

STANDING COMMITTEE ON NATURAL RESOURCES



REPORT ON THE PETITION BY THE LANDOWNERS OF NAWAILEVU, BUA FOR THE PAYMENT OF FULL AND FAIR SHARE OF ROYALTIES FOR THE MINING OF BAUXITE



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CHAIR'S FOREWORD

I am pleased to present the third report of the Parliament's Standing Committee on Natural Resources on the petition by the landowners of Nawailevu, Bua for the payment of full and fair share of royalties for the mining of Bauxite that was presented to Parliament by Honourable Mosese Bulitavo.

The Parliamentary Standing Committee under the 2013 Constitution and Parliament Standing Orders aims to enhance and uphold transparency and accountability across all Public Agencies and Officials in the conduct and performance of their duties and responsibilities.

The Bauxite mining licence in the Nawailevu area in Bua was awarded to a Canadian company called Aurum Exploration Fiji Limited commonly known in Vanua Levu as Xinfa, which leased land belonging to four Mataqali or Landowning Units namely:

1. Mataqali Naicobo of Nawailevu Village, 150.7827 ha;
2. Mataqali Nalutu of Navakasiga Village, supply of rocks;
3. Mataqali Noro of Naiviqiri Village, Bauxite stockpile and
4. Mataqali Naita of Votua Village. 34.8459 ha.

All the due regulatory and administrative processes were completed before the actual mining operation to commence. The four Mataqali had received their full and fair share of leases due to them to date in accordance with respective laws and their respective areas leased. The awaiting payments that landowners are claiming are the payment of the Future Generation Fund and the payment of the Fair Share of Royalties under Section 30 of the 2013 Constitution.

The Future Generation Fund of six hundred thousand dollars (\$600,000) has already paid by the Exploration Company and is awaiting the process to include the Divisional Commissioner Northern as one of the executors of the fund before distribution for investment to benefit the future generations. The Fair Share of Royalties formula is yet to be finalised by the Ministry of Lands and Mineral Resources.

The mining operation had created employment of ninety five (95) registered local staff out of the hundred (100) registered staff for the Company and casual labourers are accommodated on need basis. Other benefits of the operation include donation of thirty thousand dollars (\$30,000) to the Bua Scholarship Fund and assistance to youth and education projects.

The bipartisan Standing Committee unanimously agreed on a timetable to call all relevant stakeholders, and to hear their views and analysis of the petition by the landowners of Nawailevu, Bua for the payment of full and fair share of royalties for the mining of Bauxite.

The Report examines all oral and written submissions from the following Ministries and Organisations:

1. Ministry of Public Enterprises
2. Ministry of Infrastructure and Transport
3. Ministry of Rural Maritime and National Disaster Management
4. Ministry of Infrastructure & Transport - Deputy Secretary Operation
5. Ministry of Lands & Mineral Resources
6. Ministry of Local Government & Environment
7. Ministry of iTaukei Affairs
8. iTaukei Lands Trust Board
9. 5 Mataqali Representatives and Landowners of Nawailevu, Bua
10. Aurum Exploration Fiji Limited

The petition was based on the lack of financial management and grievances by Mataqali Naicobo in the utilisation of their lease money. The other Mataqali though received less lease money adhered to Government and other advice provided and invested their lease money through investment projects.

On behalf of the Honourable Members of the Standing Committee on Natural Resources, I would like to sincerely express our gratitude and appreciation to all those Ministries, Departments and Organisations who willingly made oral and written submissions and attended our interviews. This final report is declaration of the voluntary commitment and time of groups and individuals making submissions and appearing before the Committee interviews. This was clearly manifest in the high quality of submissions and answers received during the Committee interview sessions.

I wish to genuinely extend my gratitude and appreciation to the Honourable Members of the Standing Committee on Natural Resources, my Committee colleagues Hon. Ro Kiniviliame Kiliraki MP (Deputy Chair), Hon. Alivereti Nabulivou MP (Member), Hon. Jiosefa Dulakiverata MP (Member) and Hon. Samuela Vunivalu MP (Member). I also wish to acknowledge and thank Hon. Ratu Sela Nanovo MP, Alternate Member for Hon. Jiosefa Dulakiverata.

Finally, I wish to sincerely thank the Committee Secretary, Ms Akanisi Rumasakea and the Committee Secretariat Staff, Mr Kitone Bete, Mr Penijamini Valebuli and Mr Maurice Shute for their steadfast support and assistance with the production of this bipartisan report.



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HON. CMDR JOWELI R CAWAKI
CHAIRMAN

RECOMMENDATIONS

1. Proper education and awareness of all spectrum of the whole mining operation, monetary return and benefits are to be dealt with transparently to avoid suspicion and doubts amongst stakeholders.
2. Government and the mining Operator should facilitate proper education and awareness on the mining operation on all associated opportunities and benefits with affected LOU in future.
3. That government to facilitate awareness and training in investments to help the LOU in their decision on how to use their lease money.
4. That the government to ensure that the investor contributes to the improvement of the living standards of the LOU.
5. That Legislation for determining fair share of royalties from mining as under Section 30 of the Constitution be expediently pursued.
6. The existing Mining Act should be amended to capture International best practices and Standards.
7. All mining processing to be done locally.
8. There is a need for the government to establish its own laboratory to analyse bauxite and all other minerals in the mining industry.
9. The royalty rate imposed by the government should be reviewed to ensure that it benefitted from the mining industry. This will also reflect the "*Fair Share*" payment to the landowners.
10. The primary documents in terms of leases and agreements with land owners are appended to this report for further evaluation. This task would be best undertaken by independent and well qualified individuals having the necessary qualifications and experience.
11. There appears to have been blurring of lines of responsibility amongst Government agencies. Commitments should not be made if not in accordance with government policy or decision.

12. All government departments should establish its own R&D units to carry out research on any new development. Their reports should be forwarded to a central R&D centre for consideration and approval. The purpose of the R&D centre is for transparency and accountability.
13. The AEFL should come up with the best loading methodology to avoid or minimise the environmental impact on the fishing grounds around the loading jetty.
14. The EIA should constantly be reviewed during the life of the mining operation.
15. The Government should establish a standard policy for all mining operations.
16. There had been contradicting figures on the quantity of bauxite extracted by the MRD and AEFL. This has reflected the amount of royalty received by the government which in return will affect the fair share assessment due to the LOU. This should be thoroughly investigated.
17. It appeared from our consultation with the company that the non- involvement of the Ministry of Labour in terms of wage guidelines and OHS compliant is evident.
18. The committee envisaged that all the concerns raised in their consultation would be considered in the review of the Mining Act

LIST OF ACRONYMS

| | |
|-------|---------------------------------------|
| MES | Mining Excavation Site |
| LUD | Land Use Decree |
| FGF | Future Generations Fund |
| EIA | Environment Impact Assessment |
| NDP | Northern Development Program |
| FEA | Fiji Electricity Authority |
| LICI | Life Insurance Corporation of India |
| AEFL | Aurum Exploration Fiji Limited |
| BSF | Bua Scholarship Fund |
| MLMR | Ministry of Lands & Mineral Resources |
| LB | Land Bank |
| LNP | Look North Policy |
| FS | Fair Share |
| R & D | Research & Development |
| OHS | Occupational Health & Safety |
| LOU | Land Owning Units |

1.0 INTRODUCTION

1.1 Background

On Thursday 14th May, 2015, the Honourable Mosese Bulitavu presented a Petition to parliament signed by the landowners of Nawailevu, Bua for the compensation of the environmental damage and for the payment of full and fair share of royalties for the mining of Bauxite to Parliament for consideration in accordance with Standing Orders 37.

The purpose of the petition is to call for the fulfilment of promises made by the government to the landowning units of Nawailevu, Bua. This included the payment of the environmental damages and for the payment of all fair share of royalties due to the landowners from the mining of the Bauxite.

The petition was signed by members of the public with approximately 226 signatures.

The committee received 10 written presentations from the various stakeholders from the 21st of July to the 30th of July, 2015 and heard four (4) oral submissions from the representatives of the 4 (four) *mataqalis* affected and one submission from the “mata ni Tikina” Bua, held in Nawailevu village from the 25th of July, 2015.

1.2 The Standing Committee on Natural Resources

The Committee is a standing committee of the Fijian Parliament and was established under Section 109(2) (c) of the Standing Orders (SO) of the Parliament of the Republic of Fiji. The Committee comprises five Honourable Members, drawn from both the Government and the Opposition Parties.

The Committee is mandated to examine matters related to forestry, agriculture, mining environment fisheries, water and marine services and their administration, the Constitution, policing and human rights. Section 110(1) d of the SO mandates the Committee to consider petitions and papers referred to the committee in accordance with Standing Orders 37 and 38.

On Thursday 14th May 2015, the Hon Mosese Bulitavu introduced the petition to Parliament for consideration.

The House resolved that the petition be committed to the Standing Committee on Natural Resources to review and report back to Parliament.

1.3 Procedure and Programs

The committee invited all relevant government Ministries and Departments and stakeholders from 21st July, 2015 to the 30th July, 2015 to present overviews of their organisations, outlining their organisation roles and objectives and the relevant Ministries and Departments to give an update on the progress of the mining of Bauxite in Nawailevu, Bua.

On Tuesday, 28th July, 2015, the committee travelled to the North to Nawailevu Bua for a sight visit of the bauxite mining area and consulted with the owners of the Aurum Exploration Fiji Limited with regards to its benefit to the people of Nawailevu. The day ended with the committee conducting a “*Talanoa Session*” with the people of Nawailevu and other nearby villages whereby the landowners interacted with the committee in terms of the questions and doubts that they needed to be clarified with from the committee as well as from the government stakeholders who were also part of the committee delegation.

1.4 Committee Members

The members of the Standing Committee on Natural Resource Committee:

- Hon. Joeli Cawaki, Assistant Minister for Rural and Maritime Development and National Disaster Management MP (Chairman)
- Hon. Ro Kiniviliame Kiliraki MP (Deputy Chairman)
- Hon. Alivereti Nabulivou MP (Member)
- Hon. Samuela Vunivalu (Member)
- Hon. Jiosefa Dulakiverata (Member)

1.5 THE MINING OF BAUXITE

Bauxite mining is new to Fiji Nawailevu Bauxite mine in Bua is the first to be undertaken in the country. Due to this, there had been a lot of teething problems that can only be addressed through experience, consultation and research.

This is also the first lease to be issued by the Director of Lands on behalf of the Trustees of the land owning unit under the Land Use Decree of 2010. This is a special lease MES (Mining Excavation Site) over an area of one hundred and fifty point seven eight two seven hectares (150.7827 ha) for a term of twenty (20) years with effect from 1st February, 2011.

There are a number of issues that need to be addressed that are still pending, one of which is the Fair Share payments to the landowning units. This is necessary to ensure that other mining leases in the future can be expediently processed.

The petition from Hon. Mosese Bulitavu submitted to Parliament for and on behalf of two hundred and twenty six (226) people was an indication of the concern of the general public in the processing of such leases.

The Committee on Natural Resources had thoroughly deliberated on the issues raised with the view that these would not reoccur in future mining leases.

2.0 ORAL AND WRITTEN SUBMISSIONS

The petition calls for the fulfillment of promises made by the government to the landowning units of Nawailevu, Bua for the compensation of environmental damage and for the payment of all fair share of royalties.

The Committee received oral and written submissions from the relevant stakeholders, which included government Ministries and Departments, Land Owning Units of Nawailevu, Bua and the Aurum Exploration Ltd in Bua. Hon Mosese Bulitavu was also invited to submit before the Committee on the current situation in Nawailevu, Bua.

The Committee conducted a site visit to the bauxite mine in Nawailevu, Bua on Tuesday, 28th July, 2015, and consulted with Aurum Exploration Ltd and the four (4) landowning units of Nawailevu, Bua.

2.1 SUMMARY OF ORAL SUBMISSIONS

2.1.1 Submission One: Ministry of Lands and Mineral Resources

PS for Lands – Mr. Tevita Boseiwaqa
Director Lands Unit – Mr. Samuela Naicegucegu
Acting Director - Mrs. .Reijieli Taga

The main issue that was raised by the landowners of Nawailevu village, Bua was the payment of the Future Generations Fund which was yet to be paid to them by government.

In terms of the fair share, it was just the mutual agreed amount that had actually been negotiated with the company, they had been actually agreed for the Future Generations Fund, apart from the leasing and the premium, Aurum Exploration Fiji Ltd had also had to pay for the future generation fund.

For the first site, it was due after two years in operation, and the amount of six hundred thousand (600, 000) is currently with the Ministry of Lands. Apart from the six hundred thousand (\$600,000) the landowning unit, *Mataqali* Naicobo alone would receive five hundred thousand dollars(\$500,000); land owning unit, *Mataqali* Noro – thirty thousand dollars(\$30,000); and land owning unit, *Mataqali* Nalutu – seventy thousand (\$70, 000). The distribution of the future generation fund was done in accordance with the area utilised for the mining.

For the second site, they had calculated and they had actually agreed, both the land owners and company for the one hundred fifty thousand (\$150, 000) Future Generation Fund, that was apart from the premium and the rental paid annually. It was supposed to be due in two years, in line with what was given to the Nawailevu landowners, but for them it would be due in 2016. They had actually spelt it out in the leasing arrangements that they made, that for the one hundred fifty thousand dollars(\$150,000), they wanted to be paid in instalments after the end of the operations that would mean they would be receiving per annum eight thousand three hundred and thirty three(\$8,333). If we multiply eight thousand three hundred and thirty three (\$8,333) times the left over period of eighteen (18) years, it would amount to about one hundred and fifty thousand dollars (\$150, 000).

In terms of the infrastructure that was mentioned by the Prime Minister in his speech during his visit to the Bua province, the Government through the

"Look North Policy" is now working towards providing electricity to the Nawailevu village by early next year and provided a suitable platform for social economic improvement not only at Nawailevu but for the whole of Vanua Levu.

2.1.2 Submission Two: Hon. M.D. Bulitavu

The committee had noted from the submission made by the Hon-member that there were three (3) *mataqalis*, land owning units, who were involved in giving their land to be mined by the Aurum Exploration Fiji Ltd, locally known as Xinfra in Bua. The issue raised by the members of these three (3) land owning units was the non-compliance of the initial agreement made by them and the Aurum Exploration Fiji Limited and the land owning units, therefore seek the government intervention to solve this pending issues.

The committee gathered from the submission made, that the extraction of minerals was done by the biggest *mataqalis*, land owning unit land, the other landowning units, did the stock piling and the smallest portion of land given by the third landowning units was for the access road that linked the stock pile area to the main road for the transportation of soil and rocks to the wharf. The landowning units were only given 30 minutes to decide where Government then was Amani Bale.

They were given 30 minutes by their lawyer then Mr Amani Bale to decide and Government was exercising its powers under the law of adverse possession that in the 2013 Constitution under Section 27, compulsory acquisition in the name of development and public purpose, Government has powers like in all Commonwealth countries what the people call "*crown proprietorship*" and Government developing it because Government owns the land from the surface to the crust of the earth, six(6) feet below, that is for the State and all the minerals belong to the State, according to Section 27, also in our 2013 Constitution.

Listed below were some of the pending issues and proposals by the landowners that the landowners needed to be informed with of the progress from the Aurum Exploration Fiji Limited and the Government:

- a) The fair share of royalty in which the Ministry of Lands was still in the process of calculating a formula for the six hundred thousand dollars (\$600,000) on how the royalties would be determined before its final

pay out to the land owning units. The landowners were not well informed of the quantity and quality of the minerals being extracted, the price and how much was for their share from the total amount that Government sells as minerals is State property.

- b) The proposed building in Nabouwalu to be rented by Government, to be paid on a 20-year letting agreements, so it becomes theirs so the value of what they have used, the resources goes to the value of their property and the hard-cash does not go into their hands.
- c) The quantity of the minerals which have not been deposited, landowners would like to know the quantity of the minerals too that actually went into the market, the price and how much was their share from the total amount that Government sells because minerals is State property.
- d) To participate in a joint entrepreneurship project, where they were to also be beneficiaries from the mineral exploration. They were to run together until the obligations under that trust were to be fulfilled and that was the setting up of a contract between the landowners and the company. The landowners were to supply food for the company as food supplies for the workers. That venture did not last long because the Chinese company opted to buy food from Suva and Labasa.
- e) Vehicles, there were two vehicles, one has been paid, one is still yet to be paid – one hundred and eighteen thousand dollars(\$18,000) with Merchant Finance and there is a Trust Account which currently a change of trustee process is taking place with the Ministry of Lands because the honourable Minister for Agriculture has resigned .
- f) The rightful owner of the jetty to be determined as there were conflicts within the land owning units.

2.1.3 Submission Three: Acting Director of Environment Mr. Aminiasi Qareqare

The Department of Environment in terms of the environment impact assessment, consulted the villages of Lekutu and Nawailevu and the environment impact study on the loading area that Naiviqiri prior to the mining.

The Department of Environment has an office in the North and is part of the monitoring committee that looks at the development with other government stakeholders in the north including the explorer or the mining licence holder which is Aurum, as well as the company and the office of the commissioner northern.

The department is currently working on rehabilitating Nawailevu Bauxite and they are pursuing into other areas in the mining. There had not been any complains raised by the villages on any damages on the river banks and seas according to the Environment Impact Assessment done by the Department of Environment. In terms of the loading the Bauxite there were some concerns on the initial loading site.

Apparently, there was an agreement by the company to do a conveyer belt loading system and due to the load that was exerted on the conveyor belt, they had to change their loading methodology. However, they had raised some concerns but that was addressed during monthly meetings that were held with the monitoring committee and the company was asked to relook at it in terms of the new operations that were now happening in Dreketi. As highlighted by the official from the Department of Environment, that the loading facility was one of the biggest areas that the Ministry will be addressing in the near future.

2.1.4 Submission Four: Divisional Commissioner, Northern Mr. Alipate Bolalevu

The total amount of money already expended by Aurum and paid to landowning units as recorded in the last meeting in June was \$1.5 million which included the Future Generation Fund of six hundred thousand dollars (\$600,000) that had been directed to the Ministry of Lands until to date.

As noted by the committee, there were two (2) main mining sites and four (4) operational sites which was; the two mining sites were the bauxite surface lease for the first site and the access mining and camp site lease. The four (4) operational sites were; the foreshore, the quarry and the stock pile lease, the foreshore jetty lease and the access lease. The mining had commenced on the second site while the rehabilitation works had already commenced on the first site.

On Bauxite Surface Leases, premium rental paid to the land owning Units, *Mataqali* Naicobo, in Nawailevu is about five hundred and sixty seven thousand dollars (\$567,000); Noro, about thirty two thousand dollars (\$32,000); one hundred thousand dollars (\$100,000) to Nalutu; two hundred and twenty thousand (\$220,000) to *Mataqali* Naita and Votua – twelve thousand dollars (\$12,000); on access to the *Mataqali* Naita and Votua. The royalty payment on fishing rights about two hundred and seventy five thousand dollars (\$275,000) to the *Mataqali* Navakasiga in Lekutu; and the fishing rights rock royalty, about eighty five thousand dollars (\$85,000) to Nalutu in Baravi.

On pending payment for the Future Generation Fund, close consultations with the resource owners had been undertaken and with the desired timeline to wrap up negotiation and disbursement of those funds was supposed to have been done by last month, were as follows – Land Owning units, *Mataqali* Naicobo about five hundred thousand dollars (\$500,000), *Mataqali* Nalutu, seventy thousand dollars (\$70,000); and *Mataqali* Noro – thirty thousand (\$30,000).

On rural development issues capacity building was one of our main weapons that the Ministry used to try and lure the landowning units in. Those were conducted in 2011 on how they could better utilised their lease money to improve on their livelihoods.

On development projects, the Commissioner's Office had formulated a business plan and the other basic infrastructure development on water, how best they could have good access drinking water, generators to generate the power or solar, upgrading of road access to the village, education development for their children while at the tertiary level, housing schemes and other economic opportunities within the village vicinities. Most of these infrastructural developments was not done due to non-payment of their contribution as was highlighted to the landowners

The committee also noted that there were few investments made by the landowning units, one was the Navakasiga Trust, they invested two hundred fifty thousand dollars (\$250,000) to LICl, they had invested a five(5) year plan with them so by the end of this year, they are getting back that investment.

2.1.5 Submission Five: Northern Development Program **Mr. Waisele Tuidama**

As suggested by the Northern Development Program there was a lot of suggestions there with other government departments, other stakeholders coming and working together for the success of the project to monitor and encourage the “*Look North Policy*” programmes for the landowners as one of the initiatives of government.

As stated by the Northern Development Program Coordinator that was why Nawailevu was not that successful, because things were done not as a whole team probably had an *ad hoc* consultation and people came and saw it fit. Further added, there should be a team right from the beginning to the completion of the project.

However, NDP came in terms of capacity building of the landowners, how NDP could help them from the opportunities they could create from the funds that they were receiving and the business that Xinfu was doing on their land. The Northern Development Program, NDP, came in only on business consultation to the landowners.

2.1.6 Submission Six: The Aurum Exploration Fiji Ltd **Mr Derek Qiu – Assistant Executive Director**

The representative of the Aurum Exploration Fiji Ltd, Mr Delei Qiu had requested the committee, since he was based in Suva and that he does not deal directly with the bauxite production, if all questions be directed to the company Director and other company officials who were based in the bauxite area in Nawailevu, Bua. He further requested that if committee could agree to visit the Bauxite mining area in Bua and to meet and discuss with the other company officials who would be present at the mining site which was agreed by all the members of the committee.

2.1.7 Submission Seven: Fiji Electricity Authority of Fiji **Mr Bobby Naimawi**

In terms of the provision of electricity to the people of Nawailevu in Bua, as stated by the Fiji Electricity Authority, this was not in the FEA planning but this could be a Way Forward for the Fiji Electricity Authority as Government had

currently given directive to FEA to extend power between Korovou and Tavua corridor which is one of the highest priority of FEA at the moment. As stated by the official from FEA, Government had contributed about fourteen (\$14) million each on the extension of the grid from Seaqaqa to Dreketi and to extend it to Nawailevu would require a lot of capital funding.

As stated by the FEA, they had plans for Vanualevu, but for the rural electrification plan, to extend to the rural electrification was the responsibility of the Department of Energy. In terms of the national development, that is where FEA comes in in terms of power development plan.

2.1.8 Submission Eight: Aurum Exploration Fiji limited

(1)Mr. Lei Sang – General Manager, (2) Mr. Derek Qiu – Assistant General Manager

(3)Mr. Isireli Dagaga – Managing Director, (4) Mr. Michael Nesbit

The question to ask “What are the benefits of the mining bauxite in Nawailevu and Fiji?

As stated by the Aurum Exploration Fiji Limited that there was an increase in tax revenue to the Government – all payments due to the Government have been paid in full by Aurum. Aurum Exploration Ltd has community programmes, lease payments which contributed to the sustainable development goals in Fiji. Aurum Exploration Ltd found out that some communities have invested their funds in long term sustainable projects such as cattle farms. The company provided employment and job training. Aurum employs about 100 people of which 95 were Fijians, the company brought in direct foreign investment into Fiji, large amounts of money that were brought from overseas and spent directly on the ground in Fiji. Aurum Exploration Ltd contributed to the net foreign exchange earnings and provided a significant contribution to the national economy.

Some of the benefits that the community and landowners had seen were thirty thousand dollars \$30,000 donated to the Bua Scholarship Fund, BSF, where the Aurum Exploration Ltd closely worked with the land owning unit on village youth and housing projects, assisted with church maintenance, in times of drought we cart water to schools and villages that need help. Aurum Exploration Ltd donated five hundred (500) school bags and stationary to schools in Bua. We donated twenty (24)

computers, twelve (12) printer copiers donated to Bua and Macuata Schools. The company helped with road upgrading construction, gave assistance to the old people as well and donated livestock – ten (10) cattle and twenty (20) goats to the three(3) local land owning units which helped the land owning unit with the sustainable development goals.

Employment – the company employed about 100 people, five of which are expats, ninety five (95) of which are Fijians and twenty (27) are from the local land owning units. They had various training programmes to increase the skill levels, where people who maybe do not have previous experience or employment, provided training for various truck driving licenses and there were 5 (five) from the local land owning units. The company also provided long term employment opportunities with ongoing rehabilitation plan, basically the company would be planting trees for the next four(4) or five (5) years. The company requires the assistance from the landowners in the form of employment from the local communities.

Environment and Rehabilitation – the company conducted ongoing testing in the creeks and rivers, the Government tests as well on a monthly basis. The company carried out that sediment to the mine site during the rehabilitation programmes. It was committed to reducing soil erosion which it did almost immediately after they mined the area. They were committed to ensuring that zero spillage of bauxite while loading and we also had two eighteen thousand (18,000) litre water trucks, continuously working to mitigate any dust. Grass was being planted, pine seedlings had been planted, and had actually even planted some food crops, water melon, pumpkin and beans.

The price of the bauxite, for Nawailevu was USD\$20, according to the world market price. To-date the company had already paid all royalties to the Mineral Resource Department. It was USD\$20 a tonne – sale price. The royalty, according to the Mineral Resources Department, is 3 per cent. The royalty, according to the Mineral Resources Department, is 3 per cent. 1.2 million tonnes is correct. That one is a gross tonnage, included is the water.

2.1.9 Submission Nine: Director of Mineral Resources Mr Malakai Finau

Firstly, bauxite is a very new mining venture that we have in Fiji apart from the Vatukoula Gold Mine which has been running for a very long time. The processing and mining plans of the bauxite is different from the way the minerals such as gold is processed and traded.

According to the Department of Mineral's records, there has been \$1,137,496.84 quantum of bauxite. There is dry metric tonnes that is the amount of bauxite that has been exported or sold overseas by the company. The Dry Metric Tonnes (DMT) that is the quantum of bauxite, and according to our records that has not only been extracted but exported.

