Signature Bonus will be updated by the IPCA-E, or

index that replaces it, in the case of extinction of the first, from the approval of this tender until the actual payment of the owed installment.

- 5.4. For payment of the Signature Bonus, the provisions in Clause 7th of the draft Contract of Pledge of Assignment of Mining Rights (Annex I of this notice) will be observed.

### **Discovery bonuses**

5.5. Discovery bonuses will be paid in a single installment, within 10 days from the date of filing the mining application with ANM, except for the provisions of Sub-Clause 7.3.1 of the Mining Rights Assignment Agreement draft (Appendix I of this notice) .

5.6. The Discovery Bonus must be updated by the IPCA-E, or index that will replace it, in the event of extinction of the first, from the approval of this bidding until the effective payment of the amount due.

5.7. For the payment of the Discovery Bonus, the provisions of Clause Seven of the Draft Mining Rights Pledge Agreement (Appendix I of this notice) will be observed.

### **Royalty**

- 5.8. The royalty, calculated by the fixed percentage of 1% (one percent) on the gross monthly revenue of minerals explored, must be paid on a quarterly basis, under the terms and conditions of the Mining Rights Assignment Agreement (Appendix I of this announcement).

## **6. TENDER SCHEDULE, LOCATIONS, DATE AND TIMES**

- 6.1. The tender procedure will observe the schedule described on Table 2 of this notice.



**Table 2 – Tender schedule**

Event	Date
Notice publication	November 30, 2020
Opening of visitation to the physical data of the projects (physical dataroom) and availability of the digital data (digital dataroom)	November 30, 2020
Clarification request period	January 09, 2021
Period to answer to the requested clarifications	January 19, 2021
Public Session	March 03, 2021

### Access to dataroom

6.2. Physical data (physical dataroom) will be available for visitation at Litoteca de Caeté - Endereço Avenida Doutor João Pinheiro, 140 Centro – Caeté – MG, CEP: 34800-000, by prior scheduling of at least seven days to be performed exclusively by means of electronic message sent to [ppi.mineracao@cprm.gov.br](mailto:ppi.mineracao@cprm.gov.br).

6.3. The digital data (digital dataroom), composed of the documents listed in Annex II of this notice, will be available for public access at the following website: <http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>

## 7. PARTICIPATION IN THE TENDER

7.1. Respecting the other normative conditions and those conditions contained in this tender notice, Brazilian or foreign legal entities, supplementary pension entities, and investment funds, in isolation or in consortium, may participate in this tender.

7.2. Participation in this contest implies full and irrevocable acceptance of all terms, clauses and conditions contained in this tender notice and in its annexes, compliance with the legal and regulatory provisions in force,

and responsibility for fidelity of the information and documents submitted at any stage of the process.

- 7.3. Only a person accredited by the bidder may manifest on behalf of said bidder, in the form of this tender notice.
- 7.4. No person, even if in possession of procurement with the corresponding powers, may represent more than one bidder in relation to CPRM in this tender, subject to penalty of exclusion of the represented bidders.
- 7.5. Bidders are liable for the inexistence of facts that may preclude their participation in the contest.

#### **Participation of bidders in consortium regime**

- 7.6. The company liable for the consortium must, mandatorily, present proof of public or private commitment of constitution of consortium, or contract of constitution of consortium, subscribed by the consortium members, indicating the name of the company liable for the consortium and the percentages of participation of the consortium members, observing the requirements in this tender notice.
- 7.7. The consortium must also observe the following rules:
  - 7.7.1. adopt the solidary civil liability of its members for the acts practiced in consortium, both in the bidding and in the contractual execution phases; and
  - 7.7.2. prohibit the participation of a consortium company, in the same bid, in more than one consortium, or combine participation in consortium and in isolation.
- 7.8. The bidder liable for the winning consortium is obliged to promote, prior to the conclusion of the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice), the constitution and registration of the consortium in accordance with the terms above.

## **Impediments to participation in the tender**

- 7.9. Those that fall into art. 38 of Law no. 13,303, of 2016, will be prevented from participating in any stage of the process.
- 7.10. The participation of a consortium member, its subsidiaries, parent company, or company under common control in more than one consortium is not permitted, even if with separate members or participations, or in isolation.
- 7.11. Legal entities that have been convicted, res judicata, to the penalty of interdiction of rights due to the practice of environmental crimes, as disciplined in art. 10 of Law no. 9,605, of February 12, 1998.

## **8. PUBLIC SESSION**

- 8.1. The public session will be held from 3 pm on March 3, 2021, in the CPRM unit in the city of Rio de Janeiro, located at Av. Pasteur, nº 404, auditório da CPRM, Salão Nobre, 2º andar, Urca, Rio de Janeiro, RJ.

### **Accreditation**

- 8.2. At the beginning of the public session, the bidder must present to the CEL, for accreditation purposes, a representative who, duly in possession of a document that accredits them to participate in this tender procedure, will be liable on behalf of the bidder represented in the contest.
- 8.3. The accreditation will require copy of the identity card of the representative, instrument of mandate (power of attorney) with powers to practice all acts pertinent to the contest, including bidding on behalf of the represented party, in addition to copy of the social contract, social statute, statutory consolidation or duly updated equivalent document, as well as

of the corporate act(s) or equivalent document(s) of investiture of the signatory(ies) of the procuration.

- 8.3.1. If the constituent acts of the bidder determine that more than one person must sign the procuration, the lack of any of them invalidates the document for the purposes of this contest, causing the disqualification of the respective bidder.
- 8.4. In the case of a partner, owner, manager or similar figure of the bidder, a copy of the respective social statute or contract or equivalent document must be presented, which expresses their powers to exercise rights and assume obligations as a result of such investiture, including for the purposes of the tender contest.
- 8.5. Each bidder may accredit only one representative.
- 8.6. Each accredited representative may represent only one bidder.
- 8.7. The bidder who does not accredit a representative in relation to the CEL will be prevented from participating in the public session.
- 8.8. In the event of a possible suspension of the public session, provided that the bidder does not change the accredited representative, resubmission of the accreditation documents will not be required, when the public session is reopened.

#### **Envelope of royalty rate bid with tender guarantee (Envelope No. 01)**

- 8.9. Once the accreditation of the representatives of all bidders has been completed, the envelope with documentation of Royalty rate bid and tender guarantee will be presented.
- 8.10. The original documents that are part of the Signature Bonus rate bid and tender guarantee must be submitted in Portuguese, in an opaque and sealed envelope ("Envelope No. 01"), containing the indications described on Table 3 of this notice.

**Table 3 - Model for submission of Envelope No. 01**

<p><b>TO: Mineral Resource Research Company – CPRM</b> Escritório do Rio de Janeiro - Av. Pasteur, 404, Urca CEP 22290-255, Rio de Janeiro - RJ <b>Att. Mr. Chairman of the Special Tender Committee</b></p>
<p><b>ENVELOPE No. 01 – SIGNATURE BONUS PROPOSAL BID AND TENDER GUARANTEE</b></p>
<p>2 nd 2020 CPRM/MME Mining Assets Tender – Phosphate of Miriri (PB - PE) Corporate Name: Address: CNPJ No. or equivalent document</p>

8.11. Envelope No. 01 must contain the following elements:

- 8.11.1. SUBSCRIPTION PRICE OFFER PROPOSAL, duly signed by the legal representative of the bidder, containing the value of the Signature Bonus and the validity period of the proposal, which may not be less than 1 (one) year from the date of the public session, as well as the information contained in the Proposal Template (Annex III of this announcement); and
- 8.11.2. TENDER GUARANTEE, in the minimum value of R\$ 25,000.00 (twenty five thousand reais), by means of one of the guarantee modes, in accordance with item 11.1 of this notice.

- 8.12. The PRICE OFFER PROPOSAL must consider, at most, 2 (two) decimal places, eliminating the others, regardless of approximation.
- 8.13. The inclusion of more than one PRICE OFFER PROPOSAL bid in the same envelope is prohibited, subject to penalty of disqualification of the bidder, in accordance with item 14.1.5 of this notice.

### **Opening, bidding and judgement of the proposals**

- 8.14. After receiving ENVELOPE No. 01 from each bidder, the CEL must adopt the following measures, in chronological order:
  - 8.14.1. check the data contained in the accreditation instrument, as per item 8.2 to 8.8 of this notice, considering the identification document presented by the representatives of each bidder;
  - 8.14.2. promote the opening of Envelope No. 01, showing it to all those present, who may check it as to inviolability, on which the members of the CEL and the accredited representatives present will sign their initials.
  - 8.14.3. check the PRICE OFFER PROPOSAL bid of each bidder as to ambiguity of the percentage offered, considering the value written in words over that represented by digits, as well as its validity in relation to the minimum percentage.
  - 8.14.4. check the formal and material regularity of the TENDER GUARANTEE in relation to the rules established in this tender notice.
  - 8.14.5. order the PRICE OFFER PROPOSAL bid from the highest to the lowest value offered, being more advantageous the offer with the highest.
- 8.15. In the event of a tie between 2 (two) or more proposals of identical values, a final dispute will be held, in which tied bidders will be invited to submit, within a maximum period of 1 (one) hour, a new closed bid, duly signed by the legal representative of the bidder, containing the value of the

Signature Bonus and the validity period of the proposal, which may not be less than 1 (one) year from the date of the public session, as well as the information contained in the Proposal Template (Attachment III of this announcement).

8.15.1. The new closed proposal cannot be less than the value of the Signature Bonus of the previous proposal.

8.15.2. Presented a new proposal closed by bidder, CEL will order them in decreasing order of advantage.

8.16. In case of a tie or in the case of a new tie, a draw will be carried out in the same session, as follows:

8.16.1. As many ballots as tied bidders will be placed in the No. 1 ballot box, each with its respective name, until all are represented there.

8.16.2. As many ballots as are necessary with the indication 1, 2, etc. will be placed in the ballot box of No. 2, until the total number of tied bidders is filled.

8.16.3. The President of CEL will then proceed to the draws, removing from the ballot box 1 the name of a bidder and from the ballot box 2 a ballot, which will indicate its respective order of classification.

8.16.4. Once defined, the order cannot be changed

## **Qualification**

8.17. Once the order of classification has been defined, bidders will be invited to immediately present the qualification documents to CEL, in a single copy, in an opaque and sealed envelope (“Envelope No. 02”), containing the indications on its obverse, as per Table 4 of this notice.

**Table 4 - Model for submission of Envelope No. 02**

<p><b>Mineral Resource Research Company – CPRM</b>  <b>Rio de Janeiro Office - Av. Pasteur, 404, Urca</b>  <b>CEP 22290-255, Rio de Janeiro - RJ</b>  <b>Att Mr. Chairman of the Special Tender Committee</b></p>
<p><b>ENVELOPE No. 02 – QUALIFICATION DOCUMENTS</b></p> <p>2nd 2020 CPRM/MME Mining Assets Tender – Phosphate of Miriri (PB - PE)</p> <p>Corporate Name:  Address:  CNPJ no. or equivalent document</p>

8.18. For qualification in the tender, the bidder must present the following documents:

8.18.1. copy of the updated social statute or contract, duly registered in the competent Commercial Board or Civil Registry of Legal Entities, according to the nature of the bidder, or equivalent document, in case of a bidder not established in Brazil.

8.18.2. in the case of companies that elect their administrators in separate acts, they must present such documents, duly registered or endorsed in the competent Commercial Board or Civil Registry of Legal Entities, according to the nature of the bidder.

8.18.3. submission of the Commitment for Constitution of Specific Purpose Company – SPE (Annex V of this notice);

8.18.4. proof of registration in the National Registry of Legal Entities - CNPJ, in case of legal entity with headquarters and administration in Brazil.

8.18.5. proof of compliance with the National Treasury, by presentation of a certificate jointly issued by the Department of the Federal Revenue Service of Brazil and by the Attorney General of the National Treasury - PGFN, in the case of a legal entity with headquarters and administration in Brazil;



- 8.18.6. proof of compliance with the State Treasury and Municipal Treasury of the city where the bidder is established or headquartered, in the case of a legal entity with headquarters and administration in Brazil; and
- 8.18.7. proof of compliance with the FGTS, issued by Caixa Econômica Federal, in case of legal entity with headquarters and administration in Brazil.
- 8.19. Each legal entity that is part of the consortium that presents itself as a participant in the tender process hereunder must provide the qualification documents separately, highlighting the term "CONSORTIUM REGIME," in uppercase and bold letters on the first page of the documents;
- 8.19.1. If there is an unqualified company that is a member of the consortium that won the contest, the other consortium members will be convened to, within the period defined by the CEL, express interest in assuming the responsibilities of the unqualified company, without prejudice to the possible application of the penalties provided for in this notice and applicable legislation;
- 8.20. Foreign companies that are not established in Brazil, subject to penalty of disqualification, will fulfill the qualification requirements by presentation of equivalent documents, observing subitem 12.7 of this notice, and must have legal representation in Brazil with express powers to receive citation, subpoena and notification, in addition to responding administratively or judicially.
- 8.20.1. In case the foreign company that does not operate in Brazil is unable to submit certain document required in this notice, for legal reasons of the country in which it is constituted, or because the document is not applicable to the foreign bidder, compliance with the requirement will occur by submission of the following documents, signed by the corresponding legal representative:
- 8.20.1.1. copy of the legal device that precludes compliance with

the requirement provided for in this notice; or legal demonstration of the inexistence of and/or exemption from equivalent documents in the country the foreign bidder was originally constituted.