These are two different things. In mining, you can extract and stock pile but this is the amount that has just been extracted and exported. The Department of Minerals relies on information provided by the company, the buyer and the very own Customs Department and that was how the Department of Minerals managed to come up with that figure of 1,137,496.84 dry metric tonnes of bauxite. The bauxite was send to China for analysis by the buyer and the company. The Department of Minerals is currently upgrading its laboratory to be able to carry out the minerals sample analysis as such.

During the exploration phase before mining, that was how the Department managed to verify the three components from the mining of bauxite which was aluminium, silica and the water content. Free moisture was the water content.

As stated by Mr Malakai Finau, there is no market price for bauxite like for other commodities like gold. The bauxite is more or less on the agreement to sell it to the buyer or from the Department of Minerals to the buyer. There is no set price so it ranges from about \$US20, US30 or US\$40 dollars. It depends on a number of factors such as the minerals components that would be present as a result of analysing the bauxite.

2.1.10 Submission Ten: Representative from the Mataqali (Land Owning Unit) Naicobo Mr. V. Kaidawa

As stated by the submitters, the land owning unit Naicobo had outstanding issues with Aurun Exploration Fiji Ltd from the mining of bauxite from their land and the land owning units had not been informed accordingly of any payment progress from the extraction process .

According to Mr. Kaidawa, the land owning units had only received the lease money from mining of bauxite from their land until to date but they were not aware of the other payment of the fair share or payment from the royalties.

The land owning unit Naicobo during one of their meetings with the i Taukei Lands Trust Board, had learnt that the mining of bauxite in Nawailevu, Bua was projected to finish off by March, 2015. To date the land from the extraction of the bauxite was still piled up awaiting transportation to China where the land owning units was not sure of the cost that would be involved.

The other issue raised by the land owning unit of Naicobo was the agreement made with the Aurum Company in providing employment and infrastructure development to the people of Nawailevu which to date had not been fulfilled.

2.1.11 Submission Eleven: Representative from the Mataqali Nalutu

The land owning unit of Nalutu thanked the Aurum Exploration Fiji Ltd and the Government for providing them financially and thus the members of the mataqali Nalutu used the funds as follows: Housing, education for their children.

The land owning unit of Nalutu had also purchased two vehicles to generate income back to the land owning units and the income generated is being deposited into the bank for the land owning units children's' future.

In addition to this, land owning unit of Nalutu had started a livestock farming thus had improved their livelihood.

The members of mataqali Nalutu had a proposal that the Future Generation Fund be distributed equally amongst the members of the landowning units.

2.1.12 Submission Twelve: Representative from the Mataqali Noro Mr. Y Radonumaibulu

The land owning unit of Noro does not own a piece of land from the mining site but they thanked the Government and the Aurum Exploration Fiji Limited for the payment of the usage of their road.

2.1.13 Submission Thirteen: Representative from the Mataqali Naita Mr. J Bola

The land owning unit of Naita had about 24 hectares that was used by Aurum Exploration. Land owning unit of Naita had so far received \$220,000 from Aurum for the lease money and had been distributed as follows:

- a) 10% - \$5,700 was distributed to the three (3) churches in the mataqali Naita
- b) \$70,000 kept with the mataqali for business development
- c) \$22,000 for education purposes and business operations
- d) Purchase of a double truck- ten wheeler
- e) Lease money from the company for the access road in which land owning unit Naita had only received lease payment once.

The land owning unit of Naita seek for answers on the following questions:

- a) the specific condition made with Aurum Exploration Fiji Limited such as the Employment for the members of the mataqali Naita
- b) Vehicle contract – in one of the meetings with the company in the past months, mataqali Naita had requested for the mataqali vehicle to be contracted with the company but till to date the company has not responded.
- c) Housing provided for the members of the landowning unit of Naita
- d) The 3% fair share of the royalty was announced by the Minister for Lands to the members of the land owning unit of Naita. The Minister for Lands responded and said that the Ministry of Lands has been working on a new formula for the payment of royalty.

2.2 Summary of Written Submission:

2.2.1 Submission One: Ministry of Rural and Maritime and Disaster Management.

- A. Aurum Exploration limited currently holds (6) six leases for its bauxite mining and other operational sites in Nawailevu/Naiviqiri, Bua. There are two main mining sites and four operational sites detailed as follows:

1. Bauxite Surface Lease(1st site)
 2. Access Mining & Camp Site lease
 3. Quarry & Stock Pile Lease
 4. Foreshore Jetty Lease
 5. Bauxite Surface Lease
 6. Access Lease
- B. Total amount of money expended by Aurum and paid to Land Owning Units \$1,412,211.45.

BAUXITE SURFACES LEASES

- C. **Premium Rental** - \$567,590 - Naicoko, Nawailevu
 - \$32,410 - Noro, Naiviqiri
 - \$100,000 – Nalutu, Baravi
 - \$220,000 – Naita, Votua
 - \$12,000 – Naita, Votua

D. **Pending Payment**

Future Generator Funds- Consultation with Resources owner had been undertaken with a desired timeline to wrap up negotiations and disbursement of Funds by June 2015.

- a) Mataqali Naicobo - \$500,000.00
- b) Mataqali Nalutu - \$70,000.00
- c) Mataqali Noro - \$30,000.00

RURAL DEVELOPMENT ISSUES

- a) Capacity Building of the land Owning Unit, were conducted in 2011 on how they can better utilise their lease money to improve on their livelihoods.
- b) Training area focused were:
 - I. Farming, root crops, vegetables to feed the workers at the Bauxite.
 - II. Fish ponds and prawns – they were encouraged to do fish ponds and prawns to be sold at the Bauxite.
 - III. Livestocks- Beef, Poultry, layer birds to be sold at the Bauxite.

It was the responsibility of the office of the Commissioner and stakeholders to see and guide the Land Owning Units how best they can invest their lease money to this **Economic Projects**.

CONCLUSION

There were few investments made by Land Owning Units.

1. Navakasiga Trust - \$250,000.00 invested with LICI
2. Noro Beef Farm - 40 heads
3. Naicobo – one 3 ton truck, one twin cab
4. Education Allowance for tertiary students.

Most of the mataqali members opted to share the lease money that was why most infrastructure development was not done due to non-payment of contribution.

3.0 COMMITTEE'S OBSERVATIONS AND DELIBERATIONS

Lack of information, awareness programs and engagement of land owners in the consultation process may have resulted in the filing of this petition. One classical issue contained in the petition which was misconstrued was the promise by the Prime Minister of housing assistance, electricity and water. This in fact is a government rural development program which requires the contribution of the people and not one hundred per cent (100%) free.

- 3.1 The land owners were not privy nor partake in the lease and contract agreement negotiations which totally eliminated them from participating meaningfully in business process.
- 3.2 iTLTB which should represent the land owner's interest were totally out of the picture and not directly involved as the land had been deposited to the Land Bank Unit.
- 3.3 The EIA document process raises a lot of question on its credibility and transparency in order to address correctly the environmental issues and rehabilitation. Mining areas are so bare that wind erosion is continuously dusting extensive surrounding areas.

- 3.4 The bauxite stock pile at Naiviqiri washes into the Lekutu/Dreketi Bay fishing grounds that extends to the Great Sea Reef during rainy season. This causes pollution and affects the marine eco system.
- 3.5 In terms of lease money and other revenues derived from the mining, the landowners lack the capacity and direction to invest wisely.
- 3.6 The future generation fund which is still with the government and yet to be disbursed pending fulfillment of some administrative requirements by the land owners.
- 3.7 The fair share formula will be determined as a percentage of the government's royalty. The landowners are entitled to this additional income.
- 3.8 The current rehabilitation program includes pine planting. The pine takes fifteen (15) to eighteen (18) years to mature which is within the twenty (20) years lease period. The question then arises as to whether the mining company can harvest the pine within the duration of the lease if it was purposely planted for land rehabilitation.
- 3.9 The landowners failed to adhere to the advice of the Committee which was formed to look after their financial affairs.
- 3.10 The FGF is a new concept that only applies to the Nawailevu bauxite lease. The basis of the assessment was not based on any policy or regulation. If this has to be adopted in all mining leases than it has to be thoroughly researched and properly regulated.

4.0 Miscellaneous

The general public perception was that the bauxite that was shipped to China included soil. During our visit to the site in Nawailevu, we were advised by the company that what was taken was in fact all bauxite.

5.0 Gender analysis

The Committee took into account the provisions of Standing Order 110(2) which states:

“Where a committee conducts an activity listed in clause (1), the committee shall ensure that full consideration will be given to the principle of gender equality so as to ensure all matters are considered with regard to the impact and benefit on both men and women equally”.

During the committees’ consultation meeting with the people of Nawailevu village, Bua held at the village community hall on the 25th July, 2015, the women in the village also participated during the discussion process and raised issues on the education assistance of their children and housing provision for the newly married couples within their respective LOU.

6.0 CONCLUSION

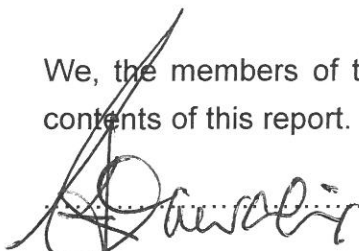
1. The petition was a result of lack of financial management by the LOU of Naicobo in the use of their lease money.
2. The other LOU though received less lease money adhered to advice rendered and invested their money wisely.
3. Bauxite Mining is a one off investment and requires thorough investigation and consultation before it is implemented.
4. A change in the mind set of LOU from distribution of lease money to investment opportunity focus should be encouraged.
5. The living standard of landowners be improved with all amenities during the duration of the mining lease.
6. The landowners are always vulnerable to exploitation by opportunist, consultants and advisors taking advantage of their ignorance and make quick money.
7. It was noted that an estimated twenty (20) million tons of bauxite waiting to be mined in Vanua Levu.

8. All stakeholders should take note of weaknesses encountered in Nawailevu mining and improve on it for the maximum benefit of LOU.

SIGNATURES OF MEMBERS OF THE

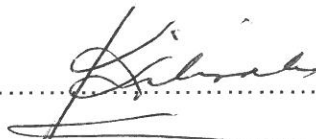
STANDING COMMITTEE ON NATURAL RESOURCES

We, the members of the Standing Committee on Natural Resources agree with the contents of this report.



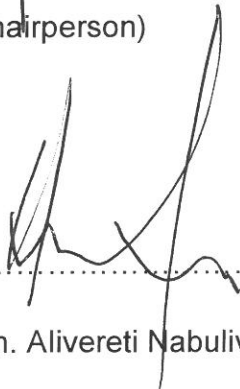
Hon. Joeli Cawaki

(Chairperson)



Hon. Ratu Kiniviliame Kiliraki

(Deputy Chairperson)



Hon. Alivereti Nabulivou



Hon. Samuela Vunivalu

.....
Hon. Jiosefa Dulakiverata



APPENDICES

APPENDIX 1

- 1) Ministry of Public Enterprises
- 2) Ministry of Infrastructure and Transport
- 3) Ministry of Rural Maritime and National Disaster Management
- 4) Ministry of Infrastructure & Transport
Deputy Secretary Operation
- 5) Ministry of Lands & Mineral Resources
- 6) Ministry of Local Government & Environment
- 7) Ministry of iTaukei Affairs
- 8) iTaukei Lands Trust Board
- 9) Mataqali Representatives and Landowners of
Nawailevu, Bua
- 10) Aurum Exploration Fiji Limited

Appendix 2

COPIES OF THE LEASE DOCUMENTS OF NAWAILEVU MINE AREA

MEMORANDUM OF LEASE

18272

STAMP DUTY \$2011-25014/4

Date Stamped: 9/3/2011

LU 3/1/4

Duty Paid \$60.00

Commissioner of Stamp Duties

Original \$60.00

Duplicate \$1.00

\$61.00

SPECIAL LEASE

Foreshore Lease – Jetty

DESIGNATED LAND

Lease No.
(FOR TITLES OFFICE USE ONLY)

Collected vide:

RR No. 265169 of

24/02/2011

Smoke
.....
or Director of Lands

THE DIRECTOR OF LANDS

(hereinafter referred to as the 'Lessor')
of Fiji on behalf of the STATE hereby
leases to **AURUM EXPLORATION**
[FIJI] LIMITED, a limited liability
company having its registered office at
("hereinafter referred to as the Lessee")

FEES

Registration Fee: \$ 2-45

Plan Fee: \$ 50.00

Survey Fee:

Drawing Fee : \$200.00

TOTAL: \$252.45

Revenue Rec. No. 265169

Date: 24/02/2011

Initials: *Sm*

UNDER LAND USE DECREE 36/2010

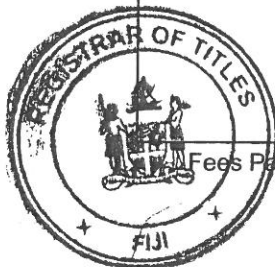
All that piece of Land being

| Name of Land | Province | District or Town | Area |
|---------------------------------------|----------|------------------|----------|
| State Foreshore East of Bekana Island | Bua | Bua / Navakasiga | 1.702 ha |

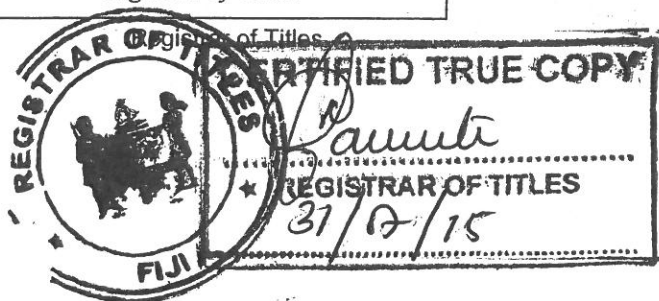
The boundaries of which are more particularly delineated on the plan hereon to be held by the said **AURUM EXPLORATION [FIJI] LIMITED** for the term and at the rent payable to the Director of Lands and subject to the terms and conditions set out in Annexure A and B

LEASE No. 18272

REGISTERED 09 MAR 2011 at 11:30am



Registrar of Titles



ANNEXURE A
REFERENCE SCHEDULE AND SPECIAL CONDITIONS

This is Annexure A to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

1. Reference Schedule

In this lease, the following items as defined as follows:

| | | |
|---------------|-------------------------|---|
| <i>Item 1</i> | Term | Twenty [20] years, commencing upon the Commencement Date. |
| <i>Item 2</i> | Commencement Date | 01 st day of February, 2011 |
| <i>Item 3</i> | Rent: | |
| | (a) Premium: | Nil. |
| | (b) Base Rent: | [\$1,000.-00] One thousand dollars per annum, payable bi-annually in advance in equal instalments. |
| <i>Item 4</i> | Rent Review | Upon every fifth anniversary of the Commencement Date, the Base Rent must be reviewed to fair market rent in accordance with Regulation 8 of the Land Use Regulations 2011. |
| <i>Item 5</i> | Outgoings | |
| | (a) Statutory: | All rates, taxes, charges, duties, and impositions assessed with respect to the land, the lessee's use of the land, or the lessee by the State or any lawful authority or statutory body. |
| | (b) Operating Expenses: | Not applicable. |
| <i>Item 6</i> | Permitted Use | Construction and use of Jetty and associated activities |
| <i>Item 7</i> | Default Notice Periods | <i>1st Default Notice Period:</i> Fourteen [14] days commencing upon the date the notice under clause 13(c) is given. <i>2nd Default Notice Period:</i> Seven [7] commencing upon the date the notice under clause 13(d) is given. |

2. Special Conditions

Notwithstanding any provision of Annexure B, the following special conditions apply:

1. Definitions

In these special conditions:

"Local Land Owning Units" means the Yavusa, Mataqali, and Tokatoka as the case may be who own the land.

"Mining Lease" has the same meaning as that term is defined in the Mine Excavation Site Lease.

"Transaction Documents" means:

- (i) the mine excavation site lease entered into between the lessor and the lessee (*Mine Excavation Site Lease*);
- (ii) the access to bauxite mining and camp site lease entered into between the lessor and the lessee; and
- (iii) the quarry and stockpile lease entered into between the lessor and the lessee,

entered into on or about the date of this lease and any Mining Lease granted to the lessee with respect to any land the subject of the leases described in paragraphs (i)-(iii).

2. Fishing Rights payment

As compensation to local owners for the loss of fishing rights, the lessee must pay the lessor \$275,000.00 on or before the Commencement Date.

3. Construction of Jetty

- (a) The lessee must develop the land for the purpose of constructing and use of jetty and associated activities, in accordance with the requirements of the lessor and other planning authorities on receipt of the detailed development plans.
- (b) The lessee must within the first (12) months of the term of this lease carry out and complete to the satisfaction of the lessor and all relevant authorities all construction work for the jetty as required by the lessor in the following manner:
 - (i) The lessee must obtain the relevant authorities approval for the construction of the jetty before the commencement of the development and must submit the same to the lessor for approval.
 - (ii) The lessee must submit approved engineering plans within the first six (6) months and shall commence site works and must complete construction works within twelve (12) months from the commencement date of this lease.
 - (iii) Upon satisfactory completion of the jetty the lessee must provide a completion certificate to the Director of Lands as evidence.

4. Use of Jetty

- (a) The lessee must not without the prior consent of the lessor carry on or permit to be carried on in or upon the demised premises any offensive trade or business as defined in the Public Health Act and relevant laws of Fiji.
- (b) The lessee must keep the demised land in a clean and hygienic condition at all times in accordance with the Public Health Regulation.
- (c) The lessee must at all times comply with lawful requirements of the Nabouwalu Rural Local Authority insofar as it is bound by such requirements.

5. Other structures and neighbouring properties

- (a) The lessee agrees that the lessor or any authorized person or persons may at any time without let or hindrance enter upon the demised land to construct, place or maintain posts, pipes, cables or wires of any nature whatsoever above or below the ground anywhere within the demised land.
- (b) The lessee must not erect or permit to be erected any structure of any nature whatsoever over those portions of the demised land where posts, pipes, and cables or wires have been placed and shall not do any matter, act or thing that shall or may damage any posts, pipes, cables wires constructed within the demised land.
- (c) The lessee must indemnify and keep indemnified the lessor from and against all legal liability in respect of loss, damage, actions, proceedings suits, claims, demands, costs and expenses which may arise or be occasioned to Crown or to the other neighboring properties or the owners or tenants thereof arising out of the developments carried out by the lessee or on behalf of the lessee under the conditions of this lease.

6. Third party uses

Where practicable, the lessee must use reasonable endeavours to:

- (a) source its unskilled and skilled employees and source contractors and service providers (for example, trucking, business transportation, meals to workers) from members of, and businesses owned by, the Local Land Owning Units and fishing right owners; and
- (b) permit members of the Local Land Owning Units and fishing right owners use of the jetty.

7. Ownership of Jetty vests in lessor upon termination

Upon termination of the lease (including by effluxion of time), the lessor may by notice to the lessee require the lessee to leave the jetty in which case ownership of the jetty will vest in the lessor as at the date of termination.

8. Interdependency

The parties agree that:

- (a) a default under any of the Transaction Documents by the lessee will be deemed to be a default by the lessee under this lease;

- (b) where any Transaction Document is validly terminated by the lessor on account of the default of the lessee under that Transaction Document, the lessor may terminate this lease and will be entitled to contractual damages as if this lease was terminated due to the default of the lessee; and
- (c) the rights of the parties under this lease are cumulative and in addition to their respective rights under the other Transaction Documents.

9. Mining Lease

In the event that the Mining Lease is not executed by the Director of Mines within 45 days after the date of the Mining Excavation Site Lease, then the lessee may terminate this lease by written notice to the lessor given at any time prior to the date the Director of Mines executes the Mining Lease. In the event the lease is terminated under this special condition, the lessor must refund any premium or base rent actually received from the lessee, but otherwise such termination will be without prejudice to the accrued rights of the parties.

10. Costs

The lessee must pay to, or as directed by, the lessor on or before the Commencement Date the following:

- (a) survey fees with respect to the lease (as determined by the lessor, acting reasonably);
- (b) lease preparation costs of \$1066.00;
- (c) any stamp duty assessed with respect to this lease; and
- (d) any VAT assessed with respect to the lease.



**ANNEXURE B
GENERAL CONDITIONS**

This is Annexure B to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

1. Land

- (a) The lessor grants and the lessee accepts a lease of the land for the term and at the rent and on the terms and conditions of this lease.
- (b) The grant of the lease is subject to the following reservation:
 - (i) the lessor reserves all precious metals, coals and minerals of every description including crude oil upon, in or under the land with full liberty at all times to search, dig for and carry away such metals, coals and minerals of every description including crude oil and for that purpose to enter upon the said land or any part thereof.

2. Rent

- (a) The lessee must pay the rent in cleared funds when due and without demand.
- (b) The lessor may from time to time specify the manner in which the Rent must be paid, including any requirement that rent be paid by electronic funds transfer to an account nominated by the lessor.
- (c) The rent will be adjusted and reviewed as the case may be in the manner specified in the Reference Schedule.

3. Outgoings

- (a) The lessor may from time to time provide the lessee with a statement detailing the outgoings. The statement may include actual or estimated amounts, however where an estimated amount is included the lessor must promptly reconcile such estimated amounts as against the actual amounts incurred and include the adjustment in the following statement of outgoings.
- (b) The lessee must pay the amount specified in the statement within 14 days of receipt in cleared funds.

4. Assignment and Sub-letting

- (a) This lease is a protected lease under the provisions of Section 12 (1) of the Land Use Decree 36/2010.
- (b) The lessee must not alienate or deal with its estate or interest in the lease of any part thereof, whether by sale, transfer or sublease or any other manner whatsoever, nor to mortgage, charge or pledge the same, without the written consent of the Director of Land first had and obtained, nor except at the suit or with the written consent of the Director of Land shall any such lease be dealt with by any court of law or under the process of any court of law, nor, without such consent as aforesaid, shall the Registrar of Titles register any caveat affecting such lease.
- (c) For the purposes of this clause,
 - (i) where the lessee is a company and there is either:

- (A) a change in the beneficial ownership of the lessee;
 - (B) a change in the majority shareholding of the lessee; or
 - (C) a change in the person or persons in ultimate control of the lessee, or
- (ii) where the lessee makes a declaration of trust with respect to the lease,
- then such occurrence will be deemed to constitute a transfer of the lease requiring the prior written consent of the Director of Land.
- (d) Paragraph (c)(i) will not apply where:
- (i) the change occurs solely by virtue of a change in ownership of any shares listed on an official list of a stock exchange; or
 - (ii) where the lessee is a foreign investor within the meaning of the Foreign Investment Act and the requirements of that Act are complied with respect to the change.
- (e) The lessor may disregard and treat as null and void any purported dealing with the lease in contravention of this clause.
- (f) As a condition of granting consent, the lessor may require the lessee to repay any fitout contributions, lease incentives or costs provided or incurred by the lessor under the lease in the immediately preceding ten years. This paragraph will not apply to transfers by way of administration and natural love and affection to the spouse and children of the lessee.
- (g) Any consent under this lease may be given in writing by any officer or officers, either solely or jointly, authorised on behalf of the lessor. Any consent given under the lease will lapse if not acted upon within ninety (90) days after the consent is given.

5. Permitted Use

- (a) The Lessee must:
- (i) use and must continue to use the land for the Permitted Use; and
 - (ii) not use the land for any purpose other than the Permitted Use.
- (b) Where the Permitted Use includes a use specified in the first column of Schedule 1, then the provisions of the second column of Schedule 1 will apply.
- (c) The Lessee must not subdivide the land without the prior written consent of the lessor obtained and then only in accordance with a plan of subdivision approved by the lessor in writing.
- (d) The Lessee shall not obstruct in any way the free passage of any person over the public thoroughfare intersecting or adjoining the demised land and shall if required by the Lessor of the Divisional Surveyor so to do forthwith remove any crop or other obstruction placed by him on such public thoroughfare in contravention of this condition. Should any question arise as to whether any path intersecting or adjoining the demised land is a public thoroughfare it shall be referred to the Director of Land whose decision shall be final and conclusive.

shd

6. Repairs and Maintenance

The lessee must at its cost:

- (a) keep the land and any improvements in good repair and condition, including the carrying out of any structural repairs;
- (b) carry out such drainage works as may be required to the satisfaction of the lessor; and
- (c) keep clean and open and maintain in good condition all drains ditches, water-courses and drainage and sewage systems in upon or intersecting the demised land to the satisfaction of the Lessor.

7. Access

The lessor or any authorised person or persons may at any time without let or hindrance:

- (a) enter upon the land to construct, place, or maintain, posts, pipes, cables or wires and drains of any nature whatsoever above or below the ground anywhere within the land; and
- (b) enter upon such drainage reserve for the purpose of carrying out any drainage works or repairs whatsoever; and
- (c) any rights exercised under this clause will not constitute re-entry or forfeiture of the lease.

8. Protection of assets

- (a) The lessee must not erect or permit to be erected any structure of any nature whatsoever over or upon any portion or portions of the land:
 - (i) where posts, pipes and cables or wires have been placed and where drains of any nature whatsoever have been dug; or
 - (ii) shown on the plan hereon as drainage reserve and coloured blue,and the lessee must not do any act or thing that will or may:
 - (iii) damage any post, pipe, cable, wire or drain or impede the flow of water along any drain constructed within the land; or
 - (iv) damage or impede the flow of water along any drain that has been or may be constructed or excavated along such drainage reserve.
- (b) The lessee must not remove or dispose of by sale or otherwise any forest produce growing upon the land without the written consent of the lessor first had and obtained and subject to such conditions as to the payment of royalty or otherwise prescribed by the Forest Regulations as the lessor may direct;
- (c) The lessee must keep open and maintain in good condition to the satisfaction of the lessor all drains, ditches and water courses upon or intersecting the demised land.