- 8.20.1.2. declaration, issued by an institution of public law or public notary law, certifying the inexistence of a document equivalent to that required in the tender notice and annexes or the inexistence of a competent body, in the country of origin;
  - 8.20.1.3. exposition of the reasons that preclude the fulfilment of the requirement provided for in this notice and annexes; and
  - 8.20.1.4. request for the purpose of acceptance by CPRM, as a means to fulfill such requirement, of a different document, in lieu of that provided for in the tender notice, as deemed fit.
- 8.20.2. In the case of a foreign company or society operating in Brazil, the foreign bidder, subject to penalty of disqualification, must submit the authorization decree and the registration or authorization act for operation issued by the competent body, when the activity so requires.
- 8.20.3. The foreign bidder who is eventually summoned to present the envelope containing the evidentiary documentation of the qualification requirements must submit, for participation both in isolation and in consortium, the documents equivalent to the "Documents for Qualification" duly authenticated by the Brazilian consular authority of their country of origin and translated by sworn translator.
- 8.20.4. The equivalent habilitation documents must be submitted so as to enable the analysis of their validity, enforceability and efficacy.

- 8.20.5. For companies from signatory countries of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents, promulgated by Decree No. 8,660 of January 29, 2016, there will be no requirement for diplomatic or consular legalization of foreign public documents.
- 8.21. The CEL may request additional documents and information, not listed in this notice, from interested parties headquartered in countries classified as tax havens by the Federal Revenue Service of Brazil, as well as from interested parties headquartered in countries classified as non-cooperating by the Council for Financial Activities Control of the Ministry of Finance.
- 8.21.1. Based on reasoned technical and/or legal advice, bidders from those countries may be disqualified when the submitted documentation is insufficient to identify the real controller and to guarantee the interests of the Union by means of CPRM.
- 8.22. Any and all corporate restructuring that results in change in the corporate and/or control situation of the bidder, even if in consortium, during the period between the inscription and the signing of the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice), must be communicated to the CEL, prior to the implementation of the act, subject to penalty of disqualification and application of the penalties provided for in this notice, without prejudice to the execution of the tender guarantee.
- 8.23. The CEL will promote the opening of Envelope No. 02, showing it to all those present, who may check it as to inviolability, on which the members of the CEL and the accredited representatives present will sign their initials.
- 8.24. If one or more qualification documents are incomplete and incorrect or do(es) not comply with any item on this tender notice and its annexes, the CEL will consider the bidder disqualified.
- 8.25. Once the fulfillment of the qualification requirements is verified, the best-

ranked bidder will be declared the winner of the tender and the adjudication and homologation will be conducted as established on item 10 of this tender notice.

8.26. In the case of disqualification of the best-ranked bidder, the qualification documents of the second best-ranked and so on will be examined until a valid bidder proposal fulfills the qualification requirements.

8.27. By means of a decision published on the DOU, CEL will declare as the winner the best-ranked bidder that fulfills all qualification requirements.

## **9. APPEALS**

9.1. Any bidder may file an appeal within 5 (five) working days from the publication in the DOU of the CEL decision declaring the winner of the tender.

9.2. The CEL will publish notice about the filing of the appeal at the website:<http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>, with parties interested in appellee's brief having the same period of 5 (five) working days, counted from the publication of said notice, to submit appellee's brief.

9.3. Appeals and appellee's briefs must be filed by physical means by protocolization in the CPRM unit located at Av. Pasteur, nº 404, Anexo, Urca, Rio de Janeiro-RJ, CEP 22290-255, or by digital copy forwarded to the website [ppi.mineracao@cprm.gov.br](mailto:ppi.mineracao@cprm.gov.br), always respecting the established deadline.

9.4. Bidders are assured the right to examine the elements indispensable to the defense of their interests.

9.5. The appeals will be judged by the CEL, within 5 (five) working days, counted from the end of the deadline for submission of appellee's briefs.

- 9.6. In case of rejection, the appeal will be forwarded to the CPRM CEO for consideration, who may ratify or reform, in whole or in part, in a motivated manner, the judgment stated by the CEL.
- 9.7. The acceptance of appeals will matter only in the invalidation of acts that are unsusceptible to exploitation.
- 9.8. The appeal will have suspensive effect.
- 9.9. Appeals or appellee's briefs filed in disagreement with the conditions of this notice will not be known.
- 9.10. The electronic files with the text of the appeals and appellee's briefs, in addition to the corresponding decision, will be made available at the following website: <http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html> .

## **10. ADJUDICATION OF THE OBJECT AND HOMOLOGATION OF THE RESULT**

- 10.1. If there is no appeal or if it is received by the CEL, the CEL will adjudicate the object, as established by art. 45 of RLC-CPRM.
- 10.2. If the CEL rejects one or more of the appeals filed, the process will be forwarded to the CEO of CPRM.
- 10.3. The CPRM CEO may:
  - 10.3.1. determine the return of the records for resolution of irregularities that are compliant.
  - 10.3.2. annul the procedure, in whole or in part, by irresolvable vice.
  - 10.3.3. revoke the procedure for reasons of convenience and opportunity.
  - 10.3.4. assess the hierarchical appeals, and may ratify or reform the decision of the CEL, in whole or in part, and always in a motivated manner; or

- 10.3.5. adjudicate the object and homologate the result of the tender, if there is filing of appeals, in a single act, and forward the records to the CEL, for continuation of the contraction.
- 10.4. The winning bidder must prove the constitution of the SPE within 60 (sixty) days counted from the publication in the DOU of the tender result homologation act.
- 10.4.1. The deadline referred to in item 10.4 may be extended, at the discretion of CPRM, through a reasoned request submitted by the winning bidder.
- 10.5. Once proved the constitution of the SPE, CPRM will establish a deadline for the SPE, in the condition of PROMISOR ASSIGNEE, and the winning bidder, in the condition of INTERVENER, to sign the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice), considering the rules of the tender notice and the governing law of the contest.
- 10.6.** The SPE and the winning bidder may refuse to sign the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice), in case in the deadline referred to in subitem 10.5 there is no definitive administrative decision of the National Mining Agency – ANM extending the deadline of the special authorization for conducting Supplementary Research at least until October,31 of 2023.
- 10.7. Except as provided for in subitem 10.6, refusal of the SPE or of the winning bidder to sign the contract characterizes the total breach of the obligation assumed, subjecting the winning bidder to the execution of the tender guarantee and to the penalties established in this tender notice and in the current legislation in force.
- 10.8. CPRM is provided the right, when the SPE or the winning bidder for any reason does not sign the contract of pledge of assignment in the time and conditions established, to convene the remaining bidders, in the order of classification, to do so, in the form of this notice.
- 10.9. Penalties will not apply to bidders convened under the terms provided for

in item 10.8 that do not accept the contraction under the same conditions proposed to the first contractor.

## **11. TENDER GUARANTEE**

11.1. The guarantees must be presented in the following modes:

11.1.1. Security deposit in cash or government securities, which must be issued in a book-entry form by registration in a centralized settlement and custody system by the Central Bank of Brazil and evaluated by their economic value as defined by the Ministry of Finance;

11.1.2. Insurance-judicial guarantee; or

11.1.3. Bank bail, which must include the express waiver by the bailman of the benefits provided for in articles 827 and 835 of the Brazilian Civil Code.

11.2. In case of execution of the guarantee, due to administrative punishment or reimbursement of any damages incurred, the bidder must, within 30 (thirty) days, supplement the guarantee, so it returns to the value prior to the execution.

11.3. In the proposals formulated by participants gathered in consortium, the guarantees of proposal may be contributed by only one member of the consortium.

11.4. The guarantees of proposal must be provided in the modes provided for in item 11.1 of this notice.

11.5. The tender guarantee submitted must have CPRM as beneficiary and the bidder as policyholder and may not contain any clause exempting from any liability incurred by it, regarding the participation in this tender.

11.6. The insurance-judicial guarantee must be contracted from insurer and reinsurer authorized by the Superintendence of Private Insurance -

SUSEP, entity associated with the Ministry of Finance, or with insurer and reinsurer whose risk classification is in the "investment grade" category in, at least, one of the following agencies: Fitch, Standard & Poor's, or Moody's.

11.7. In case of choosing to contract a bank bail, it must:

11.7.1. be submitted in its original form (copies of any kind will not be accepted);

11.7.2. have its value expressed in current national currency.

11.7.3. contain CPRM as beneficiary.

11.7.4. be duly signed by the managers of the financial institution; and

11.7.5. provide for the waiver of the order benefit.

11.8. Bank bails must be contracted from financial institutions whose risk classification is in the "Investment grade" category in, at least, one of the following agencies: Fitch, Standard & Poor's, or Moody's.

11.9. The validity of the tender guarantee submitted will be, at least, 1 (one) year counted from the date of the public session.

11.9.1. In case the contract is not signed by the date provided for in this notice, the bidder must renew the guarantee, so it fulfills this requirement.

11.10. Each proposal deemed valid by the CEL will be associated with a tender guarantee.

11.11. The guarantee of valid bid submitted by a classified bidder will remain retained in CPRM until its exoneration under the terms of item 11.12.

11.12. The tender guarantee will be exonerated in the following conditions:

11.12.1. for all bidders, in case of revocation or cancellation of the tender, within fifteen (15) days after the publication of the act in the DOU;

11.12.2. for guarantees that are not associated with the valid offer, within fifteen (15) days after the public session;



11.12.3. for all bidders that presented a valid offer, within 15 (fifteen) days after the signing of the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice).

11.13. The tender guarantee may be executed in the following hypotheses:

11.13.1. against the winning bidder that ceases to constitute a Specific Purpose Company (SPE) within the time limit established in item 10.4 of this tender notice;

11.13.2. against the winning bidder that does not make the payment of the first installment of the Signature Bonus until the deadline for signing the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice), as per item 10.5 of this notice;

11.13.3. against the winning bidder that refuses to sign the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice) until the deadline referred to in item 10.5 of this notice;

11.13.4. against the winning bidder that does not maintain the qualification conditions until the signing of the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice); and

11.13.5. against the winning bidder that, after the closure of the public session, is disqualified due to the hypotheses described on items 14.1.1, 14.1.2, 14.1.3, 14.1.4. and 14.1.5.

11.14. The tender guarantee will equally be executed against the remaining bidder that expresses interest in honoring the bid presented by the winning bidder, but which incurs the same hypotheses described on subitems 11.13.1, 11.13.2, 11.13.3, 11.13.4 and 11.13.5.

11.15. In case of execution of the guarantee, the bidder will not be exempt from any application of the penalties provided for in item 15 of this notice and in the applicable legislation.

## **12. DOCUMENTS SUBMITTED BY THE BIDDERS**

- 12.1. The documents produced by the interested party must be written in Portuguese, without mends, erasures, smuts or additions and segments erased with any corrective method and identified by title on its first page.
  - 12.1.1. All documents produced by the interested party, with the exception of procurations, must be dated and signed by the accredited representative, on the last sheet, with legible name of the signatory.
  - 12.1.2. The procurations must be dated and signed by the legal representative(s) of the bidder with powers to do so.
- 12.2. All sheets of documents of Envelopes No. 01 and 02 must be initialed by the accredited representative and numbered sequentially, from the first to the last, in order to reflect their exact number.
  - 12.2.1. The eventual lack or duplicity of numbering, lack of initials in the sheets, lack of date or signature in the declarations prepared by the bidder may be supplied by the accredited representative in the public session.
- 12.3. All documents must be submitted to the CEL in accordance with the provisions of Law No. 13,726, of October 8, 2018.
- 12.4. The documents originated by electronic means will be accepted, provided that with the respective indication of the electronic address, to prove the information contained therein.
- 12.5. If the validity period is not expressed in the document, that issued with date of up to 90 (ninety) calendar days prior to the delivery of the qualification documentation will be accepted.
- 12.6. Simple omissions or merely formal irregularities (e.g. typographical errors, verbal concordance, etc.) in the documentation presented will not be considered reasons for disqualification or declassification, provided that they are irrelevant and do not compromise the tender or the

understanding of the documentation.

12.7. The CEL is provided the right to, at any stage of the tender, promote or determine examination aimed at clarifying or complementing the instruction of the proceeding, including the requirement to submit additional information or documents.

12.8. No documentation submitted will be returned, with the exception of the exonerated tender guarantees, in accordance with the conditions established in this notice.

### **Documents issued abroad**

12.9. Documents issued abroad, in order to have effect in Brazil, should be notarized and legalized by the Embassy or Consulate of Brazil that has jurisdiction over the locality in which the documents were issued, and duly registered in the Deeds and Documents Registry Notary's Office (RTD), in the form of art. 129, item 6, of Law No. 6,015, of December 31, 1973.

12.9.1. Documents written in foreign language must be translated into Portuguese by sworn translator and the translation, which must be made mandatorily in Brazil, must be registered in the RTD, in accordance with art. 148 of Law no. 6,015, of 1973.

12.9.2. In case Brazil has a cooperation agreement with other countries or is signatory party to a treaty with provision for the exemption of legalization of some or all documents provided for herein, the interested party may request it, substantiating the request with the applicable legislation.

### **13. DISCLOSURE OF INFORMATION AND CONFIDENTIALITY ON THE PART OF CPRM**

13.1. Documents referring to the tender are public, with the exception of those classified as confidential, in accordance with applicable law. Access to documents containing personal information and information relating to business activity whose disclosure may represent a competitive advantage for other economic agents is prohibited.

13.1.1. The interested party that has any objection to the publicity of the information must manifest through a reasoned request to CPRM, which will decide on the acceptance.

## **14. DISQUALIFICATION**

14.1. Disqualification will be applied to bidders that:

14.1.1. withdraw from the tender or withdraw the bid.

14.1.2. frustrate or defraud, by fix, collusion or any other expedient, the competitive character of the bidding procedure.

14.1.3. commit, in the context of this tender, an act demonstrating willful misconduct or bad faith;

14.1.4. prevent, disturb or defraud the conduct of any act of the bidding procedure; or

14.1.5. include more than one PRICE OFFER PROPOSAL bid in the same envelope.

14.2. The nonfulfillment of non-essential formal requirements will not matter in the disqualification of the bidder, provided that it is possible to measure its qualification and the exact understanding of its bid.

## **15. ADMINISTRATIVE PENALTIES**

15.1. Without prejudice to the declassification or disqualification of the bidder in the hypotheses provided for in this tender notice and the execution of the

tender guarantee, in case of breach of the obligations established in this instrument or in applicable legal provisions, the bidder, through administrative process in which the adversarial principle and defense are assured, will be subject to the following penalties:

15.1.1. notice.