9. Boundary marks to be protected by lessee

The lessee must in all respects at its cost:

- (i) have boundaries of which have been surveyed and marked on the ground;

- (ii) maintain and protect such boundary marks from loss or damage; and
- (iii) maintain such marks and the boundary lines reasonably clear of bushes, weeds, vines, or other undergrowth so as to enable such survey marks and boundary lines to be readily found and followed at any time:

Provided that no boundary mark established by a surveyor shall be moved, replaced or otherwise interfered with by any person not being a registered surveyor other than by re-piling fallen stones or earth around such mark.

10. Insurance

The lessor may affect prudent policies of insurance with respect to:

- (a) public liability (including personal injury and property damage);
- (b) building replacement insurance; and
- (c) industrial special risks,

and may require the lessee to reimburse the lessor a fair proportion of any premiums paid by the lessor or the State. The lessee must not do anything which may vitiate or cancel the lessor's insurance policies.

11. Indemnity

The lessee releases and indemnifies the lessor, the State, the Trustees, native land owners (and any of their respective agents, contractors, officers and employees) from any loss, damage, liability or claims with respect to the use or occupation of the land by the lessee (or anyone under the lessee's control) with respect to the lease.

12. Warranty

Each party warrants to the other that it has legal capacity to enter into this lease and to grant and perform the rights and obligations contained in the lease. The lessee warrants that, to the best of the lessee's knowledge, any information provided with respect to this lease under Regulation 9(1) is true and correct as at the Commencement Date and the lessee indemnifies the lessor from any loss, damage, liability or claims caused by the breach of this warranty.

13. Default

- (a) In the event of any breach by the lessee of any covenant or condition in this lease the Lessor may issue a notice to the lessee specifying the default and requiring that the default be remedied within the 1st Default Notice Period.
- (b) Where the default is not capable of remedy, the lessee will be deemed to have remedied the default upon payment to the lessor in cleared funds reasonable compensation for the default as determined by the lessor (acting reasonably).
- (c) Where the default remains unremedied after the expiry of the 1st Default Notice Period specified in the notice of default, the lessor may give the lessee a further notice stating that if the default remains unremedied within the 2nd Default Notice Period, then the lessor may terminate the lease.



- (d) Where the default remains unremedied after the expiry of the 2nd Default Notice Period, the lessor may automatically terminate the lease by notice to the lessee, such notice must be given at any time within 6 months after the expiry of the 2nd Default Notice Period.
- (e) Upon termination of the lease, the lessor may enter upon and take possession of the land, without limiting any other rights of the lessor.
- (f) Notwithstanding any other provision of this lease,
 - (i) if the lessee becomes (or if one or more of the lessees become) bankrupt or insolvent then the lessor may terminate this lease immediately, and such termination will be without prejudice to any other rights of the lessor; and
 - (ii) where the lessee has defaulted under the lease, the lessor may (but without being obliged to do so) take such steps as are reasonably necessary or convenient to remedy the breach or limit or contain the likely loss or damage arising out of or in connection with the breach and may recover its reasonable costs and expenses thereby incurred from the lessee as a liquidated debt and any actions taken by the lessor will be deemed not to constitute re-entry or forfeiture of the lease.

14. Improvements

- (a) The lessee may remove any building or improvement erected by the lessee on the land at any time within 3 months after the expiration of the lease at its own expense provided that:
 - (i) before the removal of any building the lessee shall have paid all rent owing by him and shall have performed or satisfied all his other obligations to the lessor in respect of the demised land;
 - (ii) in the removal of any building the lessee shall not do any avoidable damage to any other buildings or other part of the demised land;
 - (iii) immediately after the removal of any building the lessee shall make good all damage occasioned to any other building or other part of the demised land;
 - (iv) the lessee shall not remove any building without giving one month's previous notice in writing to the lessor of his intention to remove it;
 - (v) at any time before the expiration of notice of removal, the lessor, by notice in writing given by him to the lessee, may elect to purchase any building comprised in the notice of removal, and any building thus elected to be purchased shall be left by the lessee and shall become the property of the lessor, who shall pay to the lessee the fair value;
 - (vi) if the lessee applies for a renewal of the lease the provisions of paragraph (i) shall be deemed to cease to apply as from the date of the application of the lessee for a renewal of the lease; and
 - (vii) that in the event of any breach by the lessee of any covenant or condition in the lease the lessor may enter upon and take possession of the land without limiting any other rights of the lessor.

15. Compliance with Laws

The lessee must comply at all times with all laws applicable to the land, the lease and the lessee.

16. Governing Law

This lease will be governed by the laws of Fiji.

17. Definitions and Interpretation

In this lease:

- (a) references to a person include an individual, firm or a body, corporate or unincorporate;
- (b) terms which are defined in the Land Use Decree 2010 or the Land Use Regulations 2011 have the same meaning in this lease;
- (c) the word "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (d) clause headings and subclause headings shall not be used in the interpretation of the lease;
- (e) words in the singular include the plural and words in the plural include the singular, according to the requirements of the context. Words importing a gender include every gender and other parts of speech and grammatical forms of a word or phrase defined in the Lease have a corresponding meaning;
- (f) unless otherwise provided, all references to monetary amounts in the lease are in Fiji dollars;
- (g) if any provision of the lease is deemed to be or becomes void, voidable or unenforceable, it shall be read down or, if incapable of being read down, severed and the remaining provisions of the lease shall continue to have full force and effect;
- (h) a reference to a decree, statute, regulation, proclamation, ordinance or by-law includes all decrees, statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a decree or statute includes all regulations, proclamations, ordinances and by-laws issued under that decree or statute;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of the lease will be construed adversely to a party solely on the ground that the party was responsible for the preparation of the Lease or that provision; and
- (k) a covenant or agreement on the part of 2 or more persons binds them jointly and severally.

FILE: LU 3/1/4

SHOWING LOT

PLAN REF: LU 59

SHEET REF A2'43 nlc

KNOWN AS

STATE FORESHORE EAST OF BEKANA ISLAND

DISTRICT

BUA / NAVAKASIGA


PROVINCE BUA

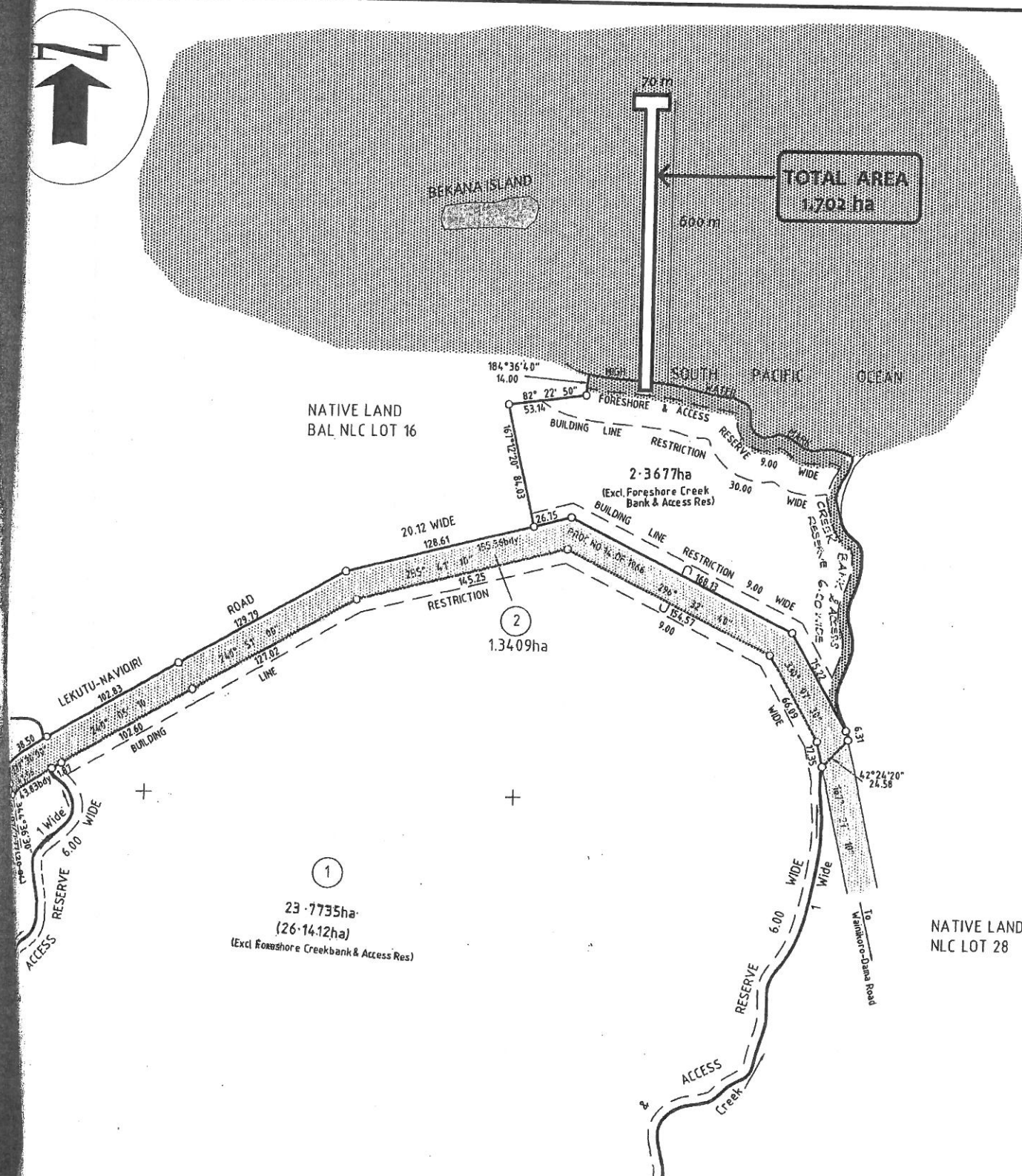
TENURE

STATE FORESHORE LAND

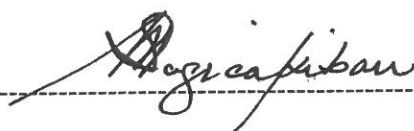
CERTIFIED TRUE COPY

DATE: 04/03/2011


.....
SENIOR TECHNICAL OFFICER (GIS)



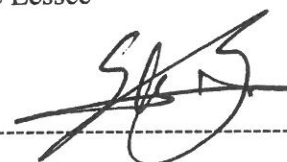
Signed by the Director of Lands for and on behalf of the Lessor:




Witnessed by:


ALEXANDER MILNER

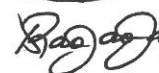
Signed by the Lessee



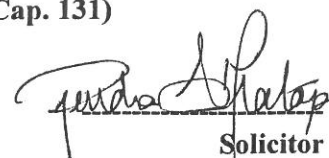
Witnessed by:


A. Siwziban
Ate Siwziban




ISIRELI DAGAGA
COMPANY SECRETARY

Correct for the purposes of the Land Transfer Act (Cap. 131)


Solicitor

AJENDRA A PRATAP
Commissioner for Oaths
Barrister and Solicitor
High Court of Fiji
Date



No..... Registeredat.....m

To

.....

.....

Registrar of Titles

No..... Registeredat.....m

To.....

.....

.....

Registrar of Titles

No..... Registeredat.....m

To

.....

.....

Registrar of Titles

No..... Registeredat.....m

To.....

.....

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Registrar of Titles

No..... Registeredat.....m

To

.....

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Registrar of Titles

No..... Registeredat.....m

To.....

.....

.....

Registrar of Titles

MEMORANDUM OF LEASE

LU 3/1/7/1

STAMP DUTY

Original \$500.00
Duplicate \$ 5.00
\$505.00

Paid vide RR263701

of 15/05/2014

[Signature]
for Director of Lands

SURFACE LEASE

DESIGNATED ITAUKEI LAND

THE DIRECTOR OF LANDS

[Hereinafter referred to as the lessor]
on behalf of the **TRUSTEES MATAQALI**
Naita of Fiji hereby leases to

AURUM EXPLORATION (FIJI) LIMITED
A Limited liability Company having
it registered office at Copra Shed Marina,
Savusavu, Fiji.

[Hereinafter referred to as the lessee]

LEASE NO.....
FOR TITLES OFFICE USE ONLY

FEES - VAT INCLUSIVE

\$2014-12013115
Date Stamped: 30/05/2014
Duty Paid \$5.00
Registration Fee: \$324.95
Commissioner of Stamp Duty

Documentation Fee \$230.00
Plan Fee \$57.50
Application Fee \$115.00
Total \$404.95

Revenue Receipt 263701

Date: 15/05/2014

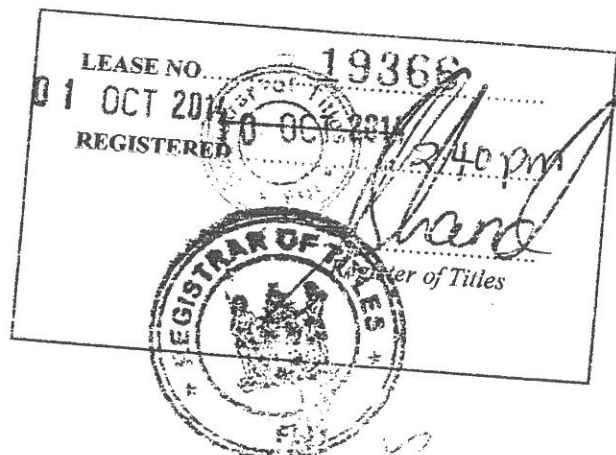
Initials: *[Signature]*

UNDER THE LAND USE DECREE 36/2010

All that piece of Land being

| Name of Land | Province | District or Town | Area | Lot No. | Plan No. (d) |
|--------------|----------|------------------|------------|---------|--------------|
| Vuninoko | Bua | Lekutu | 34.8459hac | 1 | SO 6787 |

The boundaries of which are more particularly delineated on the plan hereon to be held by the said **Aurum Exploration (Fiji) Limited** for the Term and at the Rent payable to the Director of Lands and subject to the terms and conditions set out in Annexures A and B.




ANNEXURE A
REFERENCE SCHEDULE AND SPECIAL CONDITIONS

This is Annexure A to lease between the Director of Lands (*lessor*) and Aurum Exploration (Fiji) Limited (*lessee*).

1. Reference Schedule

In this lease, the following items as defined as follows:

| | | |
|----------------|-------------------------|--|
| <i>Item 1</i> | Term | Twenty [20] years, commencing upon the Commencement Date. |
| <i>Item 2</i> | Commencement Date | 1 st day of July, 2014 |
| <i>Item 3</i> | Rent: | |
| | (a) Premium: | \$220,000.00 Two hundred and twenty thousand dollars |
| | (b) Base Rent | [\$7,000.00] Seven thousand dollars per annum, for the first five years |
| <i>Item 4</i> | Rent Adjustment | Upon each anniversary of the Commencement Date (other than a date the Base Rent is reviewed to fair market rent). The base rent will increase by fair market analysis and recommendation. |
| <i>Item 5</i> | Rent Review | Upon every [fifth] anniversary of the Commencement Date, the Base Rent must be reviewed to fair market rent in accordance with Regulation 8 of the Land Use Regulations 2011. |
| <i>Item 6</i> | Outgoing | |
| | (a) Statutory: | All rates, taxes, charges, duties, and impositions assessed with respect to the land, the lessee's use of the land, or the lessee by the State or any lawful authority or statutory body. |
| | (b) Operating Expenses: | All insurance premiums payable by the lessor with respect to the land. |
| <i>Item 7</i> | Permitted Use: | Surface Lease |
| <i>Item 8</i> | Option to Renew | Nil |
| <i>Item 9</i> | Security | Nil |
| <i>Item 10</i> | Default Notice Periods | 1 st Default Notice Period: [14] fourteen days commencing upon the date the notice under clause 13(c) is given 2 nd Default Notice Period [7] seven days commencing upon the date the notice under clause 13(d) is given. |


P. P.

2.0 Special conditions

Notwithstanding any provision of Annexure B, the following special conditions apply:

2.1 Financial Projections

The provision of the true financial projections of income and expenditures of the full mining operations.

2.2 Mining Plan

The provision of an approved mining plan from the department of Mineral Resources.

2.3 EIA Report

The issuance of the surface lease shall be subject to the provision of an approved EIA report sanctioned by the Department of Environment.

2.4 Topographic Survey Restoration and rehabilitation

The provision of a detail report to address the restoration and rehabilitation of the land and environment. The survey is to be done before and after the excavation to ascertain volume of bauxite and soil extraction. Government may assist with the survey but it will be at the lessee's request and survey costs borne by the lessee.

2.5 Merchantable tree, tree crops

The payment of compensation for damaged crops and trees shall be based on Forestry Department and Agriculture Department schedule of Values.

2.6 Rock & Soil Royalty

The Lessee shall pay the current and Soil Royalty without demand under the relevant laws of Fiji to the lessor if soil and rock are removed the leased land.

2.7. Review of Lease Condition

This will have to be conducted after 5 years to take into account any dramatic changes in the laws of the land or the mining industry in general. The Government will notify the lessee on the proposed changes which will be subject to negotiation by the parties.

2.8 Occupational Health & Safety

The lessee must ensure that the company and its employee's agents and contractors are covered and comply with the current approved occupational health and safety management plan.

2.9 Land Owners Issues:

- **Employment:**
The Land owners be given the first preference on unskilled and skilled employment provided they meet the criteria.
- **Landowner's participation in ancillary business services:**
The landowners shall be given the first preference in service operations such as trucking business, transportation services and provision of meals to workers provided they meet the quality and standard of product required by the lessee.

AP P.R. SR.

■ **Future Generation:**

We understand that the Lessee is fair and reasonable in willing to assist the Land Owning Unit. In the spirit of fairness the lessee shall provide a fair share of the return as additional community contributions in terms of cash grants for education, housing, health, roads, agriculture, water and waste disposal for the present and the future generation, this will be to the tune of \$150,000.00. The sum of \$8,333.00 shall be payable annually by the lessee for the remaining term of the Mining lease two (2) years after its effective date.

Should in any case the lessee's Mining lease is terminated before the expiry date, the lessee on the date of notification of termination of lease settle the amount owed as future generation payment immediately without any demand.

- **Culture and Tradition:** The Company shall ensure that local culture and tradition shall be observed and respected by its staff.
- **Boundary pegs:** The Company shall ensure that all mataqali boundaries marks (mounds/pegs) if removed or destroyed, in the course of the mining operation are to be reinstated in accordance with the law and Surveyors regulation.
- **Burial grounds:** The Land Owning Unit and the relevant Government authorities must be consulted should any Burial and cultural sacred sites are encountered during the course of any work. Relocation of sites must be done at the Company's cost.

Handwritten signatures and initials.

P.P

**ANNEXURE B
GENERAL CONDITIONS**

This is Annexure B to lease between the Director of Lands (*lessor*) and Aurum Exploration (Pvt) Limited (*lessee*).

1. Land

- (a) The lessor grants and the lessee accept a lease of the land for the term and rent and on the terms and conditions of this lease.
- (b) The grant of the lease is subject to the following reservation:
 - (i) the lessor reserves all precious metals, coals and minerals of every description including crude oil upon, in or under the land with full liberty at all times to search, dig for and carry away such metals, coals and minerals of every description including crude oil and for that purpose to enter upon the said land or any part thereof.

2. Rent

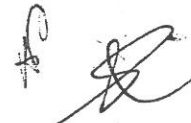
- (a) The lessee must pay the rent in cleared funds when due and without demand.
- (b) The lessor may from time to time specify the manner in which the Rent must be paid, including any requirement that rent be paid by electronic funds transfer to an account nominated by the lessor.
- (c) The rent will be adjusted and reviewed as the case may be in the manner specified in the Reference Schedule.

3. Outgoings

- (a) The lessor may from time to time provide the lessee with a statement detailing the outgoings. The statement may include actual or estimated amounts, however where an estimated amount is included the lessor must promptly reconcile such estimated amounts as against the actual amounts incurred and include the adjustment in the following statement of outgoings.
- (b) The lessee must pay the amount specified in the statement within 14 days of receipt in cleared funds.

4. Assignment and Sub-letting

- (a) This lease is a protected lease under the provisions of Section 12 (1) of the Land Use Decree 36/2010.
- (b) The lessee must not alienate or deal with its estate or interest in the lease of any part thereof, whether by sale, transfer or sublease or any other manner whatsoever, nor to mortgage, charge or pledge the same, without the written consent of the Director of Lands first had and obtained, nor except at the suit or with the written consent of the Director of Land shall any such lease be dealt with by any court of law or under the process of any court of law, nor, without such consent as aforesaid, shall the Registrar of Titles register any caveat affecting such lease.


P.P

(c) For the purposes of this clause,

(i) where the lessee is a company and there is either:

(A) a change in the beneficial ownership of the lessee;

(B) a change in the majority shareholding of the lessee; or

(C) a change in the person or persons in ultimate control of the lessee, or

(ii) where the lessee makes a declaration of trust with respect to the lease,

then such occurrence will be deemed to constitute a transfer of the lease requiring the prior written consent of the Director of Land.

(d) Paragraph (c) (i) will not apply where:

(i) the change occurs solely by virtue of a change in ownership of any shares listed on an official list of a stock exchange; or

(ii) where the lessee is a foreign investor within the meaning of the Foreign Investment Act and the requirements of that Act are complied with respect to the change.

(e) The lessor may disregard and treat as null and void any purported dealing with the lease in contravention of this clause.

(f) As a condition of granting consent, the lessor may require the lessee to repay any fit out contributions, lease incentives or costs provided or incurred by the lessor under the lease in the immediately preceding ten years. This paragraph will not apply to transfers by way of administration and natural love and affection to the spouse and children of the lessee.

(g) Any consent under this lease may be given in writing by any officer or officers, either solely or jointly, authorized on behalf of the lessor. Any consent given under the lease will lapse if not acted upon within ninety (90) days after the consent is given.

5. Permitted Use

(a) The Lessee must:

(i) use and must continue to use the land for the Permitted Use; and

(ii) not use the land for any purpose other than the Permitted Use.

(b) Where the Permitted Use includes a use specified in the first column of Schedule 1, then the provisions of the second column of Schedule 1 will apply.

(c) The Lessee must not subdivide the land without the prior written consent of the lessor obtained and then only in accordance with a plan of subdivision approved by the lessor in writing.

(d) The Lessee shall not obstruct in any way the free passage of any person over the public thoroughfare intersecting or adjoining the demised land and shall if required by the Lessor of the Divisional Surveyor so to do forthwith remove any crop or other obstruction placed by him on such public thoroughfare in contravention of this condition. Should any question arise as to whether any path intersecting or adjoining

P.P.

the demised land is a public thoroughfare it shall be referred to the Director of Lands whose decision shall be final and conclusive.

6. Repairs and Maintenance

The lessee must at its cost:

- (a) keep the land and any improvements in good repair and condition, including the carrying out of any structural repairs;
- (b) carry out such drainage works as may be required to the satisfaction of the lessor; and
- (c) keep clean and open and maintain in good condition all drains ditches, water-courses and drainage and sewage systems in upon or intersecting the demised land to the satisfaction of the Lessor.

7. Access

The lessor or any authorised person or persons may at any time without let or hindrance:

- (a) enter upon the land to construct, place, or maintain, posts, pipes, cables or wires and drains of any nature whatsoever above or below the ground anywhere within the land; and
- (b) enter upon such drainage reserve for the purpose of carrying out any drainage works or repairs whatsoever; and
- (c) any rights exercised under this clause will not constitute re-entry or forfeiture of the lease.

8. Protection of assets

- (a) The lessee must not erect or permit to be erected any structure of any nature whatsoever over or upon any portion or portions of the land:
 - (i) where posts, pipes and cables or wires have been placed and where drains of any nature whatsoever have been dug; or
 - (ii) shown on the plan hereon as drainage reserve and coloured blue,
and the Lessee must not do any act or thing that will or may;
 - (iii) damage any post, pipe, cable, wire or drain or impede the flow of water along any drain constructed within the land; or
 - (iv) damage or impede the flow of water along any drain that has been or may be constructed or excavated along such drainage reserve.
- (b) The lessee must not remove or dispose of by sale or otherwise any forest produce growing upon the land without the written consent of the lessor first had and obtained and subject to such conditions as to the payment of royalty or otherwise prescribed by the Forest Regulations as the lessor may direct;
- (c) The lessee must keep open maintain in good condition to the satisfaction of the lessor all drains, ditches and water courses upon or intersecting the demised land.


P.P

- (vii) that in the event of any breach by the lessee of any covenant or condition in the lease the lessor may enter upon and take possession of the land and improvements without limiting any other rights of the lessor.

15. Compliance with Laws

The lessee must comply at all times with all laws applicable to the land, the lease and the lessee.

16. Governing Law

This lease will be governed by the laws of Fiji.

17. Definitions and Interpretation

In this lease:

- (a) references to a person include an individual, firm or a body, corporate or unincorporated;
- (b) terms which are defined in the Land Use Decree 2010 or the Land Use Regulations 2011 have the same meaning in this lease;
- (c) the word "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (d) clause headings and subclause headings shall not be used in the interpretation of the lease;
- (e) words in the singular include the plural and words in the plural include the singular, according to the requirements of the context. Words importing a gender include every gender and other parts of speech and grammatical forms of a word or phrase defined in the Lease have a corresponding meaning;
- (f) unless otherwise provided, all references to monetary amounts in the lease are in Fiji dollars;
- (g) if any provision of the lease is deemed to be or becomes void, voidable or unenforceable, it shall be read down or, if incapable of being read down, severed and the remaining provisions of the lease shall continue to have full force and effect;
- (h) a reference to a decree, statute, regulation, proclamation, ordinance or by-law includes all decrees, statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a decree or statute includes all regulations, proclamations, ordinances and by-laws issued under that decree or statute;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of the lease will be construed adversely to a party solely on the ground that the party was responsible for the preparation of the Lease or that provision; and
- (k) a covenant or agreement on the part of 2 or more persons binds them jointly and severally.

 
P.P

SPECIFIC LAND USE CONDITIONS

*All uses other than
commercial, residential,
industrial, tramway uses*

In addition to any other conditions which the Director, in the circumstances of any case may see fit to impose, the lessee may only erect such buildings on the land as are necessary for:

- (a) dwelling or dwellings for the lessee:
- (b) dwellings for persons bona fide employed on the land; such as stockmen, farm, plantation or quarry labourers and supervisors; or
- (c) accommodation for implements, vehicles, horses, and other stock used in connection with the farm, plantation or quarry or any building connected with the work of a farm, plantation or quarry, as the case may be.

H  D
P.P



Phone 324 3000

Ref: CSC/TIN#50-13839-0-5 /OPS

Date: 26-AUG-2010

The Authorised Officer
AURUM EXPLORATION (FIJI) LIMITED
C/- KPMG,
P O BOX 32
SUVA

RECEIVED
26 SEP 2010
KPMG

Dear Sir/Madam

NEW TAXPAYER REGISTRATION

Your application dated 30-MAY-2002 to register as a taxpayer has been processed and your Tax Identification Number (TIN) is : 50-13839-0-5

Please remember to quote this number in all future dealings with the Inland Revenue Services or at any FIRCA Office.

Any further queries regarding the above should be directed to the Customer Service Center at Nasese Complex, Building 1, Ground Floor or telephone on 3243000.

Yours Faithfully

Chief Executive Officer
Fiji Islands Revenue & Customs Authority

FIJI

CERTIFIED TRUE COPY

REGISTRAR OF COMPANIES

DATE 19/9/07



CO.NO. 13667

CERTIFICATE

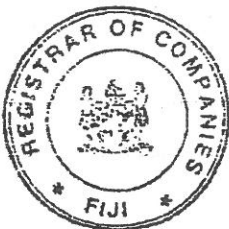
IN THE MATTER OF THE COMPANIES ACT, 1983

I, WENDELL ANTHONY ARCHIBALD,
Registrar of Companies of Fiji, DO
HEREBY CERTIFY that :

AURUM EXPLORATION (FIJI) LIMITED

formerly called KHARTOUM LIMITED
was changed by Special Resolution and
with the approval of the Registrar of
Companies on the 1st December, 2000
was incorporated under the Companies
Act as a Limited Company on the 6th day
of July, 1999.

GIVEN under my hand and seal this 4th
day of December, 2000.




REGISTRAR OF COMPANIES

Copy

PARTICULARS OF DIRECTORS AND SECRETARIES AND OF ANY CHANGES THEREIN

COMPANY: 13667
 COMPANY: AURUM EXPLORATION (FIJI) LIMITED
 AUDITORS: KPMG, CHARTERED ACCOUNTANTS

PARTICULARS OF PERSONS WHO ARE DIRECTORS OF THE COMPANY AT THE DATE OF THIS RETURN AND OF PERSONS NOW CEASING TO BE DIRECTORS

| 1 NAME | 2 ANY FORMER FORENAME OF NAME & SURNAMES | 3 NATIONALITY | 4 POSTAL ADDRESS | 5 BUSINESS OCCUPATION AND PARTICULARS OF OTHER DIRECTORSHIPS | 6 DATE OF BIRTH | 7 CHANGES |
|----------------------|--|------------------|---|---|-----------------------|------------------------|
| Richard Nesbitt | | Canadian | PO Box 262, Savusavu | Businessman | | No change |
| Jeffrey Peter Taylor | | Fiji Citizen | PO Box 262, Savusavu | Manager | | Resigned 25 July 2008 |
| Mr Levy | | Australian | 11 Plateau Road, Avalon NSW 2107, Australia | Vice President, Developments | | No change |
| Xinfa Zhang | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Company President | | Appointed 25 July 2008 |
| John Liu | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Company Vice-President | | Appointed 25 July 2008 |
| Yang Zhang | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Company Finance Director | | Appointed 25 July 2008 |
| Shanhuo Chen | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Executive Director | | Appointed 25 July 2008 |
| David Dagaga | | Fijian | PO Box 262, Savusavu | Managing Director | | Appointed 25 July 2008 |

30/07/2008



(STATE WHETHER DIRECTOR OR SECRETARY)

30/07/08
 [Signature]

PARTICULARS OF DIRECTORS AND SECRETARIES AND OF ANY CHANGES THEREIN

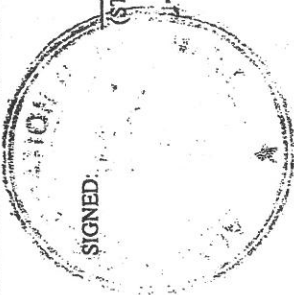
NO. OF COMPANY: _____

NAME OF COMPANY : AURUM EXPLORATION (FIJI) LIMITED
PRESENTED BY: KPMG, CHARTERED ACCOUNTANTS

PARTICULARS OF EACH PERSON WHO IS A SECRETARY OF THE COMPANY AT THE DATE OF THIS RETURN

| 1 NAME | 2 ANY FORMER FORENAME OF NAMES AND SURNAME | 3 POSTAL ADDRESS | 4 CHANGES |
|-----------------------|---|----------------------|------------------------|
| Geoffrey Peter Taylor | Nil | PO Box 262, Savusavu | Resigned 25 July 2008 |
| Isireli Dagaga | Nil | PO Box 262, Savusavu | Appointed 23 July 2008 |

DATE: 30/07/2008



[Signature]

(STATE WHETHER DIRECTOR OR SECRETARY)



DEPARTMENT OF ENVIRONMENT
GOVERNMENT BUILDINGS, SUVA, FIJI
P.O BOX 2189

31st July 2014

IN REPLY PLEASE QUOTE

EP 5417-A

PH: 3311699

The General Manager,
Aurum Exploration (Fiji) Ltd.
Savusavu,
Fiji.

Dear Sir,

Your Ref: REVIEW OF THE PROPOSED EXTENSION OF THE BAUXITE MINING
TOWARDS NAWAILEVU NORTH, BUA BY AURUM EXPLORATION (FIJI) LTD.

Based on the application assessment and discussions with relevant government agencies, it is hereby approved that all conditions of approval imposed to the Environment Impact Assessment [EIA] issued on the 28th June 2010, Construction Environment Management Plan [CEMP] and Operational Environment Management Plan [OEMP] issued to Aurum Mining on the mining site under Mataqali Nalcobo shall be applied to the proposed mining extension site under Mataqali Nana at Nawailevu North.

Attached are the conditions of approval for ease of reference. A special condition involves the inclusion of a Mataqali Nana representative in the monitoring committee.

We look forward to your cooperation however, should you require further clarifications do not hesitate to contact Senimili Nakora on 8818015, Lote Rusaqoli and Aminiasi Qureqare on 3311699.

Yours faithfully

Elean Tokadua (Ms.)

DIRECTOR OF ENVIRONMENT

Commissioner Northern Division
Director Mineral Resources
Ministry of Lands, Marine
and Fisheries
P.O. Box 2189
Suva, Fiji

1. That the subdivision on LOTS 1 & 2 B243 (PART OF), LEKUTU, BUA is approved for the following purposes and to be noted clearly on the Survey Plans:

Lot 1 & 3 – Agriculture
 Lot 2 – Noxious Industry (Mine Site)
 Lot 4 – Access Road (20.00m wide)
 Lot 5 – Access Road (12.00m wide)
 Lot 6 – River Bank Reserve (9.0m wide)

2. That land hooked to proposed Lot 2, lying east of proposed Lot 4: Access Road (20.0m wide) having an area of 1.5415 hectare and 7372 square metre and part of land hooked to proposed Lot 3, lying west of proposed Lot 5 and having an area of 1.3926 hectares respectively are to be designated as Lot 7: Harbour Reserve which shall be planted with appropriate vegetation in consultation with the Conservator of Forests.
 3. That the method of drainage, waste water and refuse disposal be to the satisfaction of the Bua Rural Local Authority.
 4. That the method of night soil disposal be by septic tank system constructed to the satisfaction of the Bua Rural Local Authority.
 5. That no building be erected without the prior consent of the Director of Town and Country Planning and the approval of the Bua Rural Local Authority.
 6. That no other use be allowed other than that approved or consented to by Director of Town and Country Planning.
 7. That the land shall be surveyed in accordance to the approved Scheme layout and no building application or other structural works be allowed until the Survey Plan is approved by the Surveyor General.
 8. That provision shall be made for adequate and wholesome water to the subdivision to the satisfaction of the Bua Rural Local Authority.
 9. That the following building line restriction shall be imposed:
 - i. 18.0m along the Wainikoro-Dama Road.
 - ii. 18.0m along the proposed 20.0m Road
 - iii. 9.0m along the 12.0m wide Road.
 10. That the Wainikoro-Dama Road be access denial and a 0.2m wide access denial strip be surveyed as separate lot and shown on the Survey Plan.
 11. That the 12.0m wide road (Reflected as Lot 4 on the proposed scheme) shall be widened to 20.0m throughout and maintained by the developer. This shall be noted on the Survey Plan.
 12. That the 20.0m wide Access (Lot 4) shall be properly truncated at the junction of the Wainikoro-Dama Road. Construction shall be carried out in consultation with Fiji Roads Authority.
 13. That the Developer be responsible for the naming of all proposed streets, roads within the subdivision and after obtaining the Director of Lands approval in accordance with the procedure for naming of streets/roads, erect street road signs at locations to be determined by Fiji Roads Authority. These signs should be in place before taking over for future maintenance and these names be shown on the Survey Plan before plans can be released for approval.
 14. That provision of drainage shall be provided for the subject site and the method of drainage shall be practical that the site is drained in a manner that the surface or sullage water does not run onto another property except into a natural water course or approved outlet.
 15. That the 9.0m River Bank Reserve shall be imposed along the Nawailevu River and Nadamanu River and surveyed of as a separate lot.
 16. That a detailed Environment Management Plan (EMP) be prepared in close consultation with the Department of Environment. The Terms of Reference (TOR) shall include the Social Impact Assessment study to be carried out for the Mataqali Naicobo of Nawailevu village and Mataqali Naita of Votua village. A copy of the approved EMP shall be submitted to the Director of Town and Country Planning for consideration and file records.
- at each phase of the development, this shall be plainly replicated in both the construction and operational phase and reflected in the EMP under the Mitigation Measures.
18. That the engineering plans for the excavation of the bauxite ore together with Environment Management Plan approved by the Department of Environment be submitted for approval. These shall consist of nine (9) sets of plans with appropriate forms of which five (5) shall be submitted initially for consultation purposes and shall include clear locality plans, drainage, catchments plan etc. The developer shall submit one set of plans to the Water Authority of Fiji.
 19. That all existing and proposed drains be formed and constructed to the satisfaction of Bua Rural Local Authority and easement shown on the Survey Plan and registered.
 20. That all existing buildings and structures on the site shall be shown on the Survey Plan and that any encroaching structures on the site shall be demolished partly or fully to provide for the required setbacks and building line restrictions as per Schedule B of the Town Planning Act General Provisions. This shall be shown on the Survey Plan before it is cleared for approval.
 21. That the Surveyor Consultant/Developer to submit certificates from the Bua Rural Local Authority, Fiji Roads Authority (FRA), Water Authority of Fiji (WAF), Director of Environment (DoE), Central Board of Health (CBH), I Taukei Land Trust Board (ITLB) and National Fire Authority confirming to us that the subdivision is complete, and all conditions of approval have been complied with before we can release Survey Plans for approval.
 22. That the consent of the Landlord (ITLB) and Director of Mineral Resources to be obtained and endorsed on the survey plan prior to its clearance.
 23. That this approval is valid for two (2) years only.

STATE LEASE DIAGRAM

(DESIGNATED LAND)

LU 3/1/7/1.....

SCALE - 1: 2,853

DESCRIPTION - LOT 1

PLAN - SO6787

SHEET REFERENCE - A24/3

DISTRICT - LEKUTU

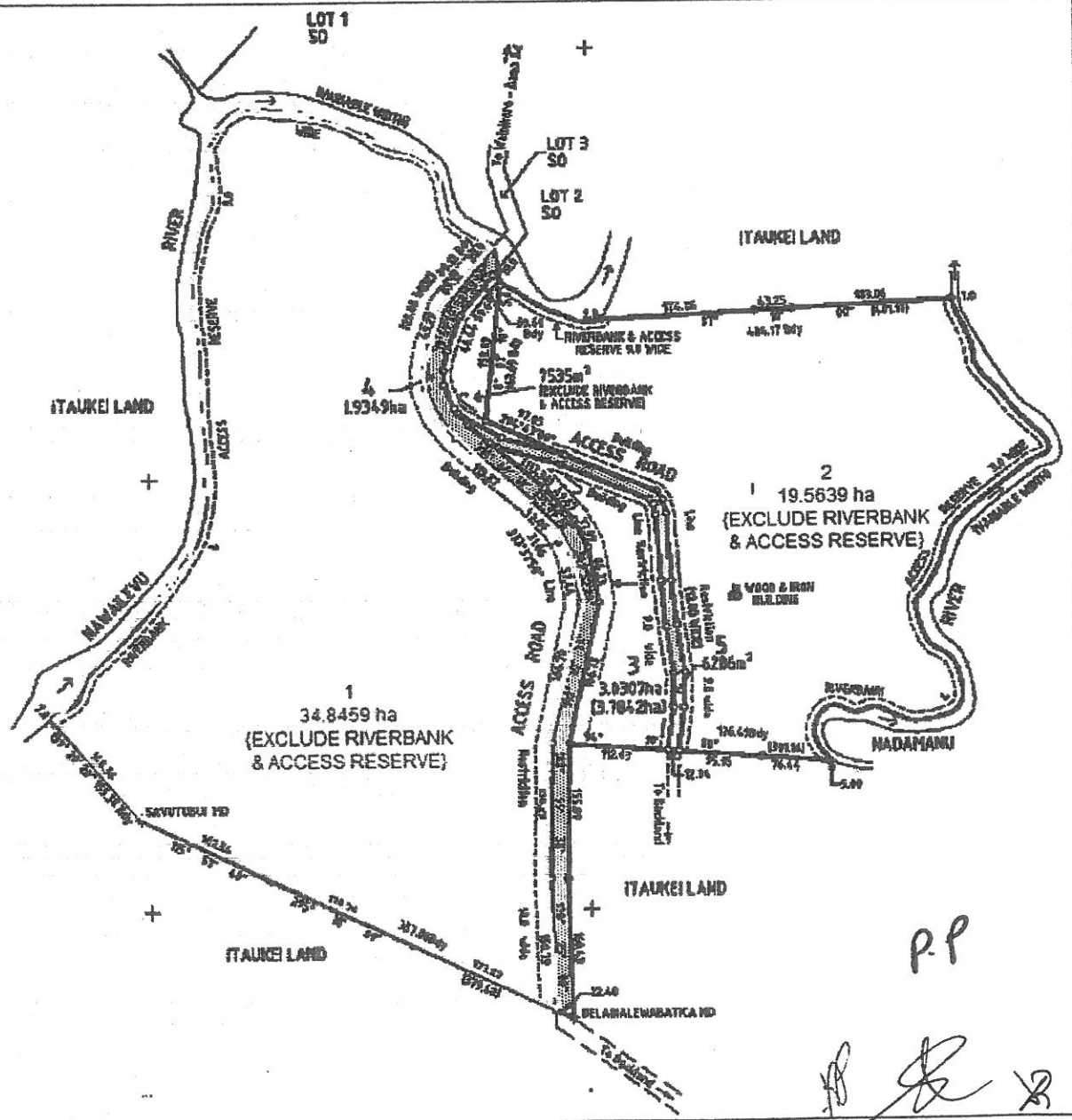
PROVINCE - BUA

ISLAND - VANUA LEVU

CERTIFIED TRUE COPY

[Signature]
SENIOR TECHNICAL OFFICER (GIS)

DATE - 21/8/14

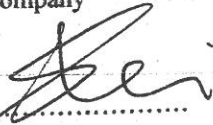


We, Aurum Exploration (Fiji) Limited a limited liability company incorporated in Fiji having its registered office at Copra Shed Marina, Savusavua, Fiji do hereby accept this lease.


DATED this 29th day of September 2014.

The common seal of Aurum Exploration (Fiji) Limited was hereunto affixed in our presence and we certify that we are the proper officers by whom and in whose presence the said Seal is to be affixed to documents executed by the said Company






.....
Director


.....
Director/ Secretary


.....
Witnessed by: **Artika Prasad** BCOM LLB
Barrister & Solicitor
(Advocate for Cases
SOUTH FIJI)

Signed by the Director of Lands for and on behalf of the lessor:-


.....
Director of Lands


.....
Witnessed by: **Karika Prasad**
Assistant lands officer

MEMORANDUM OF LEASE

S2011-25014/3
Date Stamped: 9/3/2011
STAMP DUTY \$12,489.00
Commissioner of Stamp Duties

LU 3/1/1

SPECIAL LEASE
Mining Excavation Site

Premium \$11,351.80
Original \$ 1,137.00
Duplicate \$ 1.00
\$12,489.80

Paid vide RR265169

of 24/2/2011

Im oke
for Director of Lands

THE DIRECTOR OF LANDS
[hereinafter referred to as the lessor]
on behalf of the **TRUSTEES MATAQALI**
NAICOBO of Fiji hereby leases to
AURUM EXPLORATION [FIJI]
LIMITED, a limited liability company having
its registered office; Private Mail Bag,
SAVUSAVU.
[hereinafter referred to as the lessee]

UNDER THE LAND USE DECREE 36/2010

All that piece of Land being

| Name of Land | Province | District or Town | Area | Lot No. | Plan No. (d) |
|---------------------|----------|------------------|------------|---------|--------------|
| Nawailevu [Part of] | Bua | Bua | 150.7827ha | 3 & 4 | SO 6268 |

the boundaries of which are more particularly delineated on the plan hereon to be held by the said **AURUM EXPLORATION [FIJI] LIMITED** for the Term and at the Rent payable to the Director of Lands and subject to the terms and conditions set out in Annexures A and B.

18262
LEASE NO.....
FOR TITLES OFFICE USE ONLY

FEES

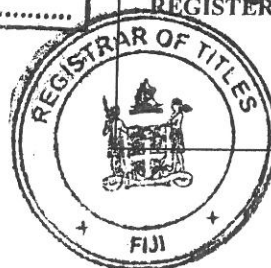
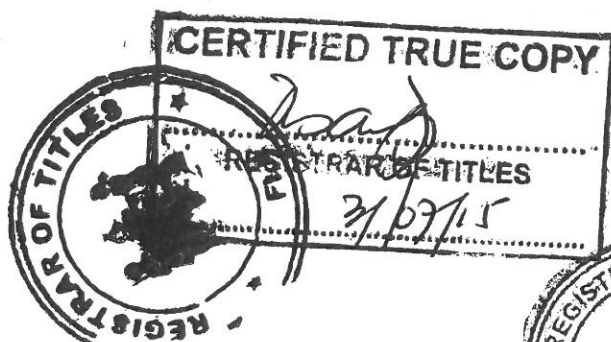
Registration Fee \$ 2.45
Drawing Fee \$ 200.00
Plan Fee \$ 50.00
Survey Fee \$18,000.00
Total \$18,252.45

Revenue Receipt No. R265169

Date: 24/2/2011

Initials

Im



LEASE NO. **18262**

REGISTERED **09 MAR 2011** at **11:30am**

Joseph
Registrar of Titles

ANNEXURE A
REFERENCE SCHEDULE AND SPECIAL CONDITIONS

This is Annexure A to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

1. Reference Schedule

In this lease, the following items as defined as follows:

- | | | |
|---------------|-------------------------|--|
| <i>Item 1</i> | Term | Twenty [20] years, commencing upon the Commencement Date. |
| <i>Item 2</i> | Commencement Date | 1 st day of February, 2011 |
| <i>Item 3</i> | Rent: | |
| | (a) Premium: | [567,590-00] Five hundred and sixty seven thousand, five hundred and ninety dollars payable in full on or before the Commencement Date. |
| | (b) Base Rent: | [18,920-00] Eighteen thousand, nine hundred and twenty dollars per annum, payable bi-annually in advance in two equal instalments. |
| <i>Item 4</i> | Rent Review | Upon every fifth anniversary of the Commencement Date, the Base Rent must be reviewed to fair market rent in accordance with Regulation 8 of the Land Use Regulations 2011. |
| <i>Item 5</i> | Outgoings | |
| | (a) Statutory: | All rates, taxes, charges, duties, and impositions assessed with respect to the land, the lessee's use of the land, or the lessee by the State or any lawful authority or statutory body. |
| | (b) Operating Expenses: | All insurance premiums payable by the lessor with respect to the land. |
| <i>Item 6</i> | Permitted Use | Bauxite Mining and Associated Camp Sites. |
| <i>Item 7</i> | Default Notice Periods | <i>1st Default Notice Period:</i> [14] fourteen days commencing upon the date the notice under clause 13(c) is given. <i>2nd Default Notice Period:</i> [7] seven days commencing upon the date the notice under clause 13(d) is given. |



2. Special Conditions

Notwithstanding any provision of Annexure B, the following special conditions apply:

1. Definitions

In these special conditions:

"Environment Bond" means the bond approved by the Director of Environment under the Environment Management Act 2005, in a form and upon terms and conditions acceptable to the Director of Mines (in his or her absolute discretion).

"Fair Share Payment" means the greater of the following amounts per annum:

- (i) \$500,000.00; and
- (ii) the amount determined by multiplying the fair market price per tonne of bauxite in Nawailevu as at the Mining Start Date by 12500.

"Local Land Owning Units" means the Yavusa, Mataqali, and Tokatoka as the case may be who own the land.

"Mining Act" means the Mining Act [Cap 146] and any associated regulations issued, as amended from time to time.

"Mining Lease" means a lease which:

- (i) meets the requirements of a special mining lease under section 37 of the Mining Act;
- (ii) is in a form required by the Director of Mines (acting reasonably) and otherwise consistent with the other Transaction Documents; and
- (iii) which will provide for the lessee to carry out bauxite mining and extraction from the land to a maximum of 1,000,000 tonnes and for the payment of the Mining Rent, Mining Royalties and the provision of the Environment Bond.

"Mining Rent" means the annual rent payable under regulation 5(1)(b) of the Mining Regulations.

"Mining Royalties" means the royalties payable in accordance with section 54 of the Mining Act.

"Mining Start Date" means the earlier of the commencement date of the Mining Lease and the date of substantial commencement of mining on the land.

"Rock Royalty" means a royalty of \$2.60 per cubic metre of rock extracted from the land;

"Soil Royalty" means a royalty of \$3.00 per cubic metre of soil extracted from the land;

"Transaction Documents" means:

- (i) the quarry and stockpile site lease between the lessor and the lessee;
- (ii) the access to bauxite mining and camp site lease between the lessor and the lessee;



- (iii) the foreshore lease between the lessor and the lessee,

entered into on or about the date of this lease and any Mining Lease granted to the lessee with respect to any land the subject of the leases described in paragraphs (i)-(iii).

2. Right to mine

- (a) The parties acknowledge that:
- (i) the lessee has applied or will make application for the Mining Lease under the provisions of the Mining Act; and
 - (ii) the Director of Mines is required to comply with the requirements of section 18(3) of the Mining Act prior to the issuing of the Mining Lease.
- (b) Upon the commencement of the Mining Lease, the lessee may mine and remove rocks, soil or materials from the land for the purposes of extracting bauxite, provided that the lessee complies with the requirements of the Mining Lease, including the obligations to provide the Environment Bond, pay the Mining Rent, and the Mining Royalties.
- (c) Until the commencement of the Mining Lease, the lessee may not mine, remove rocks, soil or materials or carry out any activity for which a mining lease, licence or permit is required under the Mining Act.
- (d) In the event that the Mining Lease is not executed by the Director of Mines within 45 days after the date of this lease, then the lessee may terminate this lease by written notice to the lessor given at any time prior to the date the Director of Mines executes the Mining Lease. In the event the lease is terminated under this special condition 2(d), the lessor must refund any premium or base rent actually received from the lessee, but otherwise such termination will be without prejudice to the accrued rights of the parties.

3. Fair Share

- (a) The lessee must pay the lessor the Fair Share Payment annually in advance and without demand for the period of 2 years commencing upon the Mining Start Date.
- (b) In the event that the parties dispute the relevant the fair market price per tonne of bauxite in Nawailevu, then either party may refer to the dispute to the Minister for Lands for appointment of an independent valuer to determine the fair market price as at the Mining Start Date as follows:
- (i) the parties make written submissions to the valuer;
 - (ii) the valuer must act as an expert and not an arbitrator;
 - (iii) the determination of the valuer will binding upon the parties; and
 - (iv) the parties must bear the costs of the determination equally.



4. Rock & Soil Royalty

The lessee must:

- (a) carry out an accurate survey and put in place proper monitoring system to ascertain the volume of bauxite, soil and rock extraction from the land;
- (b) permit the lessor (and its employees and agents) sufficient access to the land and to the lessee's records to review and audit the volume of bauxite, soil and rock extraction from the land; and
- (c) (in addition to any royalties payable under the Mining Act) pay the Rock Royalty and the Soil Royalty to the lessor monthly in arrears without demand.

5. Use of local employees, services

Where practicable, the lessee must use reasonable endeavours to source its unskilled and skilled employees and source contractors and service providers (for example, trucking, business transportation, meals to workers) from members of, and businesses owned by, the Local Land Owning Units.

6. Local Land Uses

The lessee must grant the members of the Local Land Owning Units supervised and free-of-charge access to their any part of the land not used for mining for the purposes of cutting firewood, farming, grazing and any other activity concerning the members' livelihood.

7. Minimise Disruption

The lessor must use reasonable endeavours to ensure that the members of the Local Land Owning Units (and their representatives) do not disrupt, delay or stop any mining or rehabilitation activity undertaken by the lessee.

8. Protection of Local Land Owning Units

The lessee must ensure that:

- (a) the local culture and tradition shall be observed and respected by the lessee and its staff;
- (b) mataqali boundary marks (mounds and pegs) if removed or destroyed in the course of the mining operation are to be re-instated in accordance with law and Surveyors Regulation; and
- (c) (in consultation with the members of the Local Land Owning Units) any burial grounds identified within the demised land and which may be affected by the use or operations of the lessee (or anyone under the lessee's control) are relocated at the lessee's own costs to a suitable location approved by the Director of Environment.