15.1.2. fine of up to 10% (ten per cent) of the signature bonus value:

15.1.2.1. to the winning bidder that does not maintain the qualification conditions until the signing of the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice);

15.1.2.2. to the winning bidder that, after convened, does not constitute the SPE within the time limit established in item 10.4 of this tender notice;

15.1.2.3. to the winning bidder that does not make the payment of the first installment of the Signature Bonus until the deadline for signing the Contract of Pledge of Assignment of Mining Rights (Annex I of this notice), as per item 10.5 of this tender notice; or

15.1.2.4. to the winning bidder that fails to conclude The Contract of Pledge of Assignment of Mining Rights (annex I of this notice) until the deadline referred to in item 10.5 of this tender notice.

15.1.3. Temporary suspension of participation in tender and impediment to contract for the Public Administration, for a period not exceeding 2 (two) years, without prejudice to other penalties, in case the offending bidder:

15.1.3.1. practices acts that lead to delay in the execution of the object of this tender;

15.1.3.2. practices willful misconduct against the objectives of this

tender;

15.1.3.3. submits formally or materially false documentation;

15.1.3.4. practices, during this tender, a harmful act against the National or Foreign Public Administration provided for in Law No. 12,846/2013; or

15.1.3.5. practices dishonest behavior during the tender.

15.2. The fine will be imposed on the remaining bidder that expresses interest in honoring the bid presented by the winning bidder, but incur the same offences described on subitems 15.1.3.1, 15.1.3.2, 15.1.3.3, 15.1.3.4 and 15.1.3.5.

15.3. In case of a consortium, the penalty will be applied to all members of the consortium, except in the case of a fine, whose value will be proportional to the participation of the members in the consortium.

15.3.1. When the other consortium members assume the responsibilities of the disqualified or withdrawn consortium member, the fine will be applied only to this member in the proportion of its participation.

## **16. FINAL PROVISIONS**

16.1. In the counting of the time limit established in this tender notice, the day of start is excluded, and the day of end is included.

16.2. The time limit established in this tender notice is initiated and expires exclusively on a working day, with business hours in the CPRM framework.

16.3. The simple submission of documentation does not involve any commitment of contraction by CPRM, resulting, however, for the bidder, in unrestricted and irrevocable acceptance of the conditions and terms of this notice and its annexes.

- 16.4. In case of the occurrence of events supervening to the publication of the tender notice, which may interfere with the progress of the process or influence the formulation of the bid, one of the following measures may be adopted:
- 16.4.1. amendment or suspension of the tender.
  - 16.4.2. revocation or annulment of this tender notice, or, also, its modification, in whole or in part; or
  - 16.4.3. change in the conditions of the bidding process, with its disclosure or the re-publication of this tender notice, and, if necessary, the establishment of a new date for the conduct of the tender.
- 16.5. Bidders are liable for the fidelity and legitimacy of the information and documents submitted at any stage of the tender. The falsehood of any document submitted or the untruthfulness of the information contained therein will imply immediate disqualification of the bidder that submitted it, or, in case it was the winner, termination of the contract, without prejudice to the other applicable penalties.
- 16.6. The rules governing this tender will always be interpreted in favor of promoting the bids between the interested parties, provided that they do not compromise the interest of CPRM, the purpose and the security of the tender.
- 16.7. Any changes in this tender notice or in the dates set for the conduct of the public sessions will be disclosed through the website: <http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>.
- 16.8. In all cases, bidders or third parties are assured due legal process, defense and adversarial principle.
- 16.9. The times established in this tender notice, in the notification and during the public session will observe, for all purposes, the time of Brasília/DF.

- 16.10. This tender does not necessarily result in contraction, and CPRM may revoke it, in whole or in part, for reasons of public interest, derived from a proven supervening fact, or null it for illegality, ex officio or at request, through written substantiated act, publicized to bidders. CPRM may also extend, at any time, the deadlines for receiving bids or for opening this stage.
- 16.11. The CEL or the CPRM CEO are provided the right to, at any tender stage, promote examination to clarify or supplementing the process instruction.
- 16.12. Bidders convened to provide any further clarifications must do so within the time limit determined by the CEL, subject to penalty of declassification or disqualification, as per the case.
- 16.13. The work of the CEL will be registered in proceedings, recording the occurrences and eventual manifestations of the bidders, being signed by the members of the CEL and the accredited representatives, and the attendance list will be annexed to the Public Session Proceedings.



**ANNEX I – CONTRACT OF MINING RIGHTS ASSIGNMENT PLEDGE**

**FEDERATIVE REPUBLIC OF BRAZIL**

**MINISTRY OF MINES AND ENERGY**



**CONTRACT OF MINING RIGHTS ASSIGNMENT PLEDGE**

**«NOME\_SIGEP»**

**NO. «NUMERO\_CONTRATO»**

**CONCLUDED BETWEEN**

**MINERAL RESOURCE RESEARCH COMPANY – CPRM**

**AND**

**«SIGNATARIA\_01\_OPERADORA»**

**BRAZIL**



**DRAFT CONTRACT OF PLEDGE OF  
ASSIGNMENT OF MINING RIGHTS, WHICH  
IS MADE BETWEEN THE MINERAL  
RESOURCE RESEARCH COMPANY –  
CPRM and (\*).**

The **MINERAL RESOURCE RESEARCH COMPANY - CPRM**, a public company associated with the Ministry of Mines and Energy, with the attributions of the Geological Service of Brazil, headquartered at the Setor Bancário Norte – SBN Quadra 02, Bloco H, Edifício Central Brasília, CEP 70040-904, Brasília, DF, Brasília, DF, registered in the CNPJ/MF under the No. (\*), in this act represented, in the form of its Social Statute, by its CEO, (\*), hereinafter simply designated as **CPRM**, and the (\*), headquartered at (\*), registered in CNPJ/MF under No. (\*), in this act represented by party registered in CNPJ/MF under No. (\*), holder of identity card No. (\*), issued by (\*), and registered in CPF/MF under No. (\*), hereinafter designated simply as **PROMISOR ASSIGNEE**, each of these parties also individually designated as "Party" and jointly as "Parties", with the intervenience of (\*), headquartered in (\*), registered in CNPJ/MF under No. (\*), in this act represented by the party registered in CNPJ/MF under No. (\*), holder of Identity Card No. (\*), issued by (\*), and registered in CPF/MF under No. (\*), hereinafter designated simply as **INTERVENER**;

**CONSIDERING**

- that, pursuant to Law no. 8,970 of December 28, 1994, CPRM is liable for conducting mineral research, as defined by law, not applying, in this case, the provisions of arts. 31 and 32 of Decree-Law no. 227, of February 28, 1967 - Mining Code.
- that, pursuant to art. 5th, § 2nd, of Law no. 8,970, of 1994, once the research report submitted by CPRM is approved, it is hereby authorized to negotiate the assignment of the rights corresponding to the concession of working rights for commercial exploitation of the researched deposits;
- that CPRM is the only and legitimate owner of the mining rights that are object of the 1st 2020 CPRM/MME MINING ASSETS TENDER (hereinafter simply designated as "Tender");
- that the INTERVENER was declared winner of the Tender, having been adjudicated the object and homologated its result;



- that the INTERVENER made the payment to CPRM of the first installment of the Signature Bonus, as required by the Tender Notice (hereinafter designated simply as "Notice");
- that all steps provided for in the notice were fulfilled satisfactorily, with the PROMISOR ASSIGNEE, as a subsidiary of the INTERVENER, being entitled to the conclusion of this particular instrument;

Therefore, by this Contract of Pledge of Assignment of Mining Rights (hereinafter simply designated as "Contract"), the parties have fair and agreed, among themselves and their successors, that which follows:

### **CLAUSE 1st – DEFINITIONS**

1.1. The definitions contained in the Tender Notice are incorporated into this Contract and will, therefore, be effective for all its purposes and effects, whenever used in singular or plural, male or female form.

### **CLAUSE 2nd – OBJECT**

2.1. This Contract has as its object the pledge of assignment and possible transfer of the mining rights described below (hereinafter referred to simply as "Mining Rights"):

Asset	Mining processes	Total area
Fosfato de Miriri (PE-PB)	840.302/1979	6.112,18 ha
	840.303/1979	
	840.304/1979	
	840.305/1979	
	840.306/1979	
	840.307/1979	
	840.446/1980	

### **CLAUSE 3rd – PRELIMINARY TECHNICAL AUDIT**

- 3.1. The PROMISOR ASSIGNEE may perform preliminary technical auditing with the objective of validating and comparing the data and the results contained in the final report of the research work submitted by CPRM and approved by the extinct DNPM.
- 3.2. CPRM undertakes to grant access to the probing records and other geological materials already existing on the date of signature of this Contract, in order to enable the PROMISOR ASSIGNEE to promote physicochemical analyses that they deem necessary.
- 3.3. The preliminary technical audit must be completed in no more than 6 (six) months from the date of signature of this Contract.
  - 3.3.1. The preliminary technical audit phase will end with the submission of the report referred to in Subclause 3.4 or with the end of the time limit of 6 (six) months, whichever occurs first.
- 3.4. The work conducted and the results obtained during the preliminary technical audit must use internationally recognized *Quality Assurance/Quality Control methods* (QAQC) and will be object of a report, prepared in accordance with the best international practices and recommendations in force (e.g. JORC, 2012; CIM, 2011, SAMREC, etc.) and subscribed by a "Qualified Professional" registered in the Brazilian Commission for Resources and Reserves ("CBRR") or a "Recognized Professional Organization - OPR."
  - 3.4.1. During the preliminary technical audit period, the PROMISOR ASSIGNEE must submit to CPRM a copy of the report referred to in Subclause 3.4 of this Contract, together with all physical, analog and digital data generated during the work, including, but not limited to probing records, geochemical sample pulps, rock samples, geophysical, geochemical, geological, environmental, social and any other data that have been generated during this work, including technical reports, georeferenced and properly organized into databases.
- 3.5. The PROMISOR ASSIGNEE may, through notification to CPRM during the time period for conducting the preliminary technical audit, opt for the termination of this Contract, without any additional financial burden or charge, being exempted from payment of the other due installments of the Signature Bonus.
  - 3.5.1. In case the PROMISOR ASSIGNEE does not exercise the termination option referred to in Subclause 3.5, the first phase of the Supplementary Research will be initiated on the day immediately following the report submission day referred to in Subclause 3.4.1 or at the end of the time period for conduct of the preliminary technical audit, as registered in the Supplementary Research Phase Initiation

Term (Annex I-A), pursuant to Subclauses 4.3.1 and 4.4.

- 3.5.2. The first installment of the Signature Bonus will not, under any circumstance, be returned to the PROMISOR ASSIGNEE, even if it chooses to terminate this Contract during the time period for conduct of the preliminary technical audit.
- 3.6. The PROMISOR ASSIGNEE or the INTERVENER will not be entitled to any payment, reimbursement, restitution, refund or indemnity in case the data and the results contained in the final report of the research work submitted by CPRM and approved by the extinct DNPM are not validated by the preliminary technical audit.

#### **CLAUSE 4th – SUPPLEMENTARY RESEARCH**

- 4.1. Except in the event of termination of this Contract during the time period for conduct of the preliminary technical audit, the PROMISOR ASSIGNEE undertakes to conduct, at its expense, the activities provided for in the Supplementary Research Plan (Annex I-B of the this Notice), which is incorporated into this Contract.
- 4.2. The Supplementary Research must be conducted in compliance with the provisions of the applicable mineral and environmental legislation and under the responsibility of the PROMISOR ASSIGNEE.
- 4.3. The Complementary Research will be carried out in a SINGLE PHASE, without suspensions or interruptions, except those provided for in this Contract or in the Public Notice.
- 4.3.1. The Complementary Research begins with the end of the preliminary technical audit phase, in accordance with Sub-Clause 3.3.1 or, in case of waiver of the right to carry out the preliminary technical audit, with the signing of this contract, and ends with a signature of the Mining Rights Assignment Instrument (Annex IC of the Notice) referring to Sub-Clause 5.1 of this contract, or with a validity period for the complementary research request applied by ANM, or for the first time.
- 4.4. The start of the first phase of the Supplementary Research is conditional on the provision of the contractual execution guarantee related to said phase.
- 4.4.1. Non-submission of the contractual execution guarantee in the course of the preliminary technical audit precludes the initiation of the first phase of the Supplementary Research and may result in the unilateral termination of this Contract by CPRM, without prejudice to the application of the applicable contractual penalties and

reimbursement for possibly caused damage.

4.4.2. In the event of waiver of the right to conduct preliminary technical audit, the contractual execution guarantee related to the first phase of the Supplementary Research must have been submitted by the date of signature of this Contract.

### **Minimum investment program**

4.5. The ASSIGNEE PROMISENT shall execute the minimum investment program, comprising:

4.5.1. the performance of (i) hydrogeological study, (ii) geotechnical study, (iii) geometallurgical study / mineral processing and (iv) preliminary environmental impact assessment, according to requirements established in the Complementary Research Plan (Annex IB of the Public Notice), with the objective of defining fundamental parameters for selection / definition of the best mining method and ore processing and for the elaboration of the optimized and operational pit design, safe and economically viable.

4.5.2. conducting geological survey with testimony recovery, totaling at least 1,000 (thousand) meters of survey, according to guidelines and requirements described in the Complementary Research Plan (Annex I-B of the Public Notice).

4.6. The ASSIGNEE PROMISENT shall execute the minimum investment program, comprising a rotary survey corresponding to at least 11.280 (eleven thousand, two hundred and eighty) meters of survey, according to location and depth data contained in the Complementary Research Plan (Attachment Public Notice IB).

4.7.4.6. The drilling activities carried out during the preliminary technical audit that do not fit as twin holes and that have followed the guidelines of the Complementary Research Plan (Annex IB to the Notice) may be, at the discretion of the ASSIGNED PROMISENT, considered in the - stabilization of the survey footage provided for in the minimum investment program.

4.7.1. For the purposes of Sub-Clause 4.6, a twin hole is defined as the drilling work carried out in parallel with the drilling already carried out by CPRM, respecting a distance of, at most, 1.5 meters between the mouths of the holes, for the purpose of verifying information and geological data provided by CPRM.

4.8. The PROMISOR ASSIGNEE undertakes to continue the work of Supplementary Research, being obliged to not fail to invest for a period longer than 6 (six) continuous months, except for just cause.

## **Amendment to the Supplementary Research Plan**

- 4.9. In the event that the assumptions assumed in the preparation of the Supplementary Research Plan are not technically confirmed in the course of the research work, the PROMISOR ASSIGNEE must propose to CPRM amendment to the Supplementary Research Plan with technical justification, including adjustment of the minimum investment program, if applicable.
- 4.9.1. The PROMISOR ASSIGNEE may continue the supplementary research consistently with the suggested changes until CPRM replies to the proposal.
- 4.9.2. CPRM must examine the proposal for amendment to the Supplementary Research Plan up to 60 (sixty) days from its receipt.
- 4.9.3. The Supplementary Research Plan amendment proposal can only be rejected by a joint decision of the CPRM Executive Board, based on technical arguments.
- 4.9.4. In case the proposal is rejected by CPRM, the PROMISOR ASSIGNEE must re-establish its activities in accordance with the original Supplementary Research Plan.
- 4.10. The PROMISOR ASSIGNEE may execute exploratory activities in addition to those in the Supplementary Research Plan, provided that it submits to CPRM the additional work program prior to the initiation of its execution, not applying, in this hypothesis, Subclause 4.8.

## **Supplementary Research Shutdown Option**

- 4.11. The PROMISOR ASSIGNEE may, through notification to CPRM and at any time, opt for early shutdown of the Supplementary Research.
- 4.12. If it chooses to terminate the Complementary Survey early, the ASSIGNEE PROMISENT must pay to CPRM, as indemnity and within 10 (ten) days from the receipt of the termination notification, the amount corresponding to the minimum length of survey not performed for the Complementary Survey in progress, adopting, as a reference value, R \$ 750.00 (seventy five hundred reais) per meter of drilling not carried out.
- 4.13. The payment of indemnity for early shutdown of the Supplementary Research referred to in Subclause 4.11 exempts the PROMISOR ASSIGNEE

from paying the due installments of the Signature Bonus.

4.14. The PROMISOR ASSIGNEE must forward to CPRM, without burden for this and within up to 60 (sixty) days counted from the receipt of the shutdown notification, the following data and documents:

4.14.1. report of the Complementary Research work already carried out , in accordance with section V of article 22 of Decree-Law No. 227/1967 - Mining Code and correlate legislation, according to best practices and current recommendations (e.g. JORC, 2012; CIM, 2011, SAMREC, etc.), subscribed by a "Qualified Professional" registered in the CBRR or of a "Recognized Professional Organization - OPR" and legally qualified; and

4.14.2. all physical, analog and digital data generated during the mineral research, including, but not limited to, drilling cores, geochemical sample pulps, rock samples, geophysical, geochemical, geological, environmental, social data and any other data that have been generated during the term of the Contract, including technical reports, georeferenced and duly organized into databases.

4.15. CPRM will inform the PROMISOR ASSIGNEE, within 15 (fifteen) days of receipt of the shutdown notification, the schedule and the address for the delivery of the materials described on subclause 4.13.2.

### **Completion of the Supplementary Research**

4.16. The PROMISOR ASSIGNEE must submit to CPRM, up to 90 days before the end of the final term of the authorizations for Supplementary Research issued by the ANM, report of the work carried out, prepared in accordance with section V of article 22 of the Mining Code ( Decree-Law No. 227/1967) and applicable legislation, as well as in accordance with the best practices and current recommendations (e.g. JORC, 2012; CIM, 2011, SAMREC, etc.), subscribed by a "qualified professional" registered in the CBRR or a "Recognized Professional Organization - OPR" and legally qualified.

4.17. CPRM will endorse the report that technically and economically demonstrates the presence of sufficient elements to prove the viability or unviability of the project.

4.17.1. In the event that the research is insufficient to prove the viability or in viability of the project or in the event that, even after the CPRM requirement, the report maintains failures of preparation, CPRM will not endorse the report, and may require the extension of the Supplementary Research to the ANM or consider the contract immediately terminated, with CPRM being liable, in the latter case, for



initiating a new negotiation of the Mining Rights, without prejudice to the application of the applicable contractual penalty and reparation for the damage caused.

- 4.17.2. The Supplementary Research report can only be rejected by a joint decision of the CPRM Executive Board, based on technical arguments.
- 4.18. CPRM must inform the PROMISOR ASSIGNEE of its decision about the report of work carried out within 30 (thirty) days counted from the submission.
- 4.18.1. In the event that CPRM does not reply within the established period, the report will be deemed to have been tacitly endorsed.
- 4.19. The PROMISOR ASSIGNEE or the INTERVENER will not be entitled to any payment, reimbursement, restitution, refund or indemnity in the event of exploratory failure or lack of economic viability of any discoveries in the area of the Mining Rights.

### **Extension of Complementary Research**

- 4.20. In the event that it is not possible to conclude the Supplementary Research for reasons not attributable to the PROMISOR ASSIGNEE, it must submit to CPRM, within up to 90 days before the final term of the period for authorizations for Supplementary Research issued by the ANM, justification for extension of the period for the Supplementary Research, with report of the works already carried out, prepared in accordance with section III of art. 22 of the Mining Code and in accordance with the best practices and recommendations in force (e.g. JORC, 2012; CIM, 2011, SAMREC, etc), subscribed by a "Qualified Professional" registered in the Brazilian Commission for Resources and Reserves (CBRR) or a "Recognized Professional Organization - OPR" and legally qualified.
- 4.21. Complying fully with the provisions of Subclause 4.19 of this Contract, CPRM undertakes to request the ANM in a timely manner to extend the term of the Supplementary Research, as well as to make its best efforts to obtain the approval of the request, including by filing administrative appeals and taking judicial measures that are appropriate to obtain such extension.
- 4.21.1. CPRM can only refuse to submit to the ANM a request to extend the term of the Supplementary Research by joint decision of the CPRM Executive Board, based on technical arguments.
- 4.22. In the event of extension of the term of the Supplementary Research, the PROMISOR ASSIGNEE must submit to CPRM, within up to 90 (ninety) days

before the end of the extension, the report of work carried out, observing, as fit, the provisions of Subclauses 4.15, 4.16, 4.17 and 4.18.

## **CLAUSE 5th – ASSIGNMENT AND TRANSFER OF MINING RIGHTS**

5.1. CPRM will establish, after prior consultation to the PROMISOR ASSIGNEE, date, time and location for signature of the Mining Rights Assignment Instrument (Annex I-C of the Notice), provided that the following conditions are met:

5.1.1. the Supplementary Research report has been endorsed by CPRM;

5.1.2. the second installment of the Signature Bonus has been paid;

5.1.3. the contractual execution guarantee has been updated, in accordance with Subclause 14.4; and

5.1.4. The PROMISOR ASSIGNEE has fully complied with the terms and conditions provided for in this Contract and in the notice, as well as in the applicable law.

5.2. The PROMISOR ASSIGNEE must submit the Mining Rights Assignment Instrument to the ANM for the purposes of prior consent and registration within 30 (thirty) days counted from the date of its signature, subject to penalty of application of fine.

5.2.1. In case the time limit provided for in Subclause 5.2 is not met, CPRM may request the ANM in isolation the prior consent and endorsement of the assignment.

5.3. Simultaneously to the conclusion of the Mining Rights Assignment Instrument, the following procurations will be granted:

5.3.1. CPRM will grant to the PROMISOR ASSIGNEE a procurement (Annex I-D of this Contract) to represent it in relation to the ANM, as well as in relation to third parties, for the sole purpose of promoting the assignment of the mining rights in its favor; and

5.3.2. The PROMISOR ASSIGNEE will grant CPRM a procurement (Annex I-E of this Contract) to represent it in relation to the ANM, as well as in relation to third parties, for the sole purpose of monitoring the Mining Rights, including the collection of the Financial Compensation for the Exploitation of Mineral Resources – CFEM, promoting the assignment of the Mining Rights in favor of the PROMISOR ASSIGNEE and adopting the urgent measures necessary for maintenance of the Mining Rights in a valid and

effective manner, with such fact representing no attenuation of the responsibility of the PROMISOR ASSIGNEE as to the maintenance of the Mining Rights.

5.4. Until registration of transfer of the Mining Rights, CPRM will remain liable for complying with all applicable legal obligations in order to maintain the good and valid ownership of the Mining Rights, free and cleared of any onuses, including, but not limited to, the full compliance with the Mining Code and the requirements and deadlines set by the ANM, as well as with the timely submission of reports, and the PROMISOR ASSIGNEE is liable for reimbursing to CPRM all values that may be expended for the maintenance of the Mining Rights, corrected by IPCA-E, or another index that may replace it, without prejudice to applicable contractual penalties, and losses and damages.

5.5. The PROMISOR ASSIGNEE must request the mining concessions within a maximum period of 180 (one hundred eighty) days counted from the registration of the assignment and transfer of the Mining Rights, in accordance with § 3of art. 5 of Law no. 8,970, of 1994.

5.5.1. After the deadline referred to in Subclause 5.5, without requiring the mining concessions or failing to comply with the legal requirements for granting concessions, the right of the PROMISOR ASSIGNEE will lapse, and CPRM must carry out a new negotiation of the Mining Rights, without prejudice to the application of the applicable contractual penalties and reparations for the damage caused.

5.6. The Economic Exploitation Plan – PAE, which will instruct the request for concession of the mining rights, must be prepared in accordance with the mining legislation and in accordance with the best practices and recommendations in force (e.g. JORC, 2012; CIM, 2011, SAMREC, etc) and subscribed by "Qualified Professional" registered in the CBRR or a "recognized professional organization - OPR" and legally qualified.

5.7. The PAE must be endorsed by CPRM prior to its submission to the ANM.

5.7.1. CPRM must inform the PROMISOR ASSIGNEE of its decision on the PAE within 30 (thirty) days counted from its submission.

5.7.2. In the event that CPRM does not reply within the established period, the report will be deemed to have been tacitly endorsed.

5.7.3. The PAE can only be rejected by a joint decision of the CPRM Executive Board, based on technical arguments.

## **CLAUSE 6th - PRODUCTION**



- 6.1. The PROMISOR ASSIGNEE must initiate the mining activities, as provided for in the PAE, in up to 2 (two) years from the date of registration of the transfer of the Mining Rights, provided that the first concession of the mining rights has been published in DOU at least six months prior.
- 6.1.1. CPRM may extend the period of 2 (two) years referred to in Subclause 6.1 through justification submitted by the PROMISOR ASSIGNEE.
- 6.1.2. Failure to comply with the duty established in Sub-Clause 6.1 will imply the advance payment to CPRM, every three months, of Royalty in the minimum amount of R \$ 50,000.00 (fifty thousand reais) until the start of mining operations.
- 6.1.3. The minimum amount referred to in Sub-Clause 6.1.2 will be corrected by the IPCA-E or index that will replace it, in case of extinction of the first, from the signing of this Agreement until the effective payment of the amount due.
- 6.1.4. The provisions of Sub-Clause 7.3, 7.4 and 7.5 apply to the anticipation of the minimum Royalty, as applicable.
- 6.1.5. The amounts anticipated as a minimum royalty may be offset in future royalty payments over two years from the start of mining operations, adjusted by the IPCA-E or index that will replace it, in the event of the extinction of the first.
- 6.1.6. If the mining is not started after 5 (five) years after the registration of the transfer of Mining Rights and since the first mining concession has been published in the DOU at least 6 (six) months ago, CPRM may unilaterally terminate this Contract, in the terms of Sub-Clause 16.4.8.
- 6.2. The PROMISOR ASSIGNEE must always make the operational decisions in the production phase with caution and taking into account the interests of CPRM, and prior consent of CPRM will be necessary in the following situations:
- 6.2.1. reduction of monthly production to a level equal to or less than 50% (fifty per cent) of that provided for in the PAE; or
- 6.2.2. suspension of production for a period exceeding three consecutive months or five alternate months.
- 6.3. CPRM will have the period of 90 (ninety) days counted from the notification receipt date to inform about the granting of prior consent referred to in Subclause 5.2, and silence must be interpreted as tacit consent.
- 6.4. The prior consent referred to in Subclause 6.2 may only be denied by a joint decision of the CPRM Executive Board, based on technical arguments.



## CLAUSE 7th – PRICE

### Signature bonus

7.1. The PROMISOR ASSIGNEE will pay to CPRM Signature Bonus, in the value of R\$ [•], to be collected in three installments.

7.1.1. CPRM recognizes the payment and gives full discharge as to the first installment of the Signature Bonus, in the value of R\$ [•], corresponding to 50% (fifty per cent) of the total value of the Signature Bonus.

7.1.2. The second installment of the Signature Bonus, corresponding to 50% (fifty per cent) of the total value of the Signature Bonus, must be paid to CPRM prior to the end of the Supplementary Research, subject to penalty of preclusion of definitive assignment of the Mining Right for as long as the default persists.

7.2. The installments of the Signature Bonus must be updated by the IPCA-E, or index that replaces it, in the case of extinction of the first, from the homologation of the Tender until the actual payment of the owed installment.

### Discovery Bonus

7.3. THE ASSIGNEE PROMISENT will pay CPRM Discovery Bonus, in the amount of R \$ 2,631,000.00 (two million, six hundred and thirty-one thousand reais), to be paid in a single installment within 10 (ten) days after filing the mining requirement.