9. Financial Reporting

The lessee to provide a detailed report of the true financial projections of income and expenditure of the full mining operations on the date of this lease and thereafter as and when required by the lessor.

10. **Approved Mining Plan**

The lessee must:

- (a) provide a mining plan approved by the Minister for Mineral Resources and must comply at all times with such approved plan; and
- (b) comply with the directions from time to time of the Director of Mines with respect to the conduct of the lessee's mining operations.

11. **Environmental Protection**

The lessee must:

- (a) provide a detailed report to address the rehabilitation and restoration of the land and environment to the satisfaction of the Director of Mines;
- (b) provide an approved environment impact assessment (EIA) report approved by the Director of Environment; and
- (c) pay compensation for damaged crops and trees and the quantum of compensation will be calculated in accordance with the Forestry and Agriculture Department Schedule of rates.

12. **OH&S**

On the Commencement Date and every year thereafter, the lessee must submit an occupational health and safety management plan with respect to its use of the land for approval by the Director of Lands. The lessee must ensure that it and its employees, agents and contractors comply with the current approved occupational health and safety management plan.

13. **Interdependency**

The parties agree that:

- (a) a default under any of the Transaction Documents by the lessee will be deemed to be a default by the lessee under this lease;
- (b) where any Transaction Document is validly terminated by the lessor on account of the default of the lessee under that Transaction Document, the lessor may terminate this lease and will be entitled to contractual damages as if this lease was terminated due to the default of the lessee; and
- (c) the rights of the parties under this lease are cumulative and in addition to their respective rights under the other Transaction Documents.

14. **Costs**

The lessee must pay to, or as directed by, the lessor on or before the Commencement Date the following:

- (a) survey fees with respect to the lease in the amount of \$18,000.00;
- (b) lease preparation costs of \$1066.00;

**ANNEXURE B
GENERAL CONDITIONS**

This is Annexure B to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

1. Land

- (a) The lessor grants and the lessee accepts a lease of the land for the term and at the rent and on the terms and conditions of this lease.
- (b) The grant of the lease is subject to the following reservation:
 - (i) the lessor reserves all precious metals, coals and minerals of every description including crude oil upon, in or under the land with full liberty at all times to search, dig for and carry away such metals, coals and minerals of every description including crude oil and for that purpose to enter upon the said land or any part thereof.

2. Rent

- (a) The lessee must pay the rent in cleared funds when due and without demand.
- (b) The lessor may from time to time specify the manner in which the Rent must be paid, including any requirement that rent be paid by electronic funds transfer to an account nominated by the lessor.
- (c) The rent will be adjusted and reviewed as the case may be in the manner specified in the Reference Schedule.

3. Outgoings

- (a) The lessor may from time to time provide the lessee with a statement detailing the outgoings. The statement may include actual or estimated amounts, however where an estimated amount is included the lessor must promptly reconcile such estimated amounts as against the actual amounts incurred and include the adjustment in the following statement of outgoings.
- (b) The lessee must pay the amount specified in the statement within 14 days of receipt in cleared funds.

4. Assignment and Sub-letting

- (a) This lease is a protected lease under the provisions of Section 12 (1) of the Land Use Decree 36/2010.
- (b) The lessee must not alienate or deal with its estate or interest in the lease of any part thereof, whether by sale, transfer or sublease or any other manner whatsoever, nor to mortgage, charge or pledge the same, without the written consent of the Director of Land first had and obtained, nor except at the suit or with the written consent of the Director of Land shall any such lease be dealt with by any court of law or under the process of any court of law, nor, without such consent as aforesaid, shall the Registrar of Titles register any caveat affecting such lease.



(c) For the purposes of this clause,

(i) where the lessee is a company and there is either:

(A) a change in the beneficial ownership of the lessee;

(B) a change in the majority shareholding of the lessee; or

(C) a change in the person or persons in ultimate control of the lessee, or

(ii) where the lessee makes a declaration of trust with respect to the lease,

then such occurrence will be deemed to constitute a transfer of the lease requiring the prior written consent of the Director of Land.

(d) Paragraph (c)(i) will not apply where:

(i) the change occurs solely by virtue of a change in ownership of any shares listed on an official list of a stock exchange; or

(ii) where the lessee is a foreign investor within the meaning of the Foreign Investment Act and the requirements of that Act are complied with respect to the change.

(e) The lessor may disregard and treat as null and void any purported dealing with the lease in contravention of this clause.

(f) As a condition of granting consent, the lessor may require the lessee to repay any fitout contributions, lease incentives or costs provided or incurred by the lessor under the lease in the immediately preceding ten years. This paragraph will not apply to transfers by way of administration and natural love and affection to the spouse and children of the lessee.

(g) Any consent under this lease may be given in writing by any officer or officers, either solely or jointly, authorised on behalf of the lessor. Any consent given under the lease will lapse if not acted upon within ninety (90) days after the consent is given.

5. Permitted Use

(a) The Lessee must:

(i) use and must continue to use the land for the Permitted Use; and

(ii) not use the land for any purpose other than the Permitted Use.

(b) Where the Permitted Use includes a use specified in the first column of Schedule 1, then the provisions of the second column of Schedule 1 will apply.

(c) The Lessee must not subdivide the land without the prior written consent of the lessor obtained and then only in accordance with a plan of subdivision approved by the lessor in writing.

(d) The Lessee shall not obstruct in any way the free passage of any person over the public thoroughfare intersecting or adjoining the demised land and shall if required by the Lessor of the Divisional Surveyor so to do forthwith remove any crop or other obstruction placed by him on such public thoroughfare in contravention of this condition. Should any question arise as to whether any path intersecting or adjoining the demised land is a public

thoroughfare it shall be referred to the Director of Land whose decision shall be final and conclusive.

6. Repairs and Maintenance

The lessee must at its cost:

- (a) keep the land and any improvements in good repair and condition, including the carrying out of any structural repairs;
- (b) carry out such drainage works as may be required to the satisfaction of the lessor; and
- (c) keep clean and open and maintain in good condition all drains ditches, water-courses and drainage and sewage systems in upon or intersecting the demised land to the satisfaction of the Lessor.

7. Access

The lessor or any authorised person or persons may at any time without let or hindrance:

- (a) enter upon the land to construct, place, or maintain, posts, pipes, cables or wires and drains of any nature whatsoever above or below the ground anywhere within the land; and
- (b) enter upon such drainage reserve for the purpose of carrying out any drainage works or repairs whatsoever; and
- (c) any rights exercised under this clause will not constitute re-entry or forfeiture of the lease.

8. Protection of assets

- (a) The lessee must not erect or permit to be erected any structure of any nature whatsoever over or upon any portion or portions of the land:
 - (i) where posts, pipes and cables or wires have been placed and where drains of any nature whatsoever have been dug; or
 - (ii) shown on the plan hereon as drainage reserve and coloured blue,and the lessee must not do any act or thing that will or may:
 - (iii) damage any post, pipe, cable, wire or drain or impede the flow of water along any drain constructed within the land; or
 - (iv) damage or impede the flow of water along any drain that has been or may be constructed or excavated along such drainage reserve.
- (b) The lessee must not remove or dispose of by sale or otherwise any forest produce growing upon the land without the written consent of the lessor first had and obtained and subject to such conditions as to the payment of royalty or otherwise prescribed by the Forest Regulations as the lessor may direct;
- (c) The lessee must keep open and maintain in good condition to the satisfaction of the lessor all drains, ditches and water courses upon or intersecting the demised land.

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- (c) The lessee must keep open and maintain in good condition to the satisfaction of the lessor all drains, ditches and water courses upon or intersecting the demised land.

NRX

9. Boundary marks to be protected by lessee

The lessee must in all respects at its cost:

- (i) have boundaries of which have been surveyed and marked on the ground;
- (ii) maintain and protect such boundary marks from loss or damage; and
- (iii) maintain such marks and the boundary lines reasonably clear of bushes, weeds, vines, or other undergrowth so as to enable such survey marks and boundary lines to be readily found and followed at any time:

Provided that no boundary mark established by a surveyor shall be moved, replaced or otherwise interfered with by any person not being a registered surveyor other than by re-piling fallen stones or earth around such mark.

10. Insurance

The lessor may effect prudent policies of insurance with respect to:

- (a) public liability (including personal injury and property damage);
- (b) building replacement insurance; and
- (c) industrial special risks,

and may require the lessee to reimburse the lessor a fair proportion of any premiums paid by the lessor or the State. The lessee must not do anything which may vitiate or cancel the lessor's insurance policies.

11. Indemnity

The lessee releases and indemnifies the lessor, the State, the Trustees, native land owners (and any of their respective agents, contractors, officers and employees) from any loss, damage, liability or claims with respect to the use or occupation of the land by the lessee (or anyone under the lessee's control) with respect to the lease.

12. Warranty

Each party warrants to the other that it has legal capacity to enter into this lease and to grant and perform the rights and obligations contained in the lease. The lessee warrants that, to the best of the lessee's knowledge, any information provided with respect to this lease under Regulation 9(1) is true and correct as at the Commencement Date and the lessee indemnifies the lessor from any loss, damage, liability or claims caused by the breach of this warranty.

13. Default

- (a) In the event of any breach by the lessee of any covenant or condition in this lease the Lessor may issue a notice to the lessee specifying the default and requiring that the default be remedied within the 1st Default Notice Period.
- (b) Where the default is not capable of remedy, the lessee will be deemed to have remedied the default upon payment to the lessor in cleared funds reasonable compensation for the default as determined by the lessor (acting reasonably).

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- (b) Where the default is not capable of remedy, the lessee will be deemed to have remedied the default upon payment to the lessor in cleared funds reasonable compensation for the default as determined by the lessor (acting reasonably).

- (c) Where the default remains unremedied after the expiry of the 1st Default Notice Period specified in the notice of default, the lessor may give the lessee a further notice stating that if the default remains unremedied within the 2nd Default Notice Period, then the lessor may terminate the lease.
- (d) Where the default remains unremedied after the expiry of the 2nd Default Notice Period, the lessor may automatically terminate the lease by notice to the lessee, such notice must be given at any time within 6 months after the expiry of the 2nd Default Notice Period.
- (e) Upon termination of the lease, the lessor may enter upon and take possession of the land, without limiting any other rights of the lessor.
- (f) Notwithstanding any other provision of this lease,
 - (i) if the lessee becomes (or if one or more of the lessees become) bankrupt or insolvent then the lessor may terminate this lease immediately, and such termination will be without prejudice to any other rights of the lessor; and
 - (ii) where the lessee has defaulted under the lease, the lessor may (but without being obliged to do so) take such steps as are reasonably necessary or convenient to remedy the breach or limit or contain the likely loss or damage arising out of or in connection with the breach and may recover its reasonable costs and expenses thereby incurred from the lessee as a liquidated debt and any actions taken by the lessor will be deemed not to constitute re-entry or forfeiture of the lease.

14. Improvements

- (a) The lessee may remove any building or improvement erected by the lessee on the land at any time within 3 months after the expiration of the lease at its own expense provided that:
 - (i) before the removal of any building the lessee shall have paid all rent owing by him and shall have performed or satisfied all his other obligations to the lessor in respect of the demised land;
 - (ii) in the removal of any building the lessee shall not do any avoidable damage to any other buildings or other part of the demised land;
 - (iii) immediately after the removal of any building the lessee shall make good all damage occasioned to any other building or other part of the demised land;
 - (iv) the lessee shall not remove any building without giving one month's previous notice in writing to the lessor of his intention to remove it;
 - (v) at any time before the expiration of notice of removal, the lessor, by notice in writing given by him to the lessee, may elect to purchase any building comprised in the notice of removal, and any building thus elected to be purchased shall be left by the lessee and shall become the property of the lessor, who shall pay to the lessee the fair value;
 - (vi) if the lessee applies for a renewal of the lease the provisions of paragraph (i) shall be deemed to cease to apply as from the date of the application of the lessee for a renewal of the lease; and
 - (vii) that in the event of any breach by the lessee of any covenant or condition in the lease the lessor may enter upon and take possession of the land without limiting any other rights of the lessor.

15. Compliance with Laws

The lessee must comply at all times with all laws applicable to the land, the lease and the lessee.

16. Governing Law

This lease will be governed by the laws of Fiji.

17. Definitions and Interpretation

In this lease:

- (a) references to a person include an individual, firm or a body, corporate or unincorporate;
- (b) terms which are defined in the Land Use Decree 2010 or the Land Use Regulations 2011 have the same meaning in this lease;
- (c) the word "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (d) clause headings and subclause headings shall not be used in the interpretation of the lease;
- (e) words in the singular include the plural and words in the plural include the singular, according to the requirements of the context. Words importing a gender include every gender and other parts of speech and grammatical forms of a word or phrase defined in the Lease have a corresponding meaning;
- (f) unless otherwise provided, all references to monetary amounts in the lease are in Fiji dollars;
- (g) if any provision of the lease is deemed to be or becomes void, voidable or unenforceable, it shall be read down or, if incapable of being read down, severed and the remaining provisions of the lease shall continue to have full force and effect;
- (h) a reference to a decree, statute, regulation, proclamation, ordinance or by-law includes all decrees, statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a decree or statute includes all regulations, proclamations, ordinances and by-laws issued under that decree or statute;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of the lease will be construed adversely to a party solely on the ground that the party was responsible for the preparation of the Lease or that provision; and
- (k) a covenant or agreement on the part of 2 or more persons binds them jointly and severally.



Signed by the Director of Lands for and on behalf of the Lessor:

Dagica Jibani

Witnessed by:

A. H. Q.
ALEXANDER MILNER



Signed by the Lessee

SLS

Sireli Dagaga
SIRELI DAGAGA
COMPANY SECRETARY

Witnessed by:

A. Sinzhiban
Ain Sinzhiban

Correct for the purposes of the Land Transfer Act (Cap. 131)

Pratap Lalap
Solicitor

AJENDRA A PRATAP
Commissioner for Oaths
Barrister and Solicitor
High Court of Fiji
Date

sent

No..... Registeredat.....m

To

.....

.....

Registrar of Titles

No..... Registeredat.....m

To.....

.....

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Registrar of Titles

No..... Registeredat.....m

To

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Registrar of Titles

No..... Registeredat.....m

To.....

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Registrar of Titles

No..... Registeredat.....m

To

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Registrar of Titles

No..... Registeredat.....m

To.....

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Registrar of Titles

MEMORANDUM OF LEASE

LU 3/17/2

STAMP DUTY

Original \$500.00
Duplicate \$ 5.00
\$505.00

Paid vide RR263701

of 15/05/2014

[Signature]
for Director of Lands

ACCESS LEASE

DESIGNATED ITAUKEI LAND

THE DIRECTOR OF LANDS

[Hereinafter referred to as the lessor]
on behalf of the TRUSTEES MATAQALI
Naita of Fiji hereby leases to

AURUM EXPLORATION (FIJI) LIMITED

A Limited liability Company having
it registered office at Copra Shed Marina,
Savusavu, Fiji.

[Hereinafter referred to as the lessee]

LEASE NO.....
FOR TITLES OFFICE USE ONLY

FEES- VAT INCLUSIVE

Registration Fee \$245.00
Documentation Fee \$230.00
Stamp Duty \$

Plan Fee \$57.50

Application Fee \$115.00

Total **\$404.95**

Revenue Receipt 263701

Date: 15/05/2014

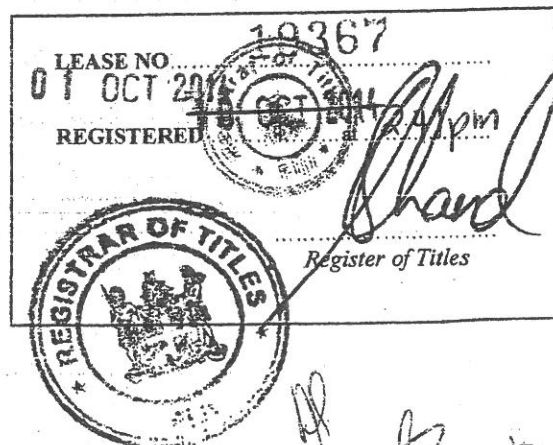
Initials: *[Signature]*

UNDER THE LAND USE DECREE 36/2010

All that piece of Land being

| Name of Land | Province | District or Town | Area | Lot No. | Plan No. (d) |
|---------------|----------|------------------|-----------|---------|--------------|
| Veiseaseavula | Bua | Lekutu | 1.7817hac | 3 | SO 6786 |

The boundaries of which are more particularly delineated on the plan hereon to be held by the said **Aurum Exploration Fiji Limited** for the Term and at the Rent payable to the Director of Lands and subject to the terms and conditions set out in Annexures A and B.



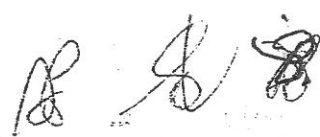
ANNEXURE A
REFERENCE SCHEDULE AND SPECIAL CONDITIONS

This is Annexure A to lease between the Director of Lands (*lessor*) and **Aurum Exploration (Fiji) Limited (*lessee*)**.

1. Reference Schedule

In this lease, the following items as defined as follows:

| | | |
|----------------|------------------------|--|
| <i>Item 1</i> | Term | Twenty [20] years, commencing upon the Commencement Date. |
| <i>Item 2</i> | Commencement Date | 1 st day of July, 2014 |
| <i>Item 3</i> | Rent: | |
| (a) | Premium: | \$12,000.00 Twelve thousand dollars |
| (b) | Base Rent | [\$430.00] Four hundred and thirty dollars per annum, for the first five years |
| <i>Item 4</i> | Rent Adjustment | Upon each anniversary of the Commencement Date (other than a date the Base Rent is reviewed to fair market rent), the Base Rent will increase by fair market analysis and recommendation. |
| <i>Item 5</i> | Rent Review | Upon every [fifth] anniversary of the Commencement Date, the Base Rent must be reviewed to fair market rent in accordance with Regulation 8 of the Land Use Regulations 2011. |
| <i>Item 6</i> | Outgoing | |
| (a) | Statutory: | All rates, taxes, charges, duties, and impositions assessed with respect to the land, the lessee's use of the land, or the lessee by the State or any lawful authority or statutory body. |
| (b) | Operating Expenses: | All insurance premiums payable by the lessor with respect to the land. |
| <i>Item 7</i> | Permitted Use: | Access lease |
| <i>Item 8</i> | Option to Renew | Nil |
| <i>Item 9</i> | Security | Nil |
| <i>Item 10</i> | Default Notice Periods | 1 st Default Notice Period: 14 days commencing upon the date the notice under clause 13(c) is given. 2 nd Default Notice Period : 7 days commencing upon the date the notice under clause 13(d) is given. |


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2.0 Special Conditions

Notwithstanding any provision of Annexure B , the following special conditions apply:

2.1 Supervised Access

- (a) The Lessee shall grant supervised access to the following individuals and groups for the purpose stated herein.
- i) **Land Owning Units of Mataqali Naita:** To access their back lands to cut firewood, farming, grazing and carry out any other activity concerning their livelihood.
 - ii) **Leaseholders & Members of settlements residing beyond the Mining Site:** To access their leased lands and settlements.
- b) Prior to granting of approval for the use of the access road as in (i) & (ii) the lessee must first ensure that the mining operations are not disrupted.
- c) The lessee shall not any time during the term of the lease restrict access to the individuals and groups as in (i) & (ii) above without proper reasoning.
- d) Good sense must always prevail.

2.2 Road Maintenance

The lessee shall be responsible for all road maintenance work to the satisfaction of the lessor and shall not any time during the term of the lease require the person in 2.1 (i) & (ii) above to contribute in monetary terms towards the costs of road maintenance.

2.3 Minimize Disruption

The Director of Lands aided by the relevant ministries shall ensure upon lessees request that there are no unreasonable delays, disruptions or stoppages to the business activities of the lessee. Any such disruptions caused by the Landowners or their representative must be reported to the Director of Lands who will take all reasonable steps to address the disruptions.

2.4 Environment Management

The lessee shall comply with the provision of the Environment Management Act 2005 and all the law pertaining to the environment.

2.5 Merchantable tree, crops


The lessee shall pay compensation for damaged crops and trees and the quantum of compensation shall be based on the Forestry and Agriculture Department Schedule of rates.

2.6 Rock & Soil Royalty

Should soil and rocks be removed from the leased land, the lessee shall pay the current rock and soil royalty without demand under the relevant laws of Fiji to the lessor.

2.7 Occupational Health & Safety

The lessee must ensure that the company and its employee's agents and contractors are covered and comply with the current approved occupational health and safety management plan.


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2.8 Cultural and Old Burial Sites

The Land Owning Unit and Director of Lands must be consulted should any Burial and cultural scared sites or artifacts encountered during the course of any work. Relocation of sites must be done at the lessee's cost.

2.9 Good Governance

The lessee shall observe and follow where applicable all relevant laws, regulations, policies and the best road construction principles and practices.

3.0 Boundary pegs and mounds

The lessee shall ensure that all survey boundary marks(mounds and pegs) if removed or destroyed in the course of development are to be reinstated by the lessee in accordance with the laws and surveyors regulations.



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**ANNEXURE B
GENERAL CONDITIONS**

This is Annexure B to lease between the Director of Lands (*lessor*) and **Aurum Exploration (Fiji) Limited** (*lessee*).

1. Land

- (a) The lessor grants and the lessee accept a lease of the land for the term and rent and on the terms and conditions of this lease.
- (b) The grant of the lease is subject to the following reservation:
 - (i) the lessor reserves all precious metals, coals and minerals of every description including crude oil upon, in or under the land with full liberty at all times to search, dig for and carry away such metals, coals and minerals of every description including crude oil and for that purpose to enter upon the said land or any part thereof.

2. Rent

- (a) The lessee must pay the rent in cleared funds when due and without demand.
- (b) The lessor may from time to time specify the manner in which the Rent must be paid, including any requirement that rent be paid by electronic funds transfer to an account nominated by the lessor.
- (c) The rent will be adjusted and reviewed as the case may be in the manner specified in the Reference Schedule.

3. Outgoings

- (a) The lessor may from time to time provide the lessee with a statement detailing the outgoings. The statement may include actual or estimated amounts, however where an estimated amount is included the lessor must promptly reconcile such estimated amounts as against the actual amounts incurred and include the adjustment in the following statement of outgoings.
- (b) The lessee must pay the amount specified in the statement within 14 days of receipt in cleared funds.

4. Assignment and Sub-letting

- (a) This lease is a protected lease under the provisions of Section 12 (1) of the Land Use Decree 36/2010.
- (b) The lessee must not alienate or deal with its estate or interest in the lease of any part thereof, whether by sale, transfer or sublease or any other manner whatsoever, nor to mortgage, charge or pledge the same, without the written consent of the Director of Lands first had and obtained, nor except at the suit or with the written consent of the Director of Land shall any such lease be dealt with by any court of law or under the process of any court of law, nor, without such consent as aforesaid, shall the Registrar of Titles register any caveat affecting such lease.





(c) For the purposes of this clause,

(i) where the lessee is a company and there is either:

(A) a change in the beneficial ownership of the lessee;

(B) a change in the majority shareholding of the lessee; or

(C) a change in the person or persons in ultimate control of the lessee, or

(ii) where the lessee makes a declaration of trust with respect to the lease,

then such occurrence will be deemed to constitute a transfer of the lease requiring the prior written consent of the Director of Land.

(d) Paragraph (c) (i) will not apply where:

(i) the change occurs solely by virtue of a change in ownership of any shares listed on an official list of a stock exchange; or

(ii) where the lessee is a foreign investor within the meaning of the Foreign Investment Act and the requirements of that Act are complied with respect to the change.

(e) The lessor may disregard and treat as null and void any purported dealing with the lease in contravention of this clause.

(f) As a condition of granting consent, the lessor may require the lessee to repay any fit out contributions, lease incentives or costs provided or incurred by the lessor under the lease in the immediately preceding ten years. This paragraph will not apply to transfers by way of administration and natural love and affection to the spouse and children of the lessee.

(g) Any consent under this lease may be given in writing by any officer or officers, either solely or jointly, authorized on behalf of the lessor. Any consent given under the lease will lapse if not acted upon within ninety (90) days after the consent is given.

5. Permitted Use

(a) The Lessee must:

(i) use and must continue to use the land for the Permitted Use; and

(ii) not use the land for any purpose other than the Permitted Use.

(b) Where the Permitted Use includes a use specified in the first column of Schedule 1, then the provisions of the second column of Schedule 1 will apply.

(c) The Lessee must not subdivide the land without the prior written consent of the lessor obtained and then only in accordance with a plan of subdivision approved by the lessor in writing.

(d) The Lessee shall not obstruct in any way the free passage of any person over the public thoroughfare intersecting or adjoining the demised land and shall if required by the Lessor of the Divisional Surveyor so to do forthwith remove any crop or other obstruction placed by him on such public thoroughfare in contravention of this


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condition. Should any question arise as to whether any path intersecting or adjoining the demised land is a public thoroughfare it shall be referred to the Director of Lands whose decision shall be final and conclusive.

6. Repairs and Maintenance

The lessee must at its cost:

- (a) keep the land and any improvements in good repair and condition, including the carrying out of any structural repairs;
- (b) carry out such drainage works as may be required to the satisfaction of the lessor; and
- (c) keep clean and open and maintain in good condition all drains ditches, water-courses and drainage and sewage systems in upon or intersecting the demised land to the satisfaction of the Lessor.



7. Access

The lessor or any authorised person or persons may at any time without let or hindrance:

- (a) enter upon the land to construct, place, or maintain, posts, pipes, cables or wires and drains of any nature whatsoever above or below the ground anywhere within the land; and
- (b) enter upon such drainage reserve for the purpose of carrying out any drainage works or repairs whatsoever; and
- (c) any rights exercised under this clause will not constitute re-entry or forfeiture of the lease.