7.3.1. The ASSIGNED PROMISER will be exempted from the payment of the Discovery Bonus if the final report of the complementary research or the PAE, endorsed by CPRM, demonstrates, with sufficient technical elements, that the project is not economically viable for the production of phosphate concentrate with a at least 32%, but it is economically feasible in a simplified format, for the purposes of agromineral production, such as simple fertilizers, remineralizers or soil amendments, as defined and disciplined by the Ministry of Agriculture, Livestock and Supply (Normative Instructions n ° 39/2018, 05/2016 and 35/2006, respectively).

7.3.2. In the hypothesis described in Sub-Clause 7.3.1, the ASSIGNEE PROMISENT, if the market conditions and other relevant factors change in order to make economically viable the production of phosphate concentrate with a content of at least 32%, the ASSIGNEE PROMISENT shall make the payment of the Discovery Bonus, regardless of the phase of the project, as a precondition for the protolization of the new Economic Use Plan at ANM.

7.4. The Discovery Bonus must be updated by the IPCA-E, or index that will replace it, in the event of extinction of the first, from the approval of this bidding until the effective payment of the amount due.

## **Royalty**

7.5. The ASSIGNEE PROMISENT will pay quarterly to CPRM, in current Brazilian currency, Royalty calculated at the rate of 1% (one percent), to be calculated as follows:

7.5.1. In the event of sale, on the gross revenue value of the sale, and no deduction of cost or expense is admitted on the basis of calculation, even if incurred or assumed by the PROMISOR ASSIGNEE, such as costs of marketing, taxes, Financial Compensation for the Exploitation of Mineral Resources – CFEM, indemnities, among other expenses; or

7.5.2. In the case of consumption and export, on gross revenue calculated in the same way as provided for, respectively, in sections II and III of art. 2nd of Law No. 7,990, of December 28, 1989, and other legal and regulatory provisions applicable to the calculation due to the CFEM.

7.6. The Royalty must be paid to CPRM until the following dates:

7.6.1. in relation to the generating facts occurring in the months of January, February and March of each year, until the last working day of April of the same year.

7.6.2. in relation to the generating facts occurring in April, May and June of each year, until the last working day of July of the same year.

7.6.3. in relation to the generating facts occurring in the months of July, August and September, until the last working day of October of the same year; and

7.6.4. in relation to the generating facts occurring in the months of October, November and December, until the last working day of January of the subsequent year.

7.7. The Royalty will be owed on all mineral products arising from the Mining Rights areas until the definitive shutdown of the operations, and the PROMISOR ASSIGNEE is liable for making available and providing to CPRM all fiscal, accounting and financial documents required for calculating the values owed.

## **Common provisions**

7.8. The installments of the Signature Bonus and the Royalty must be paid to CPRM by collection using the Union's Tax Collection Note, using the Management Unit 495001, Management 29208 and Collection/Revenue Service Code 28808-0.

7.8.1. Any change in the data to be completed in the GRU must be notified by CPRM to the PROMISOR ASSIGNEE in advance of at least 30 (thirty) days prior to the expiration of the payment, subject to penalty of the payments made on the basis of the data described on Subclause 7.6 being considered as regular.

7.9. Delay in payment or lower payment will incur a fine of 5% (five per cent) on the value due, plus interest on arrears of 1% (one per cent) per month, and monetary correction by the IPCA-E/IBGE.

7.10. In the event of a delay in the payment of the Royalty or of the Signature Bonus installment for a period exceeding 90 (ninety) days, CPRM may consider the contract terminated, without falling to the PROMISOR ASSIGNEE claiming reimbursement or indemnity of any kind, and ownership of the Mining Rights must be transferred to CPRM or to a party indicated by CPRM, without prejudice to the application of other applicable contractual penalties;

7.11. There will be no refund of the payment of Royalty or of any installment of the Signature Bonus.

### **Sharing extraordinary earnings**

7.12. The royalty percentage may be subject to annual reviews throughout the entire operation of the mine, according to the methodology described below, if there is an increase in the average sale price of the mineral product in relation to that practiced in the first three months from the beginning of the sale.

7.12.1. After 3 (three) months from the date of the beginning of the sale, the base price will be calculated, thus understood as the average sale price of the mineral product during the first quarter of sale.

7.12.2. The average selling price will correspond to the weighted average of the selling price per tonne traded over the entire quarterly period.

7.12.3. Each year, always on the anniversary date of the beginning of the sale, a new measurement of the average sale price of the mineral product practiced during the three immediately preceding months will be carried out.

7.12.4. The variation between the base price, adjusted by the IPCA-E, or index that will replace it, in the event of the extinction of the first, and the average selling price practiced in the immediately preceding quarter will be applied to the table below for purposes of definition

from the royalty percentage to be levied on sales revenue during the next 12 (twelve) months until a new calculation of the average price.

Variation between the updated base price and the average sales price in the previous quarter	Royalty
Less than or equal to 130%	1%
Greater than 130% and less than or equal to 150%	1,2%
Greater than 150% and less than or equal to 170%	1,3%
Greater than 170% and less than or equal to 200%	1,4%
Greater than 200%	1,5%

7.13. The graph of variation in the royalty percentage due to the increase in the average selling price of the mineral product in relation to the adjusted base price, as adopted in the table above, are presented in Annex VI of the Notice.

#### **CLAUSE 8 th – ASSIGNMENT AND TRANSFER TO THIRD PARTIES**

8.1. The PROMISOR ASSIGNEE may only assign, lease or register, free or onerously, in favor of third parties the rights and obligations arising from this Contract or the Mining Rights by prior and express consent of CPRM, which will depend on the formal assumption, by the third party, of all the rights and obligations provided for in this Contract, especially as to the payment of the Signature Bonus and of the Royalty.

8.1.1. Failure to comply with the provisions in this subclause will result in application of the contractual fine provided for in Subclause 15.1.1.2, without prejudice to execution of the guarantee and recomposition of losses and damages, including lost profits.

8.2. CPRM may assign its rights and obligations arising from this Contract to third parties by simply notifying the PROMISOR ASSIGNEE.

#### **CLAUSE 9th – DECLARATIONS AND GUARANTEES**



9.1. CPRM declares and guarantees to the PROMISOR ASSIGNEE that is true and correct that:

- 9.1.1. it is the only and legitimate owner of the Mining Rights, which have been legally obtained and are kept valid and in a regular situation in accordance with the provisions of the applicable legislation.
- 9.1.2. the Mining Rights are free and cleared of all and any onuses or judicial or extrajudicial liens, royalties, profit sharing agreements, participation agreements, claims or inquiries from third parties, including any public authority, of any nature whatsoever;
- 9.1.3. there are no signed agreements or instruments that may in any way adversely affect the Mining Rights; and
- 9.1.4. it complies with any and all applicable laws, including, without limitation, environmental, labor, social security, tax and mining legislation, and currently there is no complaint filed or submitted on behalf of third parties or governmental authorities against CPRM referring to possible damage to the environment or to non-compliance with any of these laws and regulations with regard to the Mining Rights.

9.2. The PROMISOR ASSIGNEE declares and guarantees to CPRM that, by signing and complying with the terms of this Contract, it is not violating, nor in conflict with any other agreement or settlement, nor constituting a default of any obligation of any nature assumed in relation to third parties.

9.3. The Parties to this act declare and guarantee to each other that:

- 9.3.1. this Contract is signed irrevocably and irreversibly, linking the Parties and their successors to any title.
- 9.3.2. this Contract and its annexes constitute the entire agreement between the Parties and supersede all prior notices, agreements and understandings between the Parties concerning the object of this Contract;
- 9.3.3. this Contract will constitute an extrajudicial executive title, giving the Parties the right to require the specific execution of the obligations established therein, as provided for in article 784 of the Brazilian Code of Civil Procedure (Law No. 13,105 of March 16, 2015);
- 9.3.4. upon request by the other Party, they will take the measures, provide the additional information and documents, and establish the instruments that may be necessary or appropriate for the implementation and execution of the scope and conditions of this Contract, including with regard to the conclusion of the Mineral Rights Assignment Instrument (Annex I-C of the Notice) and the grant of the procurements referred to in Subclauses 5.3.1 and 5.3.2;

- 9.3.5. they are aware of all implications contained in this Contract, as well as of the rights, obligations and liabilities arising from it; and
- 9.3.6. they have obtained all approvals and authorizations to establish this Contract, so that the respective signatories are duly and legally qualified to conclude the legal business provided for herein.

## **CLAUSE 10th – OBLIGATIONS, LIABILITIES AND PREROGATIVES**

### **Obligations of the PROMISOR ASSIGNEE**

- 10.1. The obligations and liabilities of the PROMISOR ASSIGNEE, in addition to those described on other clauses of this Contract, are:
- 10.1.1. faithfully comply with the Contract, fully observing all the deadlines, steps and rules established therein and in its annexes;
- 10.1.2. act in accordance with Brazilian laws , including, but not limited to , the mining and environmental legislation, notably Resolution No. 4 of February 15, 2020, of the National Mining Agency – ANM, Resolution No. 001, of January 23, 1986, of the National Council of the Environment – CONAMA, and State Resolutions of the State Council of the Environment of Pernambuco (SEMAS - PE) and Paraíba (SUDEMA);
- 10.1.3. timely and satisfactorily fulfill the requirements formulated by the ANM, by the environmental organ responsible for environmental licensing and by other competent public bodies and entities;
- 10.1.4. pay the CFEM, as per current legislation, as well as all other financial burdens owed to the Public Power because of the execution of the Contract;
- 10.1.5. timely and satisfactorily fulfill all obligations as holder of Mining Rights provided for in the applicable law, including, but not limited to, those established in the Mining Code, Decree No. 9,406, of June 12, 2018, and in Law No. 12,334 of September 20, 2010;
- 10.1.6. take all measures and practice all acts necessary to maintain the validity and effectiveness of the Mining Rights, in strict compliance with the applicable law;

- 10.1.7. immediately inform CPRM about any default, occurred or potential, any notification received from the ANM that is related to or that may somehow affect the Mining Rights, or any relevant questioning, claim or occurrence in relation to the Mining Rights or that may, somehow, negatively impact the execution of the activities provided for in this Contract;
- 10.1.8. obtain and act in strict accordance with the consents, authorizations, permits, concessions or licenses required by the federal, state and municipal legislations for the exercise of the activities provided for in the Contract;
- 10.1.9. maintain, in compliance with the obligations assumed by it, all the qualification conditions required in the Tender;
- 10.1.10. carry out the Supplementary Research, timely fulfilling any and all requirements formulated by CPRM regarding compliance with the obligations of this Contract;
- 10.1.11. make available, in a space organized in the project area, the drilling cores of the probe carried out, according to the best practices of the market;
- 10.1.12. directly provide, purchase, rent, lease, hire, or otherwise obtain, on its own expense and risk, all assets, movable and immovable, including facilities, buildings, systems, equipment, machinery, materials and supplies, that are necessary for execution of the activities provided for in this Contract;
- 10.1.13. conduct, under its technical, managerial and financial responsibility, all the work for preliminary technical audit, Supplementary Research and implementation and operation of mines and processing units;
- 10.1.14. conduct the work of Supplementary Research, being liable for not failing to invest for a period longer than 6 (six) continuous months, except for just cause;
- 10.1.15. submit the Supplementary Research report to CPRM within the time limit stipulated in this Contract;
- 10.1.16. send to CPRM, by March 15 every year, a copy of the annual mining report referred to in section XXVII of art. 35 of Decree No. 9,406, of June 12, 2018;
- 10.1.17. allow access of CPRM to monitor the research and mining work through prior notice;
- 10.1.18. assume all labor, civil, corporate, social security costs and those costs arising from labor accidents of employees involved in the

performance of their activities or in connection with them, not existing between CPRM and those any type of employment bond;

- 10.1.19. be liable for the onuses arising from lawsuits filed because of losses related to the execution of its obligations and that may be imputed to CPRM by third parties;
- 10.1.20. be liable for obtaining the required environmental licenses, the granting of water use, and the licenses and authorizations of any other nature, after the signature of this Contract, exempting CPRM from any liability in these processes
- 10.1.21. be liable for the access to the research areas and future mining areas, exempting CPRM from any liability in this process;
- 10.1.22. be liable for any and all disputes that may arise with the superficiaries, exempting CPRM from any liability;
- 10.1.23. timely comply with financial and tax obligations, as well as with commitments in relation to the superficiaries and to CPRM, notably the payment of the Signature Bonus and Royalty;
- 10.1.24. be liable to and exempt CPRM from any claims, losses, damages, obligations or liabilities of any nature, including of environmental nature, that may arise from the activities provided for in this Contract;
- 10.1.25. make available to CPRM information about the pre-existing properties in the area object of the Mining Rights and registered in the Rural Environmental Registry System or similar system;
- 10.1.26. make available to CPRM existing information about the known Brazilian historical, cultural, natural and archaeological heritage in the area object of the Mining Rights; and
- 10.1.27. follow, whenever possible, the recommendations from the Committee of Basin in which the areas object of the Mining Rights are situated, during the environmental licensing phase.

### **CPRM obligations and liabilities**

10.2. The obligations and liabilities of CPRM, in addition to those described on other clauses of this Contract, are:

- 10.2.1. exempt from liability the PROMISOR ASSIGNEE, in case of delay in execution of the contract, for fact or reason that cannot be



imputed to the PROMISOR ASSIGNEE, provided that all its contractual obligations are fulfilled satisfactorily;

- 10.2.2. analyze the Supplementary Research report within 30 (thirty) days, providing its filing in the ANM, in case it is in compliance with the legal requirements;
- 10.2.3. meet the deadlines for fulfilling the contractual obligation or onus;
- 10.2.4. conclude the Mining Rights Assignment Instrument (Annex I-C of the Notice), if fulfilled the terms and requirements of the Notice and of this Contract;
- 10.2.5. provide the PROMISOR ASSIGNEE with documents related to the Contract and to the mining securities in question in the event of disputes; and
- 10.2.6. If previously authorized by the PROMISOR ASSIGNEE, provide, whenever requested by interested parties, information about the fulfillment of contractual obligations by the PROMISOR ASSIGNEE.

### **Prerogatives of CPRM**

10.3. The prerogatives of CPRM, in addition to those described on this Contract, are:

- 10.3.1. visit and supervise research and mining work through prior notice;
- 10.3.2. appoint an employee or third-party contractor of CPRM to monitor in person, whenever CPRM understands convenient, the conduct of the activities provided for in this Contract;
- 10.3.3. supervise the fulfillment of investments in research; and
- 10.3.4. request, at any time during the validity of this Contract, information about ongoing work, in addition to propose meetings with the PROMISOR ASSIGNEE in order to supervise the progress of the researches.

### **CLAUSE 11th – RISK MATRIX**

11.1. The PROMISOR ASSIGNEE is the only party liable for all risks inherent in the business, in particular:

- 11.1.1. variation in costs related to execution of the operation and resulting activities;
- 11.1.2. variation in costs related to customs and non-customs barriers (of environmental, social and competitiveness nature, to Brazilian products);
- 11.1.3. impacts of the evolution of the international energy matrix on the demand for the ore;
- 11.1.4. variations in the importance, use, price volatility and demand for types of ores in the national and international markets;
- 11.1.5. impasses in agreement(s) with superfiary(ies);
- 11.1.6. variation in inflation and changes in foreign currency exchange rates;
- 11.1.7. logistics, notably that related to inadequate or non-existent infrastructure for marketing the ore;
- 11.1.8. technological changes in the production chain;
- 11.1.9. emergence of new competitors;
- 11.1.10. restrictions arising from the supply of labor; and
- 11.1.11. issues of labor, tax, civil and commercial nature related to execution of the Contract.

11.2. The PROMISOR ASSIGNEE acknowledges being aware of the risks described on this clause and agrees that the occurrence of supervening events will not result in any contractual alteration with the objective of economically rebalancing the Contract.

## **CLAUSE 12th – MONITORING, CONTROL AND AUDITING**

12.1. Monitoring and supervision of the execution of the contract will be carried out directly or indirectly by CPRM, which will evaluate the performance of the work, as well as settle and resolve any doubts and disputes that arise, indicating what is necessary for the regularization of faults, failures, problems or defects observed, informing them to the PROMISOR ASSIGNEE.

- 12.2. It will not be accepted, under any pretext, the transfer of any liability of the PROMISOR ASSIGNEE because of the services performed for other persons or entities.
- 12.3. The action or omission of monitoring and supervision of CPRM will not exclude or reduce the liability of the PROMISOR ASSIGNEE for the faithful fulfillment of the obligations assumed in this Contract.
- 12.4. CPRM will have free access to the area object of this Contract and to ongoing activities, equipment and facilities, as well as to all available records, studies and technical data.
- 12.5. The PROMISOR ASSIGNEE must maintain CPRM informed about the progress, results and fulfillment of deadlines provided for in this Contract.
- 12.5.1. Throughout the entire Supplementary Research phase and in the course of the implementation of the mine, the PROMISOR ASSIGNEE must submit to CPRM quarterly project development reports, signed by a legally authorized professional, which must contain, at least, (a) quantitative and qualitative data of the research performed in the period, in digital format, which is subject to audit, with execution schedule; and (b) costing sheet and work scheduled for the following quarter.
- 12.5.2. The PROMISOR ASSIGNEE will send to CPRM, in the form determined by it, studies, interpretations, other geological, geochemical and geophysical data and information, in addition to reports or any other documents defined in specific regulations and obtained as a result of its activities provided for in this Contract, and which contain information necessary for characterizing the progress of work and of the knowledge about the area, object of this Contract.
- 12.5.3. The quality of copies and other reproductions of the data and information referred to in Subclause 12.5.2 must retain absolute and standard fidelity equivalent to the originals, including as to color, size, readability, clarity, compatibility and other relevant characteristics.
- 12.6. The PROMISOR ASSIGNEE must, in accordance with the applicable law:
- 12.6.1. maintain all documents, books, papers, records and other pieces for, at least, five years, counted from their production;
- 12.6.2. carry out the appropriate registrations; and
- 12.6.3. submit the accounting and financial statements.
- 12.7. CPRM will have the right, within 2 (two) years from the expiration of the Royalty, to submit a dispute or objection to the calculation of the Royalty, and may, at its own expense, review relevant documents, books and records.

- 12.7.1. In case CPRM conducts an examination, there is a dispute or objection to the calculation of the Royalty within the period above, the Parties will indicate, by mutual agreement and within 15 (fifteen) days from the date of the objection, an independent audit firm to examine the calculation of the Royalty.
- 12.7.2. In case the independent audit concludes there was the occurrence of lower Royalty payment, the PROMISOR ASSIGNEE will be subject to fine and interest pursuant to Subclause 7.7.
- 12.7.3. The costs and expenses of the audit will, if necessary, be paid upfront by the PROMISOR ASSIGNEE, but will, at the end, be assumed by CPRM, if the audit concludes the payment was correct, or by the PROMISOR ASSIGNEE, if the audit concludes the payment was deficient.

### **CLAUSE 13th – SAFETY AND ENVIRONMENT**

- 13.1. The exclusive duties of the PROMISOR ASSIGNEE regarding the safety of activities and environmental sustainability are, among others:
- 13.1.1. ensure the preservation of the environmentally balanced environment;
- 13.1.2. minimize the occurrence of impacts and/or damage to the environment;
- 13.1.3. promote the management of operational and environmental safety that meet industry best practices and applicable legislation;
- 13.1.4. be liable for all damages to the environment that directly or indirectly result from the execution of its activities, including in the Supplementary Research phase, being exempt from the liability of recovering the environmental liabilities proven to be prior to the Signature of this Contract;
- 13.1.5. ensure the safety of activities in order to protect human life, the environment and the Union's heritage;
- 13.1.6. ensure the protection of the Brazilian historical-cultural heritage;
- 13.1.7. recover areas degraded by the activities provided for in this Contract in accordance with applicable law and best practices of the mining sector, submitting environmental report proving the recovery of any degraded area; and



- 13.1.8. comply with the safety recommendations and determinations issued by the ANM and other competent bodies and entities in accordance with applicable law.
- 13.2. The PROMISOR ASSIGNEE must directly plead, obtain and act in strict accordance with the consents, authorizations, permits, concessions or licenses required as per environmental legislation for exercise of the activities provided for in the Contract.
- 13.2.1. Until registration of transfer of the mining rights, CPRM, as the holder of the Mining Rights, will provide the PROMISOR ASSIGNEE with the support required for the purposes of request and obtention of environmental license; however, the PROMISOR ASSIGNEE is exclusively liable for fulfilling and complying with the environmental conditions established by the competent environmental agency.
- 13.3. In this act, the PROMISOR ASSIGNEE expressly assumes the environmental liability arising from any and all work that it conducts, from initiation of the preliminary technical audit and of the Supplementary Research until the shutdown of the mine, assuming, exclusively, any and all liabilities that may be caused in the area in question, exempting CPRM from any liability.
- 13.4. CPRM may, at any time, request a copy of the studies submitted for approval by the competent environmental authority.
- 13.5. The PROMISOR ASSIGNEE must immediately inform CPRM and the competent authorities of any occurrence, resulting from an intentional or accidental fact or act, involving risk or damage to the environment or human health, material losses to own or third-party's assets, fatalities or serious injuries to own personnel or third-party's personnel or unplanned interruptions of activities, in accordance with applicable law and in accordance with the guidelines provided in interpretative manuals issued by the ANM and other competent agencies and entities, when they exist.
- 13.6. The PROMISOR ASSIGNEE will carry out, at its expense, as established by the competent environmental agency, the recovery of the researched and exploited areas, in addition to the areas used for the installation of structures necessary for conducting the activities of research and mining, and will submit to CPRM document(s) produced or approved by the competent environmental agency that prove(s) compliance with the conditions of the specific environmental license and show the discharge from the environmental obligations of the licensing process.

#### **CLAUSE 14th – CONTRACTUAL EXECUTION GUARANTEE**



14.1. The PROMISOR ASSIGNEE must provide contractual execution guarantee in order to ensure fulfillment of the obligations contained in this Contract, in one of the following modes:

14.1.1. Security deposit in cash or government securities, which must be issued in a book-entry form by registration in a centralized settlement and custody system by the Central Bank of Brazil and evaluated by their economic value as defined by the Ministry of Finance;

14.1.2. insurance-judicial guarantee, for any contractual execution phase;

14.1.3. bank bail, for any contractual execution phase;

14.1.4. real guarantee on immovable asset, except for the Supplementary Research phase.

14.2. The guarantee provided must have CPRM as beneficiary and be maintained valid, in the values established below:

14.2.1. during the Supplementary Research: at least 50% of the value corresponding to the remaining minimum investment (not yet executed), as per Subclause 4.11.1;

14.2.2. between the conclusion of the Mining Rights Assignment Instrument and, at least, 24 months after the shutdown of the mine: R\$ 500,000.00 (five hundred thousand reais), corrected as provided for in Subclause 6.1.5.

14.3. The PROMISOR ASSIGNEE must maintain the integrity and validity of the contractual execution guarantee during the entire term of the Contract, complying with the values defined in Subclause 14.2, observing the hypothesis of Subclause 14.2, being obliged, irrespective of prior notification for constitution in arrears, to:

14.3.1. renew the validity period of modes that expire in the term of the Contract, forwarding to CPRM, prior to expiration of the current mode, proof of its renewal(s), and uninterrupted maintenance of the contractual execution guarantee, in accordance with Subclauses 14.2.1 and 14.2.2.

14.3.2. readjust the contractual execution guarantee annually, from the date of signature of this Contract, by the Special Broad Consumer Price Index – IPCA-E, adding the value resulting from application of the annual adjustment to the initial amount;

14.3.3. retribute values that may have been used to cover any payment obligations comprised in the scope of the Contractual

Execution Guarantee within 30 (thirty) days from the actual use, irrespective of judicial or administrative dispute/discussion as to willful misconduct or guilt;

- 14.3.4. be liable for the difference in values, in the event that the Contractual Execution Guarantee is not sufficient to cover the value of all payment obligations in its scope, and may be charged by all legal means admitted; and
  - 14.3.5. submit for prior approval of CPRM any modification to the content of the bank bail or insurance-judicial guarantee, as well as any replacement of the Contractual Execution Guarantee with any of the modes admitted.
- 14.4. The bank bail and insurance-judicial guarantee must have validity of, at least, 1 (one) year, and the PROMISOR ASSIGNEE is the sole responsible for maintaining them valid and, to that end, must promote the necessary renewals and updates.
- 14.5. The insurance-judicial guarantee must be contracted from insurer and reinsurer authorized by the Superintendence of Private Insurance - SUSEP, entity associated with the Ministry of Finance, or with insurer and reinsurer whose risk classification is in the "investment grade" category in, at least, one of the following agencies: Fitch, Standard & Poor's, or Moody's.
- 14.6. In case of choosing to contract a bank bail, it must:
- 14.6.1. be submitted in its original form (copies of any kind will not be accepted);
  - 14.6.2. have its value expressed in current national currency;
  - 14.6.3. contain CPRM as beneficiary;
  - 14.6.4. be duly signed by the managers of the guarantor financial institution; and
  - 14.6.5. provide for the waiver of the order benefit.
- 14.7. Bank bails must be contracted from financial institutions whose risk classification is in the "Investment grade" category in, at least, one of the following agencies: Fitch, Standard & Poor's, or Moody's.
- 14.8. The real guarantee on immovable asset cannot incur on asset that is already the object of lien in favor of a third party.
- 14.9. The Contractual Execution Guarantee may be used, after prior procedure in which the PROMISOR ASSIGNEE is assured the right to adversarial principle and defense, in the following cases:

- 14.9.1. in case the PROMISOR ASSIGNEE does not pay the fines applied to it, as per the Contract;
- 14.9.2. in case the PROMISOR ASSIGNEE does not pay, within due time, other indemnities or pecuniary obligations due to CPRM as a result of the Contract, including the minimum investment in Supplementary Research, Royalty and Signature Bonus; and
- 14.9.3. in case CPRM is obliged to assume financial burdens, onuses arising from lawsuits, claims, losses, damages, obligations or liabilities of any nature, including of environmental nature, which should be, pursuant to the applicable law or this Contract, incurred by the PROMISOR ASSIGNEE.

### **CLAUSE 15th – PENALTIES**

15.1. In the event of breach of contractual obligations, the Parties will be subject to the penalties provided for in this clause, without prejudice to appropriate civil, criminal and administrative liability, as indicated below:

- 15.1.1. fine of 100% of the Signature bonus value in the event that:
- 15.1.1.1. all or part of the Mining Rights are terminated because of the PROMISOR ASSIGNEE;
  - 15.1.1.2. the PROMISOR ASSIGNEE assigns, leases or registers in favor of third parties the rights and obligations arising from this Contract or the complete or partial Mining Rights without prior express consent of CPRM; or
  - 15.1.1.3. the PROMISOR ASSIGNEE fails to timely require the concession of mining rights or if the requirement for the concession of mining rights is rejected by the competent authority.
- 15.1.2. fine of 10% of the Signature bonus value in the event that:
- 15.1.2.1. the Supplementary Research report is not endorsed by CPRM, as per Subclause 4.16.1;
  - 15.1.2.2. the justification for extending the Supplementary Research period referred to in Subclause 4.19 is not endorsed by CPRM;
  - 15.1.2.3. the PROMISOR ASSIGNEE refuses to sign the Mining Rights Assignment Instrument within the period in Subclause 5.1;

- 15.1.2.4. the PAE is not endorsed by CPRM, as per Subclause 5.7; or
  - 15.1.2.5. the PROMISOR ASSIGNEE makes the decisions described on Subclause 6.2 without prior consent of CPRM.
  - 15.1.3. fine of up to 3% of the value of the Signature Bonus in the event of breach of any other contractual obligation;
  - 15.1.4. fine of 5% of the value of the Signature Bonus if the PROMISOR ASSIGNEE ceases to conduct the Supplementary Research work, failing to invest for a period longer than 6 (six) continuous months without just cause; and
  - 15.1.5. fine of R\$ 50,000.00 (fifty thousand reais), corrected in the form of Subclause 14.3.2, per day of delay in case of delay in renewal of validity, in the adjustment or restitution of values relating to the contract execution guarantee.
- 15.2. Application of the fines referred to in this clause is to be preceded by a procedure that ensures compliance with due legal process, defense and adversarial principle, and the period for submission of defense established by CPRM cannot be less than 10 (ten) days.
- 15.3. If not paid within the prescribed period, the fine will be deducted from the contractual guarantee or charged judicially, as per the case.