8. Protection of assets

- (a) The lessee must not erect or permit to be erected any structure of any nature whatsoever over or upon any portion or portions of the land:
 - (i) where posts, pipes and cables or wires have been placed and where drains of any nature whatsoever have been dug; or
 - (ii) shown on the plan hereon as drainage reserve and coloured blue, and the Lessee must not do any act or thing that will or may;
 - (iii) damage any post, pipe, cable, wire or drain or impede the flow of water along any drain constructed within the land; or
 - (iv) damage or impede the flow of water along any drain that has been or may be constructed or excavated along such drainage reserve.
- (b) The lessee must not remove or dispose of by sale or otherwise any forest produce growing upon the land without the written consent of the lessor first had and obtained and subject to such conditions as to the payment of royalty or otherwise prescribed by the Forest Regulations as the lessor may direct;
- (c) The lessee must keep open and maintain in good condition to the satisfaction of the lessor all drains, ditches and water course upon or intersecting the demised land.

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9. Boundary marks to be protected by lessee

The lessee must in all respects at its cost:

- (i) have boundaries of which have been surveyed and marked on the ground;
- (ii) maintain and protect such boundary marks from loss or damage; and
- (iii) maintain such marks and the boundary lines reasonably clear of bushes, weeds, vines, or other undergrowth so as to enable such survey marks and boundary lines to be readily found and followed at any time:

Provided that no boundary mark established by a surveyor shall be moved, replaced or otherwise interfered with by any person not being a registered surveyor other than by replacing fallen stones or earth around such mark.

10. Insurance

The lessor may affect prudent policies of insurance with respect to:

- (a) public liability (including personal injury and property damage);
- (b) building replacement insurance; and
- (c) industrial special risks,

and may require the lessee to reimburse the lessor a fair proportion of any premiums paid by the lessor or the State. The lessee must not do anything which may vitiate or cancel the lessor's insurance policies.

11. Indemnity

The lessee releases and indemnifies the lessor, the State, the Trustees, native land owners (and any of their respective agents, contractors, officers and employees) from any loss, damage, liability or claims with respect to the use or occupation of the land by the lessee (or anyone under the lessee's control) with respect to the lease.

12. Warranty

Each party warrants to the other that it has legal capacity to enter into this lease and to grant and perform the rights and obligations contained in the lease. The lessee warrants that, to the best of the lessee's knowledge, any information provided with respect to this lease under Regulation 9(1) is true and correct as at the Commencement Date and the lessee indemnifies the lessor from any loss, damage, liability or claims caused by the breach of this warranty.

13. Default



- (a) In the event of any breach by the lessee of any covenant or condition in this lease the Lessor may issue a notice to the lessee specifying the default and requiring that the default be remedied within the 1st Default Notice Period.

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- (b) Where the default is not capable of remedy, the lessee will be deemed to have remedied the default upon payment to the lessor in cleared funds reasonable compensation for the default as determined by the lessor (acting reasonably).
- (c) Where the default remains unremedied after the expiry of the 1st Default Notice Period specified in the notice of default, the lessor may give the lessee a further notice stating that if the default remains unremedied within the 2nd Default Notice Period, then the lessor may terminate the lease.
- (d) Where the default remains unremedied after the expiry of the 2nd Default Notice Period, the lessor may automatically terminate the lease by notice to the lessee, such notice must be given at any time within 6 months after the expiry of the 2nd Default Notice Period.
- (e) Upon termination of the lease, the lessor may enter upon and take possession of the land, without limiting any other rights of the lessor.
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 - (i) before the removal of any building the lessee shall have paid all rent owing by him and shall have performed or satisfied all his other obligations to the lessor in respect of the demised land;
 - (ii) in the removal of any building the lessee shall not do any avoidable damage to any other buildings or other part of the demised land;
 - (iii) immediately after the removal of any building the lessee shall make good all damage occasioned to any other building or other part of the demised land;
 - (iv) the lessee shall not remove any building without giving one month's previous notice in writing to the lessor of his intention to remove it;
 - (v) at any time before the expiration of notice of removal, the lessor, by notice in writing given by him to the lessee, may elect to purchase any building comprised in the notice of removal, and any building thus elected to be purchased shall be left by the lessee and shall become the property of the lessor, who shall pay to the lessee the fair value;


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- (vi) if the lessee applies for a renewal of the lease the provisions of paragraph (i) shall be deemed to cease to apply as from the date of the application of the lessee for a renewal of the lease; and
- (vii) that in the event of any breach by the lessee of any covenant or condition in the lease the lessor may enter upon and take possession of the land and improvements without limiting any other rights of the lessor.

15. Compliance with Laws

The lessee must comply at all times with all laws applicable to the land, the lease and the lessee.

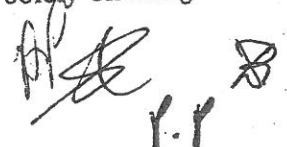
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- (a) references to a person include an individual, firm or a body, corporate or unincorporated;
- (b) terms which are defined in the Land Use Decree 2010 or the Land Use Regulations 2011 have the same meaning in this lease;
- (c) the word "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (d) clause headings and subclause headings shall not be used in the interpretation of the lease;
- (e) words in the singular include the plural and words in the plural include the singular, according to the requirements of the context. Words importing a gender include every gender and other parts of speech and grammatical forms of a word or phrase defined in the Lease have a corresponding meaning;
- (f) unless otherwise provided, all references to monetary amounts in the lease are in Fiji dollars;
- (g) if any provision of the lease is deemed to be or becomes void, voidable or unenforceable, it shall be read down or, if incapable of being read down, severed and the remaining provisions of the lease shall continue to have full force and effect;
- (h) a reference to a decree, statute, regulation, proclamation, ordinance or by-law includes all decrees, statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a decree or statute includes all regulations, proclamations, ordinances and by-laws issued under that decree or statute;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of the lease will be construed adversely to a party solely on the ground


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- that the party was responsible for the preparation of the Lease or that provision; and
- (k) a covenant or agreement on the part of 2 or more persons binds them jointly and severally.

SPECIFIC LAND USE CONDITIONS

*All uses other than
commercial, residential,
industrial, tramway uses*

In addition to any other conditions which the Director, in the circumstances of any case may see fit to impose, the lessee may only erect such buildings on the land as are necessary for:

- (a) dwelling or dwellings for the lessee;
- (b) dwellings for persons bona fide employed on the land; such as stockmen, farm, plantation or quarry labourers and supervisors; or
- (c) accommodation for implements, vehicles, horses, and other stock used in connection with the farm, plantation or quarry or any building connected with the work of a farm, plantation or quarry, as the case may be.

Handwritten signature and initials, possibly 'P.P.' and 'R'.

P.P



Phone 324 3000
Ref: CSC/TIN#50-13839-0-5 /OPS
Date: 26-AUG-2010

The Authorised Officer
AURUM EXPLORATION (FIJI) LIMITED
C/- KPMG,
P O BOX 32
SUVA

SEP 7 2010

Dear Sir/Madam

NEW TAXPAYER REGISTRATION

Your application dated 30-MAY-2002 to register as a taxpayer has been processed and your Tax Identification Number (TIN) is : 50-13839-0-5

Please remember to quote this number in all future dealings with the Inland Revenue Services or at any FIRCA Office.

Any further queries regarding the above should be directed to the Customer Service Center at Nasese Complex, Building 1, Ground Floor or telephone on 3243000.

Yours Faithfully

Chief Executive Officer
Fiji Islands Revenue & Customs Authority

FIJI

TRUE COPY
OF COMPANIES

19/9/07



CO.NO. 13667

CERTIFICATE

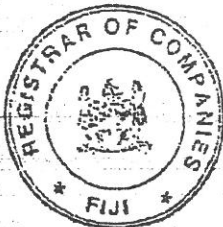
IN THE MATTER OF THE COMPANIES ACT, 1983

I, WENDELL ANTHONY ARCHIBALD,
Registrar of Companies of Fiji, DO
HEREBY CERTIFY that :

AURUM EXPLORATION (FIJI)
LIMITED

formerly called KHARTOUM LIMITED
was changed by Special Resolution and
with the approval of the Registrar of
Companies on the 1st December, 2000
was incorporated under the Companies
Act as a Limited Company on the 6th day
of July, 1999.

GIVEN under my hand and seal this 4th
day of December, 2000.



W. A. Archibald
REGISTRAR OF COMPANIES

Copy

NO. OF COMPANY:

12667

NAME OF COMPANY: AURUM EXPLORATION (FIJI) LIMITED
PRESENTED BY: KPMG, CHARTERED ACCOUNTANTS

PARTICULARS OF DIRECTORS AND SECRETARIES AND OF ANY CHANGES THEREIN

FORM NO. 203

PARTICULARS OF PERSONS WHO ARE DIRECTORS OF THE COMPANY AT THE DATE OF THIS RETURN AND OF PERSONS NOW CEASING TO BE DIRECTORS

| 1 NAME | 2 ANY FORMER FORENAME OF NAME & SURNAME | 3 NATIONALITY | 4 POSTAL ADDRESS | 5 BUSINESS OCCUPATION AND PARTICULARS OF OTHER DIRECTORSHIPS | 6 DATE OF BIRTH | 7 CHANGES |
|-----------------------|---|------------------|---|---|-----------------------|------------------------|
| Richard Nesbitt | | Canadian | PO Box 262, Savusavu | Businessman | | No change |
| Geoffrey Peter Taylor | | Fiji Citizen | PO Box 262, Savusavu | Manager | | Resigned 25 July 2008 |
| Ian Levy | | Australian | 11 Plateau Road, Avalon NSW 2107, Australia | Vice President, Development | | No change |
| Xuexin Zhang | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Company President | | Appointed 25 July 2008 |
| Jijun Liu | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Company Vice-President | | Appointed 25 July 2008 |
| Gang Zhang | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Company Finance Director | | Appointed 25 July 2008 |
| Shanbao Chen | | Chinese | Xinfa Group Co. Ltd No. 241 North Shonne Street Chiping Country, Shangong Province China | Executive Director | | Appointed 25 July 2008 |
| Isrell Dagaga | | Fijian | PO Box 262, Savusavu | Managing Director | | Appointed 25 July 2008 |

30/07/2008



(STATE WHETHER DIRECTOR OR SECRETARY)

30/11/08
[Signature]

21/12/08
[Signature]

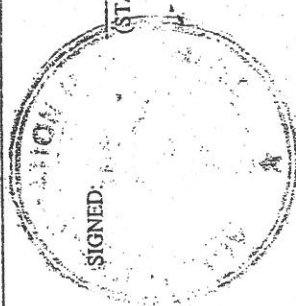
PARTICULARS OF DIRECTORS AND SECRETARIES AND OF ANY CHANGES THEREIN

OF COMPANY:

OF COMPANY : AURUM EXPLORATION (PIL) LIMITED
AUDITED BY KPMG, CHARTERED ACCOUNTANTS

PARTICULARS OF EACH PERSON WHO IS A SECRETARY OF THE COMPANY AT THE DATE OF THIS RETURN

| 1 NAME | 2 ANY FORMER FORENAME OF NAMES AND SURNAME | 3 POSTAL ADDRESS | 4 CHANGES |
|----------------------|---|----------------------|------------------------|
| Godfrey Peter Taylor | Nil | PO Box 262, Savusavi | Resigned 25 July 2008 |
| Irene Dagaga | Nil | PO Box 262, Savusavi | Appointed 25 July 2008 |



[Signature]

(STATE WHETHER DIRECTOR OR SECRETARY)

30/07/2008



DEPARTMENT OF ENVIRONMENT
GOVERNMENT BUILDINGS, SUVA, FIJI
P.O. BOX 1109

21st June 2012

IN REPLY PLEASE QUOTE

EP-5-11-A

PH: 3311699

The General Manager,
Aurum Exploration (Fiji) Ltd.
Savusavu
Fiji.

Dear Sir,

Your Ref: REVIEW OF THE PROPOSED EXTENSION OF THE BAUXITE MINING
TOWARDS NAWAILEVU NORTH, BUA BY AURUM EXPLORATION (FIJI) LTD.

Based on the application assessment and discussions with relevant government agencies, it is hereby approved that all conditions of approval imposed to the Environment Impact Assessment [EIA] issued on the 28th June 2010, Construction Environment Management Plan [CEMP] and Operational Environment Management Plan [OEMP] issued to Aurum Mining on the mining site under Mataqali Nalcobo shall be applied to the proposed mining extension site under Mataqali Naita at Nawailevu North.

Attached are the conditions of approval for ease of reference. A special condition involves the inclusion of a Mataqali Naita representative in the monitoring committee.

We look forward to your cooperation however, should you require further clarifications do not hesitate to contact Senemali Nakoro on 8818015, Line Rasagoh and Aminiasi Qaragoh on 3311699.

Yours faithfully

Senemali Nakoro

Senemali Nakoro (Ms.)

DIRECTOR OF ENVIRONMENT

Ministry of Environment
Government Buildings
Suva, FIJI
P.O. Box 1109
Suva, FIJI

1. That the subdivision on LOTS 1 & 2 B243 (PART OF) LEKUTU, BUA is approved for the following purposes and to be noted clearly on the Survey Plans:

Lot 1 & 3 - Agriculture
 Lot 2 - Noxious Industry (Mine Site)
 Lot 4 - Access Road (20.00m wide)
 Lot 5 - Access Road (12.00m wide)
 Lot 6 - River Bank Reserve (9.0m wide)

2. That land hooked to proposed Lot 2, lying east of proposed Lot 4: Access Road (20.0m wide) having an area of 1.541 hectare and 7372 square metre and part of land hooked to proposed Lot 3, lying west of proposed Lot 5 and having an area of 1.3926 hectares respectively are to be designated as Lot 7: Harbour Reserve which shall be planted with appropriate vegetation in consultation with the Conservator of Forests.
 3. That the method of drainage, waste water and refuse disposal be to the satisfaction of the Bua Rural Local Authority.
 4. That the method of night soil disposal be by septic tank system constructed to the satisfaction of the Bua Rural Local Authority.
 5. That no building be erected without the prior consent of the Director of Town and Country Planning and the approval of the Bua Rural Local Authority.
 6. That no other use be allowed other than that approved or consented to by Director of Town and Country Planning.
 7. That the land shall be surveyed in accordance to the approved Scheme layout and no building application of other structural works be allowed until the Survey Plan is approved by the Surveyor General.
 8. That provision shall be made for adequate and wholesome water to the subdivision to the satisfaction of the Bua Rural Local Authority.
 9. That the following building line restriction shall be imposed:
 - i. 18.0m along the Wainikoro-Dama Road.
 - ii. 18.0m along the proposed 20.0m Road
 - iii. 9.0m along the 12.0m wide Road.
 10. That the Wainikoro-Dama Road be access denial and a 0.2m wide access denial strip be surveyed as separate lot and shown on the Survey Plan.
 11. That the 12.0m wide road (Reflected as Lot 4 on the proposed scheme) shall be widened to 20.0m throughout and maintained by the developer. This shall be noted on the Survey Plan.
 12. That the 20.0m wide Access (Lot 4) shall be properly truncated at the junction of the Wainikoro-Dama Road. Construction shall be carried out in consultation with Fiji Roads Authority
 13. That the Developer be responsible for the naming of all proposed streets, roads within the subdivision and after obtaining the Director of Lands approval in accordance with the procedure for naming of streets/roads, erect street road signs at locations to be determined by Fiji Roads Authority. These signs should be in place before taking over for future maintenance and these names be shown on the Survey Plan before plans can be release for approval.
 14. That provision of drainage shall be provided for the subject site and the method of drainage shall be practical that the site is drained in a manner that the surface or sullage water does not run onto another property except into a natural water course or approved outlet.
 15. That the 9.0m River Bank Reserve shall be imposed along the Nawailevu River and Nadamanu River and surveyed of as a separate lot.
 16. That a detailed Environment Management Plan (EMP) be prepared in close consultation with the Department of Environment. The Terms of Reference (TOR) shall include the Social Impact Assessment study to be carried out for the Mataqali Naicobo of Nawailevu village and Mataqali Naita of Votua village. A copy of the approved EMP shall be submitted to the Director of Town and Country Planning for consideration and file records.
- at each phase of the development. This shall be plainly replicated in both the construction and operational phase and reflected in the EMP under the Mitigation Measures.
18. That the engineering plans for the excavation of the bauxite ore together with Environment Management Plan approved by the Department of Environment be submitted for approval. These shall consist of nine (9) sets of plans with appropriate forms of which five (5) shall be submitted initially for consultation purposes and shall include clear locality plans, drainage, catchments plan etc. The developer shall submit one set of plans to the Water Authority of Fiji.
 19. That all existing and proposed drains be formed and constructed to the satisfaction of Bua Rural Local Authority and easement shown on the Survey Plan and registered.
 20. That all existing buildings and structures on the site shall be shown on the Survey Plan and that any encroaching structures on the site shall be demolished partly or fully to provide for the required setbacks and building line restrictions as per Schedule B of the Town Planning Act General Provisions. This shall be shown on the Survey Plan before it is cleared for approval.
 21. That the Surveyor Consultant/Developer to submit certificates from the Bua Rural Local Authority, Fiji Roads Authority (FRA), Water Authority of Fiji (WAF), Director of Environment (DoE), Central Board of Health (CBH), I Taukei Land Trust Board (ITLTB) and National Fire Authority confirming to us that the subdivision is complete, and all conditions of approval have been complied with before we can release Survey Plans for approval.
 22. That the consent of the Landlord (ITLTB) and Director of Mineral Resources to be obtained and endorsed on the survey plan prior to its clearance.
 23. That this approval is valid for two (2) years only.

STATE LEASE DIAGRAM

(DESIGNATED LAND)

LU 3/1/7/2.....

SCALE - 1:5,972

DESCRIPTION - LOT 3

PLAN - SO6786

SHEET REFERENCE - A24/3

DISTRICT - LEKUTU

PROVINCE - BUA

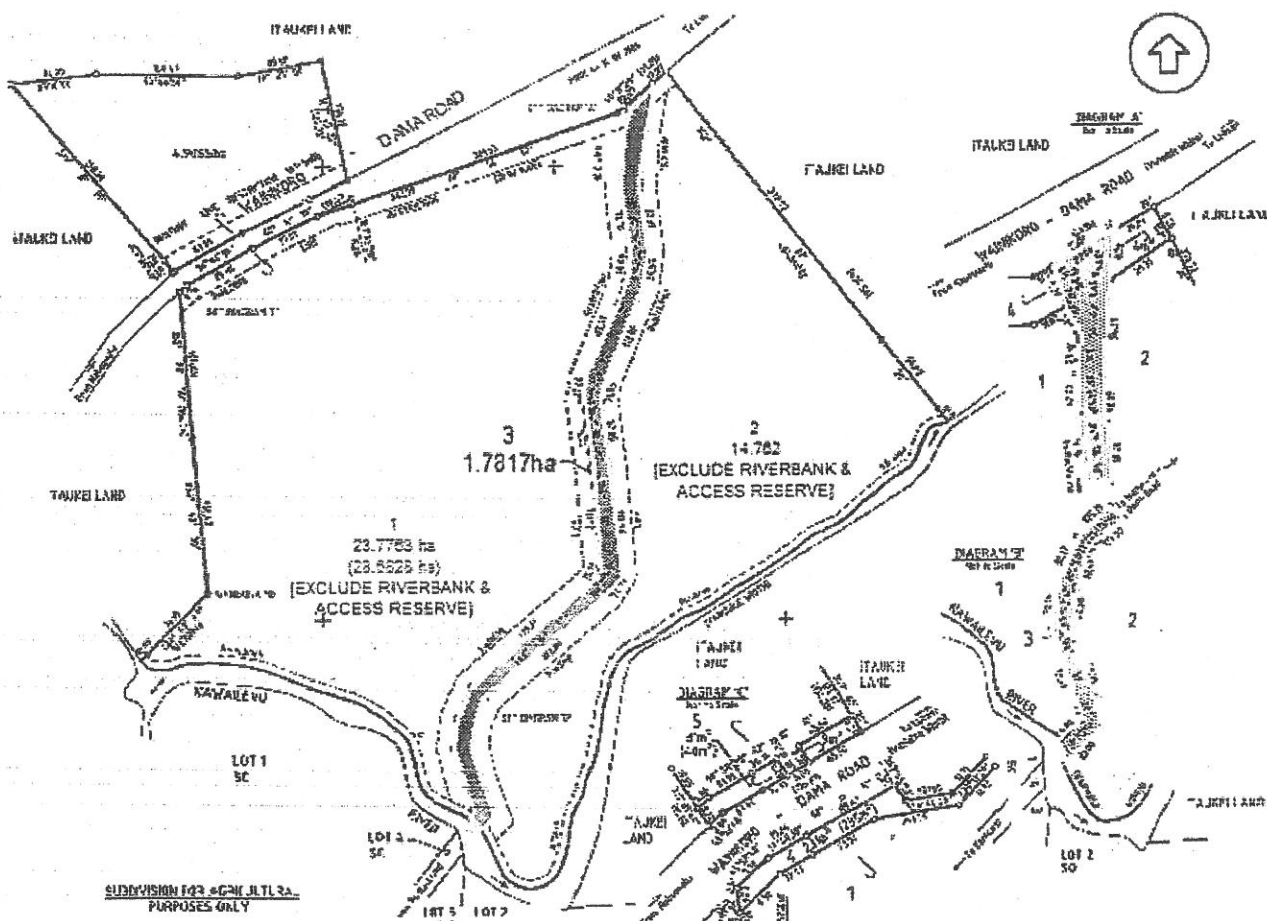
ISLAND - VANUA LEVU

CERTIFIED TRUE COPY

Mumob

SENIOR TECHNICAL OFFICER (GIS)

DATE - 2/8/14



We, Aurum Exploration (Fiji) Limited a limited liability company incorporated in Fiji having its registered office at Copra Shed Marina, Savusavu, Fiji do hereby accept this lease.

DATED this 29th day of September 2014.

The common seal of Aurum Exploration (Fiji) Limited was hereunto affixed in our presence and we certify that we are the proper officers by whom and in whose presence the said Seal is to be affixed to documents executed by the said Company



Director

Director/ Secretary

Witnessed by:

Artika Prasad
Barrister & Solicitor
Commissioner for Oaths
SUVA, FIJI

Signed by the Director of Lands for and on behalf of the lessor:-

Director of Lands

Witnessed by: Kanta Prasad
A Senior Lands officer

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Registrar of Titles




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MEMORANDUM OF LEASE

18261

STAMP DUTY

\$2011-2504/2

LU 3/1/2

Date Stamped: 9/3/2011

Duty Paid \$715.00 SPECIAL LEASE

Premium \$648.20 Commission of Stamp \$50.00 Access to the Mining & Camp Site

Original \$ 66.00

Duplicate \$ 1.00

\$715.20

DESIGNATED LAND

Paid vide RR265169

of 24/2/2011

[Signature]
for Director of Lands

THE DIRECTOR OF LANDS
[hereinafter referred to as the lessor]
on behalf of the TRUSTEES MATAQALI
NORO of Fiji hereby leases to
AURUM EXPLORATION [FIJI]
LIMITED, a limited liability company having
its registered office; Private mail Bag, SAVUSAVU.
[hereinafter referred to as the lessee]

UNDER THE LAND USE DECREE 36/2010

All that piece of Land being

| Name of Land | Province | District or Town | Area | Lot No. | Plan No. (d) |
|---------------------|----------|------------------|----------|---------|--------------|
| Nawailevu [Part of] | Bua | Navakasiga | 7.8868ha | 2 | SO 6268 |

the boundaries of which are more particularly delineated on the plan hereon to be held by the said AURUM EXPLORATION [FIJI] LIMITED for the Term and at the Rent payable to the Director of Lands and subject to the terms and conditions set out in Annexures A and B.

LEASE NO.....
FOR TITLES OFFICE USE ONLY

FEES

Registration Fee \$ 2.45

Drawing Fee \$ 200.00

Plan Fee \$ 50.00

Survey Fee \$2,000.00

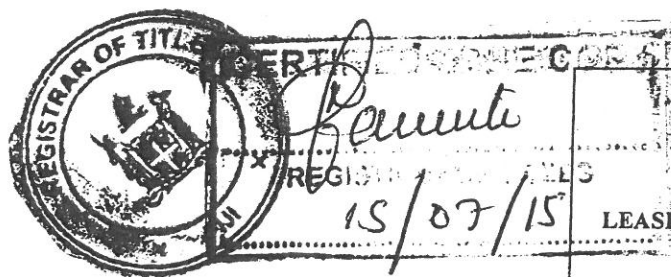
Total \$2,252.45

Revenue Receipt No. RR265169

Date: 24/2/2011

Initials

[Signature]



18261

LEASE NO.....

REGISTERED 09 MAR 2011 at 11:30am

[Signature]
Registrar of Titles

ANNEXURE A
REFERENCE SCHEDULE AND SPECIAL CONDITIONS

This is Annexure A to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

1. Reference Schedule

In this lease, the following items as defined as follows:

| | | |
|---------------|-------------------------|--|
| <i>Item 1</i> | Term | Twenty [20] years, commencing upon the Commencement Date. |
| <i>Item 2</i> | Commencement Date | 01 st day of February, 2011 |
| <i>Item 3</i> | Rent: | |
| | (a) Premium: | [\$32,410-00] Thirty two thousand, four hundred and ten dollars payable in full on or before the Commencement Date. |
| | (b) Base Rent: | [\$1,080-00] One thousand and eighty dollars per annum, payable bi-annually in advance in equal instalments. |
| <i>Item 4</i> | Rent Review | Upon every fifth anniversary of the Commencement Date, the Base Rent must be reviewed to fair market rent in accordance with Regulation 8 of the Land Use Regulations 2011. |
| <i>Item 5</i> | Outgoings | |
| | (a) Statutory: | All rates, taxes, charges, duties, and impositions assessed with respect to the land, the lessee's use of the land, or the lessee by the State or any lawful authority or statutory body. |
| | (b) Operating Expenses: | All insurance premiums payable by the lessor with respect to the land. |
| <i>Item 6</i> | Permitted Use | Access to Camp and Mining Sites |
| <i>Item 7</i> | Default Notice Periods | <i>1st Default Notice Period:</i> [14] fourteen days commencing upon the date the notice under clause 13(c) is given. <i>2nd Default Notice Period:</i> [7] seven days commencing upon the date the notice under clause 13(d) is given. |

2. Special Conditions

Notwithstanding any provision of Annexure B, the following special conditions apply:

1. Definitions

In these special conditions:

"Fair Share Payment" means the greater of the following amounts per annum:

- (i) \$30,000.00; and
- (ii) the amount determined by multiplying the fair market price per tonne of bauxite in Nawailevu as at the Mining Start Date by 750.