## **CLAUSE 16th – CONTRACT TERMINATION**

- 16.1. These are the causes for Contract termination:
- 16.1.1. conclusion of the mine shutdown;
  - 16.1.2. if the Supplementary Research report, endorsed by CPRM, concludes the project is economically inviable for any mineral substance; and
  - 16.1.3. if the Mining Rights are terminated regardless of the reason.
- 16.2. This Contract may be terminated through mutual and written consent of the Parties.
- 16.3. The PROMISOR ASSIGNEE may terminate this Contract unilaterally in the event that it opts for the termination of this Contract during the period for conduct of preliminary technical audit, pursuant to Subclause 3.5, or decides for the early termination of the Supplementary Research, pursuant to Subclause 4.11.

- 16.4. CPRM may terminate this Contract unilaterally in the following cases:
- 16.4.1. in the event that, at the end of the Supplementary Research, there is no compliance with the Minimum Investment Program referred to in Subclause 4.5;
  - 16.4.2. in the event that the Supplementary Research report is not endorsed by CPRM, as per Subclause 4.16;
  - 16.4.3. in the event that the justification for extending the Supplementary Research period referred to in Subclause 4.19 is not endorsed by CPRM;
  - 16.4.4. in the event that the PROMISOR ASSIGNEE refuses to sign the Mining Rights Assignment Instrument within the period in Subclause 5.1;
  - 16.4.5. in the event that the ANM denies, in a definitive administrative decision, prior consent and endorsement of the Mining Rights Assignment Instrument;
  - 16.4.6. in the event that the PAE is not endorsed by CPRM, as per Subclause 5.7;
  - 16.4.7. in the event that the PROMISOR ASSIGNEE fails to timely require the concession of mining rights or if the requirement for concession of mining rights is rejected by the competent authority.
  - 16.4.8. in the event that the PROMISOR ASSIGNEE does not initiate the mining activities after 5 (five) years from the transfer of the Mining Rights;
  - 16.4.9. in the event that the PROMISOR ASSIGNEE abstains from investing in the area for a period longer than 2 (two) continuous years;
  - 16.4.10. in the event that the PROMISOR ASSIGNEE makes decisions without prior consent from CPRM, as described on Subclause 6.2; or
  - 16.4.11. In the event of delay in payment of the Royalty or installment of the Signature Bonus for a period exceeding 90 (ninety) days.
- 16.5. In case the contractual bond is terminated because of any of the events mentioned in Subclauses 16.2, 16.3 and 16.4, CPRM may promote new negotiation of the Mining Rights, and its ownership must be transferred to CPRM or to a party indicated by CPRM, the PROMISOR ASSIGNEE will not be entitled to any reimbursement or indemnity and without prejudice to the application of other applicable contractual penalties.

- 16.6. The PROMISOR ASSIGNEE will be liable for losses and damages in the event of termination by contractual default attributable to it, assuming all applicable indemnities and compensations, pursuant to the law and this Contract.
- 16.7. Termination of the contractual bond does not exempt the Parties from fulfilling their respective legal and contractual obligations and liabilities, notably the PROMISOR ASSIGNEE's obligation to promote complete recovery of the area degraded by the activities provided for in this Contract.

### **CLAUSE 17th – CONFIDENTIALITY**

- 17.1. Each Party to this Contract acknowledges that the existence of this Contract and the terms and conditions hereunder, as well as all information provided by one Party to the other under this Contract, are confidential and agrees to maintain this information confidential and that this information will not be used, except to achieve the objectives of this Contract.
- 17.2. This obligation of confidentiality will not apply to the following information:
- 17.2.1. information that is in the public domain before the date of this Contract.
  - 17.2.2. information that becomes public after the date of this Contract, provided that such disclosure is not the result of a breach of a Party to this Contract of its obligations herein established.
  - 17.2.3. information disclosed to a Party to this Contract by a third party not subject to any obligation of confidentiality with respect to such information;
  - 17.2.4. information that must be disclosed by legal requirement; and
  - 17.2.5. confidential information disclosed by any of the Parties to its stockholders/shareholders, controlled companies or companies under control of the same parent company, legal advisors, lawyers, advisors, directors and employees who need to be aware of such information, as this Party deems necessary or appropriate, provided that such persons are advised that such information is confidential and agree to maintain the information confidential in accordance with the terms established herein and, provided that, in addition to any indemnification that each Party may require against such persons with respect to any disclosure of confidential information, each Party must indemnify the other party with respect to any costs, expenses and liabilities incurred by the other Party as a result of any breach of

this obligation of confidentiality by any legal advisor, lawyer, consultant, director and employee of that Party.

17.3. Regardless of confidentiality obligations, CPRM may freely disclose notes to the press and make any other disclosures to the public regarding any matter relating to this Contract that CPRM understands is necessary or convenient according to the applicable legislation, respecting those points that the PROMISOR ASSIGNEE considers industrial secret, except geological knowledge, resources and reserves and production.

17.4. The PROMISOR ASSIGNEE must submit to CPRM document with the appropriate justifications containing the points that it considers must be kept confidential, so CPRM will consider.

### **CLAUSE 18th – COMMUNICATIONS**

18.1. Any notification between the Parties relating to this Contract must be made in writing and will be deemed to have been effectively carried out: (a) by personal delivery to the Party to be notified; or (b) after five (5) days from delivery to an official government mail service, with notice of receipt, addressed to the Party to be notified to the address indicated below; or (c) on the next working day, in the case of transmission via email to the Party, followed by a report confirming the transmission.

18.2. Notifications must be sent to the following addresses, which may be periodically changed by the Parties by means of written notification:

To CPRM: At: [ADDRESS] e-mail:	To PROMISOR ASSIGNEE: At: [ADDRESS] e-mail:
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### **CLAUSE 19th - GENERAL PROVISIONS**

#### **Amendments**

19.1. This Contract may only be amended by means of a written instrument duly signed by both Parties.





19.2. During the contractual execution, the Parties may conclude additives to modify temporal milestones established in this Contract, provided that such modification is necessary by fact or reason that cannot be attributable to the PROMISOR ASSIGNEE.

19.3. The Party will not be liable for the loss of the contractual default resulting from a fortuitous case or force majeure, in accordance with art. 393, of the Civil Code (Law No. 10,406, of January 10, 2002).

### **Independence between the Provisions**

19.4. The Parties agree to renegotiate in good faith any provision of this Contract that may be deemed to be wholly or partially unenforceable or invalid, so that the new provision thus negotiated reproduces the original meaning and commercial effect of the provision deemed unenforceable.

19.4.1. The invalidity or unenforceability of any provision or provisions of this Contract will not affect the validity or enforceability of any other provision of this Contract, which will remain in full force and effect.

### **Cumulative and non-exclusive rights**

19.5. The rights of each of the Parties to this Contract: (a) are cumulative and do not exclude their rights under the law, except those expressly waived; and (b) may only be waived in writing and in a specific way.

19.5.1. Delay in exercising or non-exercise of any of these rights will not be deemed a waiver of that right or novation of any obligation.

### **Advertising**

19.6. CPRM will make publish in the Brazilian Official Gazette the full text or extract of the terms of this Contract for its validity *erga omnes*.

### **Conflict resolution**

- 19.7. The Parties undertake to make every effort to resolve, amicably, any dispute or controversy arising from or relating to this Contract, in attention to the principles of good faith, cooperation and conservation of legal businesses.
- 19.8. The establishment of a dispute settlement procedure, by any mechanism provided for in this Contract, does not exempt the Parties from the obligation fully comply with this Contract, nor does it allow the interruption of the activities associated with it, observing the requirements of this Contract.
- 19.9. Expenses incurred by the Parties arising from the use of any of the dispute settlement mechanisms provided for in this clause will be paid upfront solely by the PROMISOR ASSIGNEE and will not be considered for the purpose of preserving the economic and financial balance of the Contract.
- 19.10. In the event that CPRM is totally or partially liable for the attorney's fees to the prevailing party, it will cover the expenses incurred as permitted in the applicable legislation, except those incurred with district attorneys, technical assistants and other representatives.
- 19.11. The Parties may submit, in common accord, to process of arbitration, by independent expert, if divergence persists as to:
- 19.11.1. acceptance of the proposal to amend the Supplementary Research Plan (Subclause 4.8);
  - 19.11.2. endorsement of the Supplementary Research work report (Subclauses 4.15, 4.16 and 4.17);
  - 19.11.3. acceptance of the justification for extending the term of the Supplementary Research (Subclauses 4.19, 4.20 and 4.21);
  - 19.11.4. endorsement of the PAE for the purposes of submission to the ANM (Subclause 5.7); or
  - 19.11.5. prior consent to reduce monthly production to a level equal to or less than 50% (fifty per cent) of that provided for in the PAE or suspension of production for a period exceeding three consecutive months or five alternate months (Subclauses 6.2, 6.3 and 6.4).
- 19.12. Irrespective of whether there has been an attempt to compose or negotiate, the Parties are obliged to resolve by arbitration the controversies or disputes arising from or relating to the Contract or to any contracts, documents, attachments or agreements related to it, related to available property rights, observing the provisions of Law No. 13,140, of June 26, 2015.

19.12.1. The interested Party may indicate the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM/CCBC), the Business Mediation and Arbitration Chamber – Brazil (CAMARB) or the FGV Mediation and Arbitration Chamber to conduct the arbitration process.

19.12.2. Arbitration will be conducted in accordance with the Rules of the Arbitration Chamber indicated, in what they do not conflict with this Contract.

19.12.3. If there is need for forensic evidence, an independent expert will be appointed by mutual agreement between the Parties or, if there is no agreement, by the Arbitration Tribunal.

19.12.3.1. The costs of the forensic expert, including fees, will be paid upfront by the PROMISOR ASSIGNEE, with right to reimbursement in the end, in case of winning.

### **Forum of Election**

19.13. The forum of the Judicial Section of Rio de Janeiro/RJ is elected to settle any disputes arising from this contract that are excluded from the arbitration tribunal, with express waiver of all others, even if more privileged now or in the future.

And as they are thus fair and agreed, CPRM and the PROMISOR ASSIGNEE sign this instrument in 02 (two) copies of equal content and for the same purpose, in the presence of the witnesses below.

<location>, <date\_signature>.

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**Mineral Resource Research Company – CPRM**

CEO



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«**signataria\_01\_operadora**»

«signataria\_01\_representante\_01»

«signataria\_01\_cargo\_01»

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«**signataria\_01\_operadora**»

«signataria\_01\_representante\_02»

«signataria\_01\_cargo\_02»

Witnesses:

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Name: Witness 1

CPF: <<Witness 1 CPF>>

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Name: Witness 2

CPF: <<Witness 2 CPF>>



**ANNEX I-A – TERM OF INITIATION OF SUPPLEMENTARY RESEARCH  
PHASE**

Considering that the [PROMISOR ASSIGNEE] has submitted to CPRM the contractual execution guarantee pursuant to the terms of Subclause \_\_\_\_\_ of the Mining Rights Assignment Pledge Contract, signed on (\*), it is considered to have been initiated, on this date, the [FIRST or SECOND] phase of the Supplementary Research Plan.

[LOCATION], [DATE]

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MINERAL RESOURCE RESEARCH COMPANY – CPRM  
by [•]

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[PROMISOR ASSIGNEE]  
by [•]



**ANNEX I-B – SUPPLEMENTARY RESEARCH PLAN**

The Supplementary Research Plan is available at the website:

<http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Cobre-de-Bom-Jardim-%28GO%29-e-Fosfato-de-Miriri-%28PE-PB%29-6244.html>



**ANNEX I-C - INSTRUMENT FOR THE ASSIGNMENT OF MINING RIGHTS**

**INSTRUMENT FOR THE ASSIGNMENT OF MINING RIGHTS**

By this particular instrument: **(a) MINERAL RESOURCE RESEARCH COMPANY - CPRM**, public company, associated with the Ministry of Mines and Energy, with the attributions of the GEOLOGICAL SERVICE OF BRAZIL, headquartered in Brasília, Distrito Federal, Setor Bancário Norte – SBN Quadra 02, Bloco H - Edifício Central Brasília - CEP: 70040-904, in this act represented, in the form of its Social Statute, by its CEO, hereinafter referred to as **ASSIGNOR**; and **(b) [PROMISOR ASSIGNEE]**, headquartered in [•], registered in CNPJ/MF under No. 0•[], in this act represented by [], holder of identity card RG No. •[], registered in CPF under No. •[], resident and headquartered in the city of •[], state of [], at •[], hereinafter referred to as **ASSIGNEE**; **ASSIGNOR** and **ASSIGNEE**, jointly designated the **PARTIES**, mutually agreed the following:

1. The **ASSIGNOR** is owner of the Mining Rights relating to the ANM Processes No. 840.302/1979, 840.303/1979, 840.304/1979, 840.305/1979, 840.306/1979, 840.307/1979 e 840.446/1980 before the National Mining Agency (ANM) (the "Mining Rights").

2. By the present instrument, **the ASSIGNOR** assigns the **ASSIGNEE**, as indeed has assigned, irrevocably and irreversibly, the Mining Rights referred to in item 1 of this instrument, in accordance with Law.

2.1. This mining rights assignment instrument is associated with the mining rights assignment pledge contract, concluded on (\*) between CPRM and (\*).

3. The **PARTIES** to this act undertake to have this mining rights assignment endorsed in the ANM and will make their best efforts to fulfill all requirements for obtaining the aforementioned endorsement.

IN TESTIMONY OF WHICH, the Parties sign this Contract in 4 (four) copies of equal content, in the presence of the 2 (two) undersigned witnesses.

[LOCATION], [DATE]

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**MINERAL RESOURCE RESEARCH COMPANY – CPRM**

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**[PROMISOR ASSIGNEE]**

by [•]



Witnesses:

1.

Name:

RG:

CPF:

2.

Name:

RG:

CPF:





**ANNEX I-D – PROCUREMENT (GRANTOR CPRM)**

**PROCURATION**

By this mandate instrument, **Mineral Resource Research Company - CPRM**, public company, associated with the Ministry of Mines and Energy, with the attributions of the GEOLOGICAL SERVICE OF BRAZIL, headquartered in Brasília, Distrito Federal, Setor Bancário Norte – SBN Quadra 02, Bloco H - Edifício Central Brasília - CEP: 70040-904, in this act represented, in the form of its Social Statute, by its CEO, appoints and constitutes as its assignee the **[PROMISOR ASSIGNEE]**, headquartered in [•], registered in CNPJ/MF under No. [•], with power to represent the Grantor in relation to the National Mining Agency (ANM) and to the environmental organs, with the specific and exclusive purpose of obtaining prior consent and endorsement of the mining rights assignment object of the ANM Processes No. 840.302/1979, 840.303/1979, 840.304/1979, 840.305/1979, 840.306/1979, 840.307/1979 e 840.446/1980 in favor of the Grantee, and may, for this purpose, fulfill requirements, have access to processes, extract copies, submit documents, defenses and appeals, provide clarifications and practice the other acts necessary for the proper and faithful fulfillment of this mandate.

[LOCATION], [DATE]

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**MINERAL RESOURCE RESEARCH COMPANY – CPRM**



**ANNEX I-E – PROCUREMENT (GRANTEE PROMISOR ASSIGNEE)**

**PROCURATION**

**By this mandate instrument, [PROMISOR ASSIGNEE]**, headquartered in [•], registered in CNPJ/MF under No. [•], in this Act represented by [•], holder of identity card RG No.[•], registered in CPF under No. [•], resident and headquartered in the city of [], state of [], at [•], irrevocably and irreversibly appoints and constitutes as its assignee **MINERAL RESOURCE RESEARCH COMPANY - CPRM**, public company, associated with the Ministry of Mines and Energy, with the attributions of the GEOLOGICAL SERVICE OF BRAZIL, headquartered in Brasília, Distrito Federal, Setor Bancário Norte – SBN Quadra 02, Bloco H - Edifício Central Brasília - CEP: 70040-904, with power to represent the Grantor before the National Mining Agency (ANM), the Ministry of Mines and Energy and the environmental organs, in relation to the mining rights object of ANM Processes 840.302/1979, 840.303/1979, 840.304/1979, 840.305/1979, 840.306/1979, 840.307/1979 e 840.446/1980, for the specific and exclusive purpose of monitoring these mining rights as well as adopting urgent measures necessary for the maintenance of the abovementioned mining rights in a valid and effective form, and may, to that end fulfill requirements, have access to processes, extract copies, submit documents and reports, defenses and appeals, provide clarifications, compromise, give discharge and practice the other acts necessary for the good and faithful fulfillment of this mandate.

[LOCATION], [DATE]

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**[PROMISOR ASSIGNEE]**

by [•]



**ANNEX II – DATAROOM**

Dataroom is available at: <http://www.cprm.gov.br/publique/Acesso-a-Informacao/Leilao-Fosfato-de-Miriri-%28PE-PB%29-6249.html>



## ANNEX III – PROPOSAL MODEL

### BID MODEL

We hereby declare the entire submission to the legal precepts in force, especially those of Laws No. 8,970, December 28, 1994; 9,491, September 9, 1997; 13,303, June 30, 2016; 13,334, September 13, 2016; CPRM Tender and Contracts Regulation, June 29, 2018, Resolutions No. 1 and 3, both September 13, 2016, of the Council of the Investment Partnerships Program of the Presidency of the Republic – CPPI; and Decree-Law No. 227, February 28, 1967 and of the clauses and conditions contained in the tender notice of this Procedure and in its annexes.

1. We propose to CPRM **SIGNATURE BONUS** of \_\_\_\_\_.
  
2. We declare the independent drafting of this proposal.
  
3. By submitting this bid we express full awareness and acceptance of the conditions established in the tender notice, furthermore, we declare awareness as to the imposition of penalties, as per Law No. 13,303/16 and the CPRM Tender and Contracts Regulation.
  
4. The tenderer undertakes to relate with the public administration with ethics, respect and professionalism, receiving no advantage or favor, nor offering bribery or practicing any acts of corruption in order to exercise Influence on any national or foreign agent, manager or public entity in order to obtain or maintain business for itself, for third parties or in favor of CPRM. The tenderer declares awareness that any unethical behavior or behavior contrary to the national or international anti-corruption rules applicable to the activities of this contraction will not be tolerated, including, but not limited to, Law No. 12,846, August 1, 2013.
  
5. The tenderer is liable for the fidelity and legitimacy of the information and documents submitted at any stage of the tender. Falsehood of any document submitted or the untruthfulness of the information contained therein will imply the imposition of applicable penalties in accordance with Laws No. 13,303, June 30, 2016, 12,846, August 1, 2013 and the CPRM Tender and Contracts Regulation, June 29, 2018.
  
6. Additional information:
  - 6.1. Corporate name of the proponent:
  - 6.2. Proponent headquarter address:
  - 6.3. CNPJ/MF:



6.4. Legal representative (name, address, Identity Card number and issuing entity, CPF/MF number, position, profession, nationality, marital status):

6.5. Contractual guarantee mode:

6.6. The term of validity of the proposal is \_\_\_\_\_.

**Location, date and signature of the Bidder**

**Important Remarks:**

**The SIGNATURE BONUS rate value must consider up to 02 (two) decimal places, always eliminating the 3rd decimal place, regardless of approximation.**



**ANNEX IV – TERM OF RATIFICATION OF VERBAL BID**

**BIDDING PROCEDURE**

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[indicate bidder], author of bid in the Verbal Bidding Step **RATIFIES** their verbal bid corresponding to the **SIGNATURE BONUS** of \_\_\_\_\_.

The information and conditions included in the bid submitted in Envelope No. 01 not conflicting with this **ratification** remain valid.

Location and date

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BIDDER



**ANNEX V - TECHNICAL NOTE ON EXTRAORDINARY GAINS SHARING TABLE**

In order to share, with the CPRM, any extraordinary gains, as well as to meet the recommendations established in sub-item 9.2.2 of Judgment 1.199 / 2019-TCU-Plenary that requests the inclusion of this mechanism in the contract, the possible extraordinary gains were mapped and inserted in the cash flow to verify their behavior and thus generate an appropriate formula.

Unlike traditional metal minerals, which are quoted for futures contracts listed on the London Metal Exchange, the price of phosphorus concentrate in the international market varies according to the supply and demand for this input.

Phosphate ore has some particularities on the world stage. Approximately 75% of the world's declared reserves of this ore are concentrated in only one supplier that has 27% of the world market share. The Moroccan state-owned company OCP produces and exports approximately 40 million tons of phosphate concentrate to all continents annually, which places them as the major price regulator for this input on the world market.

In 2020, the price of phosphate concentrate is at the lowest levels in the last 10 years, with an average of US \$ 73 per ton as shown in figure 2<sup>1</sup>.



Figure 1. Graph of the price variation of the phosphate concentrate in the last 10 years.

In the case of products for direct application, which would be remineralizers and simple mineral fertilizers, these being products sold locally, the price varies according to supply and demand in the region. Since the use of these products is considered recent in Brazil and according to EMBRAPA data, only 3% of the cultivated areas in Brazil use this type of

<sup>1</sup> <https://www.indexmundi.com/pt/pre%C3%A7os-de-mercado/?mercadoria=fosforite&meses=120>



product, it is estimated that in the medium to long term prices will try to increase with the increase demand.

Therefore, for the implementation of the extraordinary gains clause, the selling price factor should be the variable to be considered in this calculation. For this, the starting price of the ore to be sold in the direct application project, called Natural Phosphate, which had its price defined in the Cash Flow at R \$ 106, 25 per ton, was based on it.

For the base scenario, as shown in figure 01, the amount of royalty paid at CPRM corresponds to 3.39% of the project's Net Operating Revenue (Percentage ROL - Royalty Fixed line), it can be seen in the figure, that as the sales price increases, this percentage decreases reaching 2.06% for a 100% increase in sales price.

AJUSTE DE ROYALTY											
Varição Aumento - Preço de Venda	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
<b>Preço Venda</b>	<b>106,250</b>	<b>116,875</b>	<b>127,500</b>	<b>138,125</b>	<b>148,750</b>	<b>159,375</b>	<b>170,000</b>	<b>180,625</b>	<b>191,250</b>	<b>201,875</b>	<b>212,500</b>
ROB	212,500	233,750	255,000	276,250	297,500	318,750	340,000	361,250	382,500	403,750	425,000
ROL	62,764	77,168	91,571	105,974	120,377	134,781	149,184	163,587	177,990	192,394	206,797
Royalty CPRM - 1% fixo	2,125	2,338	2,550	2,763	2,975	3,188	3,400	3,613	3,825	4,038	4,250
Porcentagem ROL - Royalty Fixo	3,39%	3,03%	2,78%	2,61%	2,47%	2,36%	2,28%	2,21%	2,15%	2,10%	2,06%
3% da ROL	1,883	2,315	2,747	3,179	3,611	4,043	4,476	4,908	5,340	5,772	6,204
Varição Royalty	0,9%	1,0%	1,1%	1,2%	1,2%	1,3%	1,3%	1,4%	1,4%	1,4%	1,5%
Porcentagem ROL - Royalty Ajustado	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Ajuste Royalty</b>	<b>1,0%</b>	<b>1,0%</b>	<b>1,0%</b>	<b>1,2%</b>	<b>1,2%</b>	<b>1,3%</b>	<b>1,3%</b>	<b>1,4%</b>	<b>1,4%</b>	<b>1,4%</b>	<b>1,5%</b>
Royalty CPRM - Variavel	2,125	2,338	2,550	3,315	3,570	4,144	4,420	5,058	5,355	5,653	6,375

Figure 01. Calculation of extraordinary earnings sharing

Based on this information, the percentage of 3% of Net Operating Revenue was taken as the basis for applying the royalty rebalancing formula. After defining the percentage, it was calculated for each variation variation what the royalty to be paid should be in order to keep this proportion constant (line Variation Royalty of figure 01).

In order to simplify the rebalancing formula, the ranges of variation were grouped in order to maintain the variation closer to the defined value of 3% that corresponds to the Royalty Adjustment line in Figure 01.

Thus, the formula for calculating the royalty adjustment to be paid to CPRM was defined according to the following ranges of the percentage of the increase in the sale price (figure 02). The ranges sought to reflect the calculations performed for each 10% increase range, adjusting with the calculated variations (figure 03).





Variação Preço de venda		Royalty	
<		130%	1,00%
>130%	a	150%	1,20%
>150%	a	170%	1,30%
>170%	a	200%	1,40%
>		200%	1,50%

Figure 02. Adjustment of royalty due to the increase in sales price

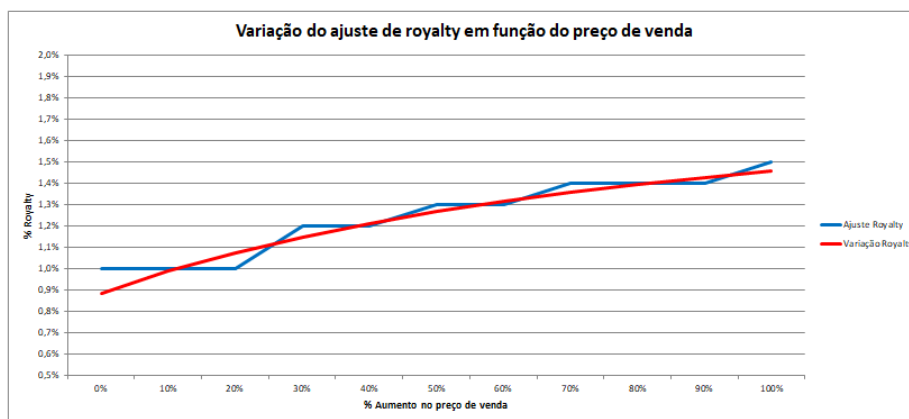


Figure 03. Variation of royalty according to sales price

After defining the bands for the adjustment of the royalty to be paid according to the percentage of increase in the sale price, it was proposed how the table should be applied to capture possible extraordinary gains. In this sense, the following procedure was defined.

- The base price is determined, the average selling price of a product during the first quarter of its sale;
- The base price will be calculated from the weighted average of the tonnage of the product traded over the defined period;
- After a period of one year, a new calculation of the average price will be carried out following the same methodology;
- The variation in the average price between the period of one year will be used as a basis for applying the rebalancing clause excluding the percentage of variation of the IPCA-E for the period.

Based on the methodology presented here and included in the Mining Asset Purchase and Sale Promise contract, we can cite the following example for clarification:

- The company starts in March 2022 the commercialization of Natural Phosphate;
- After three months of sales (June 2022), the average sale price (base price) is R \$ 106.25 per ton;
- In June 2023, a new base price will be verified in relation to the average sale price of the last three months;

- IGP-M for the period is discounted from the base price and the table in figure 23 is applied, as follows:

Base Price - R \$ 106.25

IGP-M for the period - 1% (fictitious)

Base Price - IGP-M = 105.18

Bands for the application of royalty adjustment based on the sale price:

- Average price up to R \$ 136.74 - 1% royalty;
- Average price between R \$ 136.75 to 157.78 - Royalty of 1.2%;
- Average price between R \$ 157.79 to R \$ 178.81 - 1.3% royalty;
- Average price between R \$ 178.82 to R \$ 210.37 - 1.4% royalty;
- Average price above R \$ 210.38 - 1.5% royalty.