"Local Land Owning Units" means the Yavusa, Mataqali, and Tokatoka as the case may be who own the land.

"Mining Act" means the Mining Act [Cap 146] and any associated regulations issued, as amended from time to time.

"Mining Lease" has the same meaning as that term is defined in the Mine Excavation Site Lease.

"Mining Start Date" has the same meaning as that term is defined in the Mine Excavation Site Lease.

"Transaction Documents" means:

- (i) the quarry and stockpile site lease between the lessor and the lessee ;
- (ii) the mine excavation site lease between the lessor and the lessee (*Mine Excavation Site Lease*); and
- (iii) the foreshore lease between the lessor and the lessee,

entered into on or about the date of this lease and any Mining Lease granted to the lessee with respect to any land the subject of the leases described in paragraphs (i)-(iii).

2. Fair Share

- (a) The lessee must pay the lessor the Fair Share Payment annually in advance and without demand for the period of 2 years commencing upon the Mining Start Date.
- (b) *In the event that the parties dispute the relevant the fair market price per tonne of bauxite in Nawailevu, then either party may refer to the dispute to the Minister for Lands for appointment of an independent valuer to determine the fair market price as at the Mining Start Date as follows:*
 - (i) the parties make written submissions to the valuer;
 - (ii) the valuer must act as an expert and not an arbitrator;
 - (iii) the determination of the valuer will binding upon the parties; and
 - (iv) the parties must bear the costs of the determination equally.

3. Use of local employees, services

Where practicable, the lessee must use reasonable endeavours to source its unskilled and skilled employees and source contractors and service providers (for example, trucking, business transportation, meals to workers) from members of, and businesses owned by, the Local Land Owning Units.

4. Local Land Uses

The lessee must grant the members of the Local Land Owning Units supervised and free-of-charge access to their any part of the land not used for mining for the purposes of cutting firewood, farming, grazing and any other activity concerning the members' livelihood.

5. Minimise Disruption

The lessor must use reasonable endeavours to ensure that the members of the Local Land Owning Units (and their representatives) do not disrupt, delay or stop any mining or rehabilitation activity undertaken by the lessee.

6. Protection of Local Land Owning Units

The lessee must ensure that:

- (a) the local culture and tradition shall be observed and respected by the lessee and its staff;
- (b) mataqali boundary marks (mounds and pegs) if removed or destroyed in the course of the mining operation are to be re-instated in accordance with law and Surveyors Regulation; and
- (c) (in consultation with the members of the Local Land Owning Units) any burial grounds identified within the demised land and which may be affected by the use or operations of the lessee (or anyone under the lessee's control) are relocated at the lessee's own costs to a suitable location approved by the Director of Environment.

7. Financial Reporting

The lessee to provide a detailed report of the true financial projections of income and expenditure of the full mining operations on the date of this lease and thereafter as and when required by the lessor.

8. Approved Mining Plan

The lessee must:

- (a) provide a mining plan approved by the Minister for Mineral Resources and must comply at all times with such approved plan; and
- (b) comply with the directions from time to time of the Director of Mines with respect to the conduct of the lessee's mining operations.

9. Environmental Protection

The lessee must:

- (a) provide a detailed report to address the rehabilitation and restoration of the land and environment to the satisfaction of the Director of Mines;
- (b) provide an approved environment impact assessment (EIA) report approved by the Director of Environment; and
- (c) pay compensation for damaged crops and trees and the quantum of compensation will be calculated in accordance with the Forestry and Agriculture Department Schedule of rates.

10. OH&S

On the Commencement Date and every year thereafter, the lessee must submit an occupational health and safety management plan with respect to its use of the land for approval by the Director of Lands. The lessee must ensure that it and its employees, agents and contractors comply with the current approved occupational health and safety management plan.

11. Interdependency

The parties agree that:

- (a) a default under any of the Transaction Documents by the lessee will be deemed to be a default by the lessee under this lease;
- (b) where any Transaction Document is validly terminated by the lessor on account of the default of the lessee under that Transaction Document, the lessor may terminate this lease and will be entitled to contractual damages as if this lease was terminated due to the default of the lessee; and
- (c) the rights of the parties under this lease are cumulative and in addition to their respective rights under the other Transaction Documents.

12. Mining Lease

In the event that the Mining Lease is not executed by the Director of Mines within 45 days after the date of the Mining Excavation Site Lease, then the lessee may terminate this lease by written notice to the lessor given at any time prior to the date the Director of Mines executes the Mining Lease. In the event the lease is terminated under this special condition, the lessor must refund any premium or base rent actually received from the lessee, but otherwise such termination will be without prejudice to the accrued rights of the parties.

13. Costs

The lessee must pay to, or as directed by, the lessor on or before the Commencement Date the following:

- (a) survey fees with respect to the lease in the amount of \$2,000.00;

- (b) lease preparation costs of \$1066.00;
- (c) any stamp duty assessed with respect to this lease; and
- (d) any VAT assessed with respect to the lease.

ANNEXURE B GENERAL CONDITIONS

This is Annexure B to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

Land

- (a) The lessor grants and the lessee accepts a lease of the land for the term and at the rent and on the terms and conditions of this lease.
- (b) The grant of the lease is subject to the following reservation:
 - (i) the lessor reserves all precious metals, coals and minerals of every description including crude oil upon, in or under the land with full liberty at all times to search, dig for and carry away such metals, coals and minerals of every description including crude oil and for that purpose to enter upon the said land or any part thereof.

Rent

- (a) The lessee must pay the rent in cleared funds when due and without demand.
- (b) The lessor may from time to time specify the manner in which the Rent must be paid, including any requirement that rent be paid by electronic funds transfer to an account nominated by the lessor.
- (c) The rent will be adjusted and reviewed as the case may be in the manner specified in the Reference Schedule.

Outgoings

- (a) The lessor may from time to time provide the lessee with a statement detailing the outgoings. The statement may include actual or estimated amounts, however where an estimated amount is included the lessor must promptly reconcile such estimated amounts as against the actual amounts incurred and include the adjustment in the following statement of outgoings.
- (b) The lessee must pay the amount specified in the statement within 14 days of receipt in cleared funds.

Assignment and Sub-letting

- (a) This lease is a protected lease under the provisions of Section 12 (1) of the Land Use Decree 36/2010.
- (b) The lessee must not alienate or deal with its estate or interest in the lease of any part thereof, whether by sale, transfer or sublease or any other manner whatsoever, nor to mortgage, charge or pledge the same, without the written consent of the Director of Land first had and obtained, nor except at the suit or with the written consent of the Director of Land shall any such lease be dealt with by any court of law or under the process of any court of law, nor, without such consent as aforesaid, shall the Registrar of Titles register any caveat affecting such lease.

(c) For the purposes of this clause,

(i) where the lessee is a company and there is either:

(A) a change in the beneficial ownership of the lessee;

(B) a change in the majority shareholding of the lessee; or

(C) a change in the person or persons in ultimate control of the lessee, or

(ii) where the lessee makes a declaration of trust with respect to the lease,

then such occurrence will be deemed to constitute a transfer of the lease requiring the prior written consent of the Director of Land.

(d) Paragraph (c)(i) will not apply where:

(i) the change occurs solely by virtue of a change in ownership of any shares listed on an official list of a stock exchange; or

(ii) where the lessee is a foreign investor within the meaning of the Foreign Investment Act and the requirements of that Act are complied with respect to the change.

(e) The lessor may disregard and treat as null and void any purported dealing with the lease in contravention of this clause.

(f) As a condition of granting consent, the lessor may require the lessee to repay any fitout contributions, lease incentives or costs provided or incurred by the lessor under the lease in the immediately preceding ten years. This paragraph will not apply to transfers by way of administration and natural love and affection to the spouse and children of the lessee.

(g) Any consent under this lease may be given in writing by any officer or officers, either solely or jointly, authorised on behalf of the lessor. Any consent given under the lease will lapse if not acted upon within ninety (90) days after the consent is given.

Permitted Use

(a) The Lessee must:

(i) use and must continue to use the land for the Permitted Use; and

(ii) not use the land for any purpose other than the Permitted Use.

(b) Where the Permitted Use includes a use specified in the first column of Schedule 1, then the provisions of the second column of Schedule 1 will apply.

(c) The Lessee must not subdivide the land without the prior written consent of the lessor obtained and then only in accordance with a plan of subdivision approved by the lessor in writing.

(d) The Lessee shall not obstruct in any way the free passage of any person over the public thoroughfare intersecting or adjoining the demised land and shall if required by the Lessor of the Divisional Surveyor so to do forthwith remove any crop or other obstruction placed by him on such public thoroughfare in contravention of this condition. Should any question arise as to whether any path intersecting or adjoining the demised land is a public

thoroughfare it shall be referred to the Director of Land whose decision shall be final and conclusive.

Repairs and Maintenance

The lessee must at its cost:

- (a) keep the land and any improvements in good repair and condition, including the carrying out of any structural repairs;
- (b) carry out such drainage works as may be required to the satisfaction of the lessor; and
- (c) keep clean and open and maintain in good condition all drains ditches, water-courses and drainage and sewage systems in upon or intersecting the demised land to the satisfaction of the Lessor.

Access

The lessor or any authorised person or persons may at any time without let or hindrance:

- (a) enter upon the land to construct, place, or maintain, posts, pipes, cables or wires and drains of any nature whatsoever above or below the ground anywhere within the land; and
- (b) enter upon such drainage reserve for the purpose of carrying out any drainage works or repairs whatsoever; and
- (c) any rights exercised under this clause will not constitute re-entry or forfeiture of the lease.

Protection of assets

- (a) The lessee must not erect or permit to be erected any structure of any nature whatsoever over or upon any portion or portions of the land:
 - (i) where posts, pipes and cables or wires have been placed and where drains of any nature whatsoever have been dug; or
 - (ii) shown on the plan hereon as drainage reserve and coloured blue,and the lessee must not do any act or thing that will or may:
 - (iii) damage any post, pipe, cable, wire or drain or impede the flow of water along any drain constructed within the land; or
 - (iv) damage or impede the flow of water along any drain that has been or may be constructed or excavated along such drainage reserve.
- (b) The lessee must not remove or dispose of by sale or otherwise any forest produce growing upon the land without the written consent of the lessor first had and obtained and subject to such conditions as to the payment of royalty or otherwise prescribed by the Forest Regulations as the lessor may direct;
- (c) The lessee must keep open and maintain in good condition to the satisfaction of the lessor all drains, ditches and water courses upon or intersecting the demised land.

9. Boundary marks to be protected by lessee

The lessee must in all respects at its cost:

(i) have boundaries of which have been surveyed and marked on the ground;

(ii) maintain and protect such boundary marks from loss or damage; and

(iii) maintain such marks and the boundary lines reasonably clear of bushes, weeds, vines, or other undergrowth so as to enable such survey marks and boundary lines to be readily found and followed at any time;

Provided that no boundary mark established by a surveyor shall be moved, replaced or otherwise interfered with by any person not being a registered surveyor other than by re-piling fallen stones or earth around such mark.

10. Insurance

The lessor may effect prudent policies of insurance with respect to:

(a) public liability (including personal injury and property damage);

(b) building replacement insurance; and

(c) industrial special risks,

and may require the lessee to reimburse the lessor a fair proportion of any premiums paid by the lessor or the State. The lessee must not do anything which may vitiate or cancel the lessor's insurance policies.

11. Indemnity

The lessee releases and indemnifies the lessor, the State, the Trustees, native land owners (and any of their respective agents, contractors, officers and employees) from any loss, damage, liability or claims with respect to the use or occupation of the land by the lessee (or anyone under the lessee's control) with respect to the lease.

12. Warranty

Each party warrants to the other that it has legal capacity to enter into this lease and to grant and perform the rights and obligations contained in the lease. The lessee warrants that, to the best of the lessee's knowledge, any information provided with respect to this lease under Regulation 9(1) is true and correct as at the Commencement Date and the lessee indemnifies the lessor from any loss, damage, liability or claims caused by the breach of this warranty.

13. Default

(a) In the event of any breach by the lessee of any covenant or condition in this lease the Lessor may issue a notice to the lessee specifying the default and requiring that the default be remedied within the 1st Default Notice Period.

(b) Where the default if not capable of remedy, the lessee will be deemed to have remedied the default upon payment to the lessor in cleared funds reasonable compensation for the default as determined by the lessor (acting reasonably).

- (c) Where the default remains unremedied after the expiry of the 1st Default Notice Period specified in the notice of default, the lessor may give the lessee a further notice stating that if the default remains unremedied within the 2nd Default Notice Period, then the lessor may terminate the lease.
- (d) Where the default remains unremedied after the expiry of the 2nd Default Notice Period, the lessor may automatically terminate the lease by notice to the lessee, such notice must be given at any time within 6 months after the expiry of the 2nd Default Notice Period.
- (e) Upon termination of the lease, the lessor may enter upon and take possession of the land, without limiting any other rights of the lessor.
- (f) Notwithstanding any other provision of this lease,
 - (i) if the lessee becomes (or if one or more of the lessees become) bankrupt or insolvent then the lessor may terminate this lease immediately, and such termination will be without prejudice to any other rights of the lessor; and
 - (ii) where the lessee has defaulted under the lease, the lessor may (but without being obliged to do so) take such steps as are reasonably necessary or convenient to remedy the breach or limit or contain the likely loss or damage arising out of or in connection with the breach and may recover its reasonable costs and expenses thereby incurred from the lessee as a liquidated debt and any actions taken by the lessor will be deemed not to constitute re-entry or forfeiture of the lease.

14. Improvements

- (a) The lessee may remove any building or improvement erected by the lessee on the land at any time within 3 months after the expiration of the lease at its own expense provided that:
 - (i) before the removal of any building the lessee shall have paid all rent owing by him and shall have performed or satisfied all his other obligations to the lessor in respect of the demised land;
 - (ii) in the removal of any building the lessee shall not do any avoidable damage to any other buildings or other part of the demised land;
 - (iii) immediately after the removal of any building the lessee shall make good all damage occasioned to any other building or other part of the demised land;
 - (iv) the lessee shall not remove any building without giving one month's previous notice in writing to the lessor of his intention to remove it;
 - (v) at any time before the expiration of notice of removal, the lessor, by notice in writing given by him to the lessee, may elect to purchase any building comprised in the notice of removal, and any building thus elected to be purchased shall be left by the lessee and shall become the property of the lessor, who shall pay to the lessee the fair value;
 - (vi) if the lessee applies for a renewal of the lease the provisions of paragraph (i) shall be deemed to cease to apply as from the date of the application of the lessee for a renewal of the lease; and
 - (vii) that in the event of any breach by the lessee of any covenant or condition in the lease the lessor may enter upon and take possession of the land without limiting any other rights of the lessor.

15. Compliance with Laws

The lessee must comply at all times with all laws applicable to the land, the lease and the lessee.

16. Governing Law

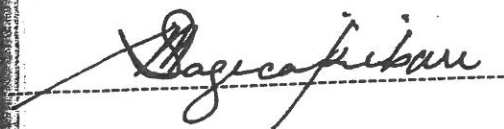
This lease will be governed by the laws of Fiji.

17. Definitions and Interpretation


In this lease:

- (a) references to a person include an individual, firm or a body, corporate or unincorporate;
- (b) terms which are defined in the Land Use Decree 2010 or the Land Use Regulations 2011 have the same meaning in this lease;
- (c) the word "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (d) clause headings and subclause headings shall not be used in the interpretation of the lease;
- (e) words in the singular include the plural and words in the plural include the singular, according to the requirements of the context. Words importing a gender include every gender and other parts of speech and grammatical forms of a word or phrase defined in the Lease have a corresponding meaning;
- (f) unless otherwise provided, all references to monetary amounts in the lease are in Fiji dollars;
- (g) if any provision of the lease is deemed to be or becomes void, voidable or unenforceable, it shall be read down or, if incapable of being read down, severed and the remaining provisions of the lease shall continue to have full force and effect;
- (h) a reference to a decree, statute, regulation, proclamation, ordinance or by-law includes all decrees, statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a decree or statute includes all regulations, proclamations, ordinances and by-laws issued under that decree or statute;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of the lease will be construed adversely to a party solely on the ground that the party was responsible for the preparation of the Lease or that provision; and
- (k) a covenant or agreement on the part of 2 or more persons binds them jointly and severally.

Signed by the Director of Lands for and on behalf of the Lessor:




Witnessed by:


ALEXANDER MILNER


Signed by the Lessee



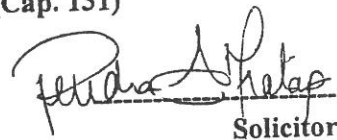
Witnessed by:


Ahu Sinzhiban




ISIRELI DAGACA
COMPANY SECRETARY

Correct for the purposes of the Land Transfer Act (Cap. 131)


Solicitor

AJENDRA A PRATAP
Commissioner for Oath:
Barrister and Solicitor
High Court of Fiji
Date



FILE : LU 3 /1 /2

G LOT 2**PLAN SO 6268**

SHEET REF **A/243,E041NLC**

AS NAWAILEVU PT OF

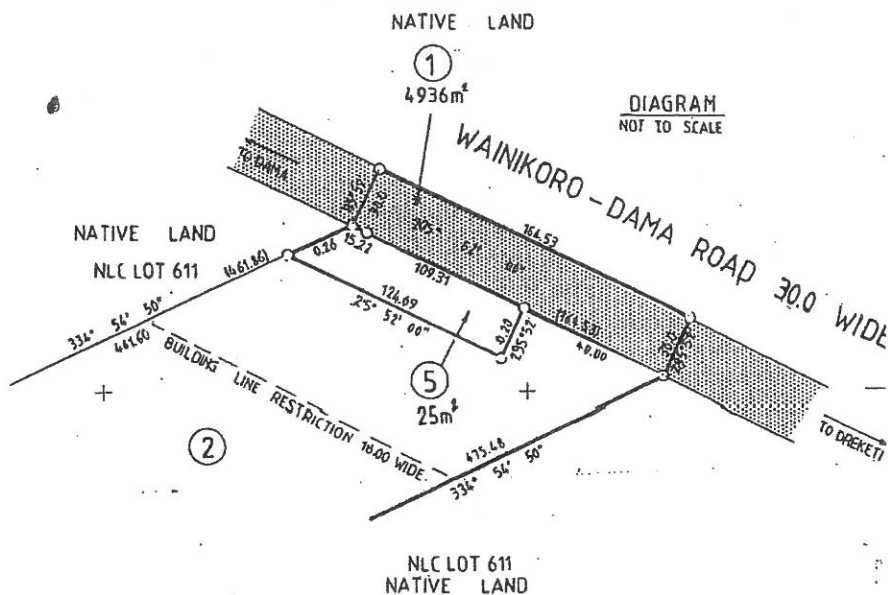
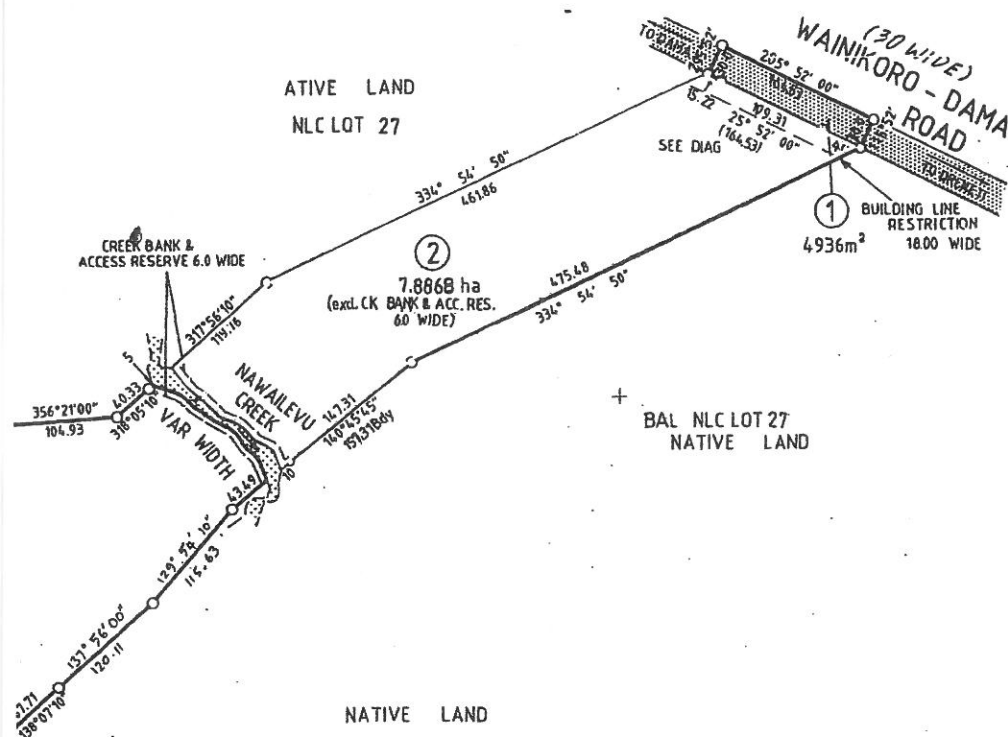
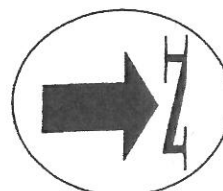
NAVAKASIGA**PROVINCE** **BUA**

DESIGNATED NATIVE LAND

ISD TRUE COPY

07/03/2011

SENIOR TECHNICAL OFFICER (GIS)





No. Registered atm.

To

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Registrar of Titles

No. Registeredat.....m.

To

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Registrar of Titles

No. Registered atm.

To

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Registrar of Titles

No. Registered atm.

To

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Registrar of Titles

No. Registeredat.....m.

To

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Registrar of Titles

MEMORANDUM OF LEASE

S2011-25014/5Ca

Date Stamped: 9/3/2011 LU 3/1/3

STAMP DUTY

Duty Paid \$1.00

Copy Original Stamped With \$2,234.00

Commissioner of Stamp Duties

SPECIAL LEASE

Quarry and Stockpile Site

Premium \$2,000.00

Original \$ 234.00

Duplicate \$ 1.00

\$2,235.00

DESIGNATED LAND

THE DIRECTOR OF LANDS
[hereinafter referred to as the lessor]
on behalf of the **TRUSTEES MATAQALI**
NALUTU of Fiji hereby leases to
AURUM EXPLORATION [FIJI]
LIMITED, a limited liability company
having its registered office; Private Mail Bag,
SAVUSAVU.
[hereinafter referred to as the lessee]

UNDER THE LAND USE DECREE 36/2010

All that piece of Land being

| Name of Land | Province | District or Town | Area | Lot No. | Plan No. (d) |
|------------------|----------|------------------|-----------|---------|--------------|
| Natuvu [Part of] | Bua | Navakasiga | 26.1412ha | 1 | SO 6300 |

the boundaries of which are more particularly delineated on the plan hereon to be held by the said **AURUM EXPLORATION [FIJI] LIMITED** for the Term and at the Rent payable to the Director of Lands and subject to the terms and conditions set out in Annexures A and B.

LEASE NO. **18260**
FOR TITLES OFFICE USE ONLY

FEEs

Registration Fee \$ 2.45
Date Stamped: 9/3/2011
Drawing Fee \$ 200.00
Commissioner of Stamp Duties

Plan Fee \$ 50.00

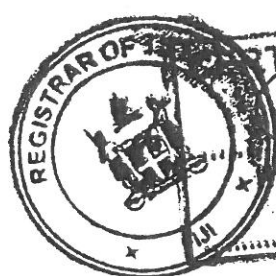
Survey Fee \$16,000.00

Total \$16,252.45

Revenue Receipt No. RR265169

Date: 24/2/2011

Initials



CERTIFIED TRUE COPY
15/07/15



LEASE NO. **18260**

REGISTERED **09 MAR 2011** at **11:30am**

[Signature]
Registrar of Titles

ANNEXURE A
REFERENCE SCHEDULE AND SPECIAL CONDITIONS

This is Annexure A to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

1. Reference Schedule

In this lease, the following items as defined as follows:

- | | | |
|---------------|--|---|
| <i>Item 1</i> | Term | Twenty [20] years, commencing upon the Commencement Date. |
| <i>Item 2</i> | Commencement Date | 01 st day of February, 2011 |
| <i>Item 3</i> | Rent: | |
| | (a) Premium: | [\$100,000-00] One hundred thousand dollars payable in full on or before the Commencement Date. |
| | (b) Base Rent: | [\$3,864-00] Three thousand, eight hundred and sixty four dollars per annum, payable bi-annually i advance in equal instalments. |
| <i>Item 4</i> | Rent Review | Upon every fifth anniversary of the Commencement Date, the Base Rent must be reviewed to fair market rent in accordance with Regulation 8 of the Land Use Regulations 2011. |
| <i>Item 5</i> | Outgoings | |
| | (a) Statutory: | All rates, taxes, charges, duties, and impositions assessed with respect to the land, the lessee's use of the land, or the lessee by the State or any lawful authority or statutory body. |
| | (b) Operating Expenses: | All insurance premiums payable by the lessor with respect to the land. |
| <i>Item 6</i> | Permitted Use | Quarry and Associated Stockpile |
| <i>Item 7</i> | Default Notice Periods | |
| | <i>1st Default Notice Period:</i> | Fourteen [14] days commencing upon the date the notice under clause 13(c) is given. |
| | <i>2nd Default Notice Period:</i> | Seven [7] commencing upon the date the notice under clause 13(d) is given. |



2. Special Conditions

Notwithstanding any provision of Annexure B, the following special conditions apply:

1. Definitions

In these special conditions:

"Fair Share Payment" means the greater of the following amounts per annum:

- (i) \$70,000.00; and
- (ii) the amount determined by multiplying the fair market price per tonne of bauxite in Nawailevu as at the Mining Start Date by 1750.

"Local Land Owning Units" means the Yavusa, Mataqali, and Tokatoka as the case may be who own the land.

"Mining Act" means the Mining Act [Cap 146] and any associated regulations issued, as amended from time to time.

"Mining Lease" has the same meaning as that term is defined in the Mine Excavation Site Lease.

"Mining Start Date" has the same meaning as that term is defined in the Mine Excavation Site Lease.

"Rock Royalty" means a royalty of \$2.60 per cubic metre of rock extracted from the land;

"Soil Royalty" means a royalty of \$3.00 per cubic metre of soil extracted from the land;

"Transaction Documents" means:

- (i) the mine excavation site lease entered into between the lessor and the lessee (*Mine Excavation Site Lease*);
- (ii) the access to bauxite mining and camp site lease entered into between the lessor and the lessee; and
- (iii) the foreshore lease entered into between the lessor and the lessee,

entered into on or about the date of this lease and any Mining Lease granted to the lessee with respect to any land the subject of the leases described in paragraphs (i)-(iii).

2. Right to mine

The lessee may mine and remove rocks, soil or materials from the land for the purposes of extracting rock and soil, provided that the lessee may not mine, remove rocks, soil or materials or carry out any activity for which a mining lease, licence or permit is required under the Mining Act.

3. Fair Share

- (a) The lessee must pay the lessor the Fair Share Payment annually in advance and without demand for the period of 2 years commencing upon the Mining Start Date.

- (b) In the event that the parties dispute the relevant the fair market price per tonne of bauxite in Nawailevu, then either party may refer to the dispute to the Minister for Lands for appointment of an independent valuer to determine the fair market price as at the Mining Start Date as follows:

- (i) the parties make written submissions to the valuer;
- (ii) the valuer must act as an expert and not an arbitrator;
- (iii) the determination of the valuer will binding upon the parties; and
- (iv) the parties must bear the costs of the determination equally.

4. Rock & Soil Royalty

The lessee must:

- (a) carry out an accurate survey and put in place proper monitoring system to ascertain the volume of bauxite, soil and rock extraction from the land;
- (b) permit the lessor (and its employees and agents) sufficient access to the land and to the lessee's records to review and audit the volume of bauxite, soil and rock extraction from the land; and
- (c) (in addition to any royalties payable under the Mining Act) pay the Rock Royalty and the Soil Royalty to the lessor monthly in arrears without demand.

5. Use of local employees, services

Where practicable, the lessee must use reasonable endeavours to source its unskilled and skilled employees and source contractors and service providers (for example, trucking, business transportation, meals to workers) from members of, and businesses owned by, the Local Land Owning Units.

6. Local Land Uses

The lessee must grant the members of the Local Land Owning Units supervised and free-of-charge access to their any part of the land not used for mining for the purposes of cutting firewood, farming, grazing and any other activity concerning the members' livelihood.

7. Minimise Disruption

The lessor must use reasonable endeavours to ensure that the members of the Local Land Owning Units (and their representatives) do not disrupt, delay or stop any mining or rehabilitation activity undertaken by the lessee.

8. Protection of Local Land Owning Units

The lessee must ensure that:

- (a) the local culture and tradition shall be observed and respected by the lessee and its staff;
- (b) mataqali boundary marks (mounds and pegs) if removed or destroyed in the course of the mining operation are to be re-instated in accordance with law and Surveyors Regulation; and

- (c) (in consultation with the members of the Local Land Owning Units) any burial grounds identified within the demised land and which may be affected by the use or operations of the lessee (or anyone under the lessee's control) are relocated at the lessee's own costs to a suitable location approved by the Director of Environment.

Financial Reporting

The lessee to provide a detailed report of the true financial projections of income and expenditure of the full mining operations on the date of this lease and thereafter as and when required by the lessor.

Approved Mining Plan

The lessee must:

- (a) provide a mining plan approved by the Minister for Mineral Resources and must comply at all times with such approved plan; and
- (b) comply with the directions from time to time of the Director of Mines with respect to the conduct of the lessee's mining operations (including limits upon stockpile heights and dust pollution suppression measures).

Environmental Protection

The lessee must:

- (a) provide a detailed report to address the rehabilitation and restoration of the land and environment to the satisfaction of the Director of Mines;
- (b) provide an approved environment impact assessment (EIA) report approved by the Director of Environment; and
- (c) pay compensation for damaged crops and trees and the quantum of compensation will be calculated in accordance with the Forestry and Agriculture Department Schedule of rates.

OH&S

On the Commencement Date and every year thereafter, the lessee must submit an occupational health and safety management plan with respect to its use of the land for approval by the Director of Lands. The lessee must ensure that it and its employees, agents and contractors comply with the current approved occupational health and safety management plan.

Interdependency

The parties agree that:

- (a) a default under any of the Transaction Documents by the lessee will be deemed to be a default by the lessee under this lease;
- (b) where any Transaction Document is validly terminated by the lessor on account of the default of the lessee under that Transaction Document, the lessor may terminate this lease and will be entitled to contractual damages as if this lease was terminated due to the default of the lessee; and

- (c) the rights of the parties under this lease are cumulative and in addition to their respective rights under the other Transaction Documents.

14. Mining Lease

In the event that the Mining Lease is not executed by the Director of Mines within 45 days after the date of the Mining Excavation Site Lease, then the lessee may terminate this lease by written notice to the lessor given at any time prior to the date the Director of Mines executes the Mining Lease. In the event the lease is terminated under this special condition, the lessor must refund any premium or base rent actually received from the lessee, but otherwise such termination will be without prejudice to the accrued rights of the parties.

15. Costs

The lessee must pay to, or as directed by, the lessor on or before the Commencement Date the following:

- (a) survey fees with respect to the lease in the amount of \$16,000.00;
- (b) lease preparation costs of \$1066.00;
- (c) any stamp duty assessed with respect to this lease; and
- (d) any VAT assessed with respect to the lease.

**ANNEXURE B
GENERAL CONDITIONS**

This is Annexure B to lease between the Director of Lands (*lessor*) and Aurum Exploration [Fiji] Limited (*lessee*).

Land

- (a) The lessor grants and the lessee accepts a lease of the land for the term and at the rent and on the terms and conditions of this lease.
- (b) The grant of the lease is subject to the following reservation:
 - (i) the lessor reserves all precious metals, coals and minerals of every description including crude oil upon, in or under the land with full liberty at all times to search, dig for and carry away such metals, coals and minerals of every description including crude oil and for that purpose to enter upon the said land or any part thereof.

Rent

- (a) The lessee must pay the rent in cleared funds when due and without demand.
- (b) The lessor may from time to time specify the manner in which the Rent must be paid, including any requirement that rent be paid by electronic funds transfer to an account nominated by the lessor.
- (c) The rent will be adjusted and reviewed as the case may be in the manner specified in the Reference Schedule.

Outgoings


- (a) The lessor may from time to time provide the lessee with a statement detailing the outgoings. The statement may include actual or estimated amounts, however where an estimated amount is included the lessor must promptly reconcile such estimated amounts as against the actual amounts incurred and include the adjustment in the following statement of outgoings.
- (b) The lessee must pay the amount specified in the statement within 14 days of receipt in cleared funds.

Assignment and Sub-letting

- (a) This lease is a protected lease under the provisions of Section 12 (1) of the Land Use Decree 36/2010.
- (b) The lessee must not alienate or deal with its estate or interest in the lease of any part thereof, whether by sale, transfer or sublease or any other manner whatsoever, nor to mortgage, charge or pledge the same, without the written consent of the Director of Land first had and obtained, nor except at the suit or with the written consent of the Director of Land shall any such lease be dealt with by any court of law or under the process of any court of law, nor, without such consent as aforesaid, shall the Registrar of Titles register any caveat affecting such lease.
- (c) For the purposes of this clause,

- (i) where the lessee is a company and there is either:
- (A) a change in the beneficial ownership of the lessee;
 - (B) a change in the majority shareholding of the lessee; or
 - (C) a change in the person or persons in ultimate control of the lessee, or
- (ii) where the lessee makes a declaration of trust with respect to the lease,
- then such occurrence will be deemed to constitute a transfer of the lease requiring the prior written consent of the Director of Land.
- (d) Paragraph (c)(i) will not apply where:
- (i) the change occurs solely by virtue of a change in ownership of any shares listed on an official list of a stock exchange; or
 - (ii) where the lessee is a foreign investor within the meaning of the Foreign Investment Act and the requirements of that Act are complied with respect to the change.
- (e) The lessor may disregard and treat as null and void any purported dealing with the lease in contravention of this clause.
- (f) As a condition of granting consent, the lessor may require the lessee to repay any fitout contributions, lease incentives or costs provided or incurred by the lessor under the lease in the immediately preceding ten years. This paragraph will not apply to transfers by way of administration and natural love and affection to the spouse and children of the lessee.
- (g) Any consent under this lease may be given in writing by any officer or officers, either solely or jointly, authorised on behalf of the lessor. Any consent given under the lease will lapse if not acted upon within ninety (90) days after the consent is given.

Permitted Use

- (a) The Lessee must:
- (i) use and must continue to use the land for the Permitted Use; and
 - (ii) not use the land for any purpose other than the Permitted Use.
- (b) Where the Permitted Use includes a use specified in the first column of Schedule 1, then the provisions of the second column of Schedule 1 will apply.
- (c) The Lessee must not subdivide the land without the prior written consent of the lessor obtained and then only in accordance with a plan of subdivision approved by the lessor in writing.
- (d) The Lessee shall not obstruct in any way the free passage of any person over the public thoroughfare intersecting or adjoining the demised land and shall if required by the Lessor of the Divisional Surveyor so to do forthwith remove any crop or other obstruction placed by him on such public thoroughfare in contravention of this condition. Should any question arise as to whether any path intersecting or adjoining the demised land is a public thoroughfare it shall be referred to the Director of Land whose decision shall be final and conclusive.
- 

Repairs and Maintenance

The lessee must at its cost:

- (a) keep the land and any improvements in good repair and condition, including the carrying out of any structural repairs;
- (b) carry out such drainage works as may be required to the satisfaction of the lessor; and
- (c) keep clean and open and maintain in good condition all drains ditches, water-courses and drainage and sewage systems in upon or intersecting the demised land to the satisfaction of the Lessor.

Access

The lessor or any authorised person or persons may at any time without let or hindrance:

- (a) enter upon the land to construct, place, or maintain, posts, pipes, cables or wires and drains of any nature whatsoever above or below the ground anywhere within the land; and
- (b) enter upon such drainage reserve for the purpose of carrying out any drainage works or repairs whatsoever; and
- (c) any rights exercised under this clause will not constitute re-entry or forfeiture of the lease.

Protection of assets

- (a) The lessee must not erect or permit to be erected any structure of any nature whatsoever over or upon any portion or portions of the land:
 - (i) where posts, pipes and cables or wires have been placed and where drains of any nature whatsoever have been dug; or
 - (ii) shown on the plan hereon as drainage reserve and coloured blue,and the lessee must not do any act or thing that will or may:
 - (iii) damage any post, pipe, cable, wire or drain or impede the flow of water along any drain constructed within the land; or
 - (iv) damage or impede the flow of water along any drain that has been or may be constructed or excavated along such drainage reserve.
- (b) The lessee must not remove or dispose of by sale or otherwise any forest produce growing upon the land without the written consent of the lessor first had and obtained and subject to such conditions as to the payment of royalty or otherwise prescribed by the Forest Regulations as the lessor may direct;
- (c) The lessee must keep open and maintain in good condition to the satisfaction of the lessor all drains, ditches and water courses upon or intersecting the demised land.

Boundary marks to be protected by lessee

The lessee must in all respects at its cost:

- (i) have boundaries of which have been surveyed and marked on the ground;

- (ii) maintain and protect such boundary marks from loss or damage; and
- (iii) maintain such marks and the boundary lines reasonably clear of bushes, weeds, vines, or other undergrowth so as to enable such survey marks and boundary lines to be readily found and followed at any time:

Provided that no boundary mark established by a surveyor shall be moved, replaced or otherwise interfered with by any person not being a registered surveyor other than by re-piling fallen stones or earth around such mark.

10. Insurance

The lessor may effect prudent policies of insurance with respect to:

- (a) public liability (including personal injury and property damage);
- (b) building replacement insurance; and
- (c) industrial special risks,

and may require the lessee to reimburse the lessor a fair proportion of any premiums paid by the lessor or the State. The lessee must not do anything which may vitiate or cancel the lessor's insurance policies.

Indemnity

The lessee releases and indemnifies the lessor, the State, the Trustees, native land owners (and any of their respective agents, contractors, officers and employees) from any loss, damage, liability or claims with respect to the use or occupation of the land by the lessee (or anyone under the lessee's control) with respect to the lease.

Warranty

Each party warrants to the other that it has legal capacity to enter into this lease and to grant and perform the rights and obligations contained in the lease. The lessee warrants that, to the best of the lessee's knowledge, any information provided with respect to this lease under Regulation 9(1) is true and correct as at the Commencement Date and the lessee indemnifies the lessor from any loss, damage, liability or claims caused by the breach of this warranty.

Default

- (a) In the event of any breach by the lessee of any covenant or condition in this lease the Lessor may issue a notice to the lessee specifying the default and requiring that the default be remedied within the 1st Default Notice Period.
- (b) Where the default is not capable of remedy, the lessee will be deemed to have remedied the default upon payment to the lessor in cleared funds reasonable compensation for the default as determined by the lessor (acting reasonably).
- (c) Where the default remains unremedied after the expiry of the 1st Default Notice Period specified in the notice of default, the lessor may give the lessee a further notice stating that if the default remains unremedied within the 2nd Default Notice Period, then the lessor may terminate the lease.

- (d) Where the default remains unremedied after the expiry of the 2nd Default Notice Period, the lessor may automatically terminate the lease by notice to the lessee, such notice must be given at any time within 6 months after the expiry of the 2nd Default Notice Period.
- (e) Upon termination of the lease, the lessor may enter upon and take possession of the land, without limiting any other rights of the lessor.
- (f) Notwithstanding any other provision of this lease,
 - (i) if the lessee becomes (or if one or more of the lessees become) bankrupt or insolvent then the lessor may terminate this lease immediately, and such termination will be without prejudice to any other rights of the lessor; and
 - (ii) where the lessee has defaulted under the lease, the lessor may (but without being obliged to do so) take such steps as are reasonably necessary or convenient to remedy the breach or limit or contain the likely loss or damage arising out of or in connection with the breach and may recover its reasonable costs and expenses thereby incurred from the lessee as a liquidated debt and any actions taken by the lessor will be deemed not to constitute re-entry or forfeiture of the lease.

14. Improvements

- (a) The lessee may remove any building or improvement erected by the lessee on the land at any time within 3 months after the expiration of the lease at its own expense provided that:
 - (i) before the removal of any building the lessee shall have paid all rent owing by him and shall have performed or satisfied all his other obligations to the lessor in respect of the demised land;
 - (ii) in the removal of any building the lessee shall not do any avoidable damage to any other buildings or other part of the demised land;
 - (iii) immediately after the removal of any building the lessee shall make good all damage occasioned to any other building or other part of the demised land;
 - (iv) the lessee shall not remove any building without giving one month's previous notice in writing to the lessor of his intention to remove it;
 - (v) at any time before the expiration of notice of removal, the lessor, by notice in writing given by him to the lessee, may elect to purchase any building comprised in the notice of removal, and any building thus elected to be purchased shall be left by the lessee and shall become the property of the lessor, who shall pay to the lessee the fair value;
 - (vi) if the lessee applies for a renewal of the lease the provisions of paragraph (i) shall be deemed to cease to apply as from the date of the application of the lessee for a renewal of the lease; and
 - (vii) that in the event of any breach by the lessee of any covenant or condition in the lease the lessor may enter upon and take possession of the land without limiting any other rights of the lessor.

15. Compliance with Laws

The lessee must comply at all times with all laws applicable to the land, the lease and the lessee.

Governing Law

This lease will be governed by the laws of Fiji.

Definitions and Interpretation

In this lease:

- (a) references to a person include an individual, firm or a body, corporate or unincorporate;
- (b) terms which are defined in the Land Use Decree 2010 or the Land Use Regulations 2011 have the same meaning in this lease;
- (c) the word "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (d) clause headings and subclause headings shall not be used in the interpretation of the lease;
- (e) words in the singular include the plural and words in the plural include the singular, according to the requirements of the context. Words importing a gender include every gender and other parts of speech and grammatical forms of a word or phrase defined in the Lease have a corresponding meaning;
- (f) unless otherwise provided, all references to monetary amounts in the lease are in Fiji dollars;
- (g) if any provision of the lease is deemed to be or becomes void, voidable or unenforceable, it shall be read down or, if incapable of being read down, severed and the remaining provisions of the lease shall continue to have full force and effect;
- (h) a reference to a decree, statute, regulation, proclamation, ordinance or by-law includes all decrees, statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a decree or statute includes all regulations, proclamations, ordinances and by-laws issued under that decree or statute;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of the lease will be construed adversely to a party solely on the ground that the party was responsible for the preparation of the Lease or that provision; and
- (k) a covenant or agreement on the part of 2 or more persons binds them jointly and severally.

CHT

STATE LEASE DIAGRAM

FILE: LU 3/1/3

SCALE 1:3000

LOT 1

PLAN REF: SO 6300

SHEET REF A243 nlc

NATUVU (PT OF)

NAVAKASIGA

PROVINCE BUA

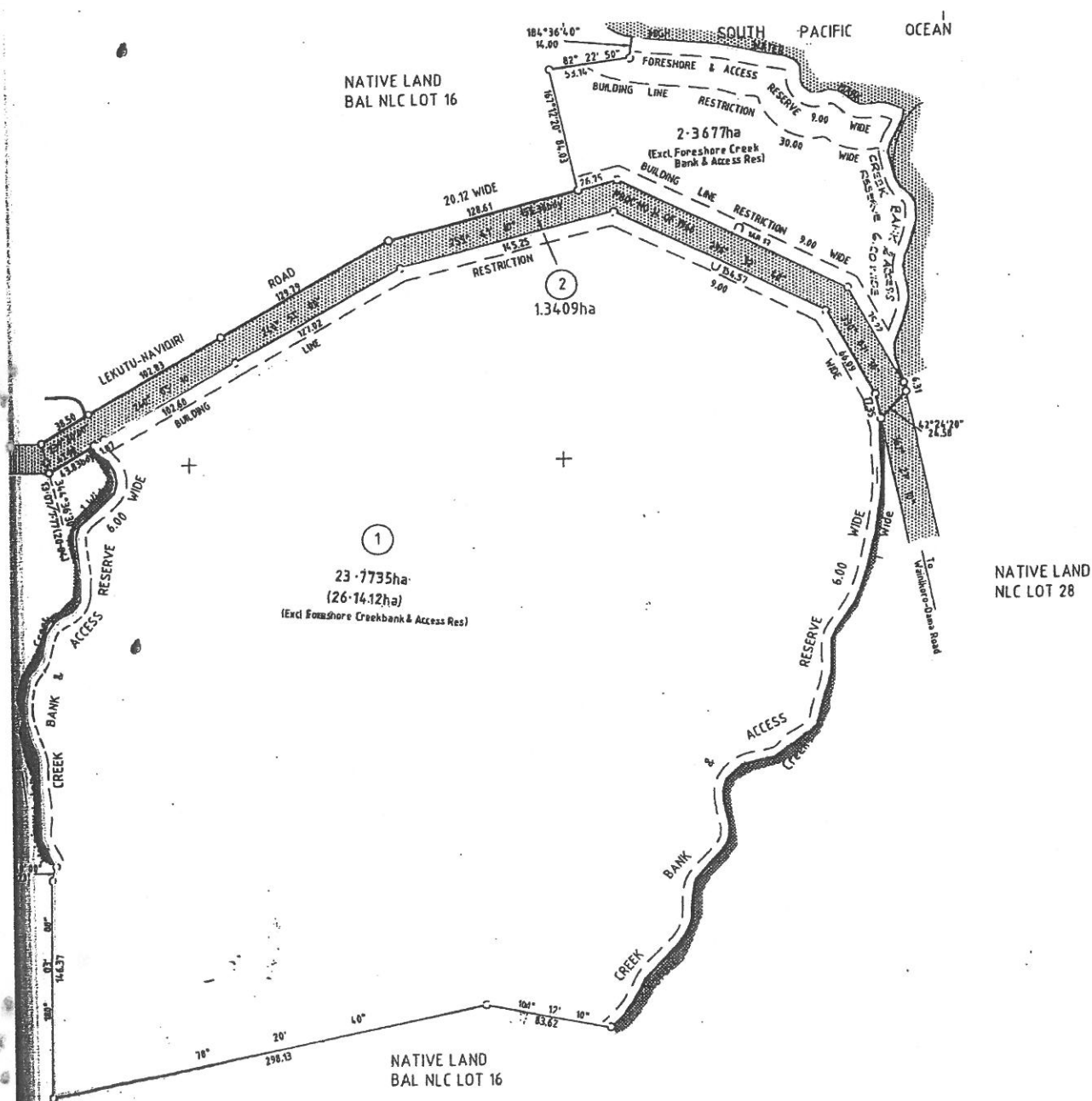
DESIGNATED NATIVE PLAN

RUE COPY

02/2011

[Signature]

SENIOR TECHNICAL OFFICER (GIS)



Schedule 1
SPECIFIC LAND USE CONDITIONS

Column 1

Column 2

Quarrying purposes

Land must be used solely for the removal of sand, common stone, lime or other similar material and for the housing of the machinery and implements necessary therefore and the labourers employed thereon and the royalty to be paid for such material and the manner of payment and the nature of the improvements required to be effected shall be set out in every such lease in detail.

Handwritten signature

igned by the Director of Lands for and on behalf of the Lessor:

Dagica Pibau

Witnessed by:

A. H. I.
ALEXANDER MILNER



Dagaga
ISIRELI DAGAGA
COMPANY SECRETARY

igned by the Lessee

S. B.

Witnessed by:

A. Siwzhiban
Ahu Siwzhiban

Correct for the purposes of the Land Transfer Act (Cap. 131)

Pratap
Solicitor

AJENDRA A PRATAP
Commissioner for Oaths
Barrister and Solicitor
High Court of Fiji
Date

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Registrar of Titles

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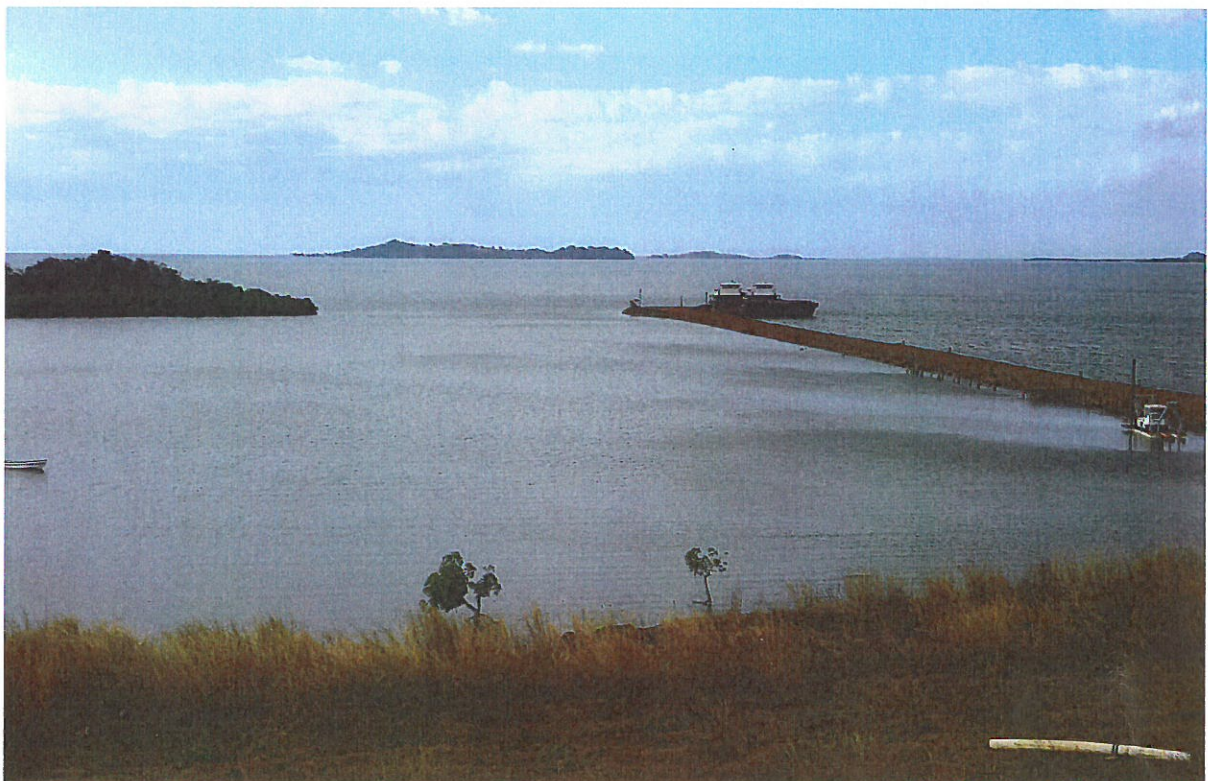
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Registrar of Titles

APPENDIX 3

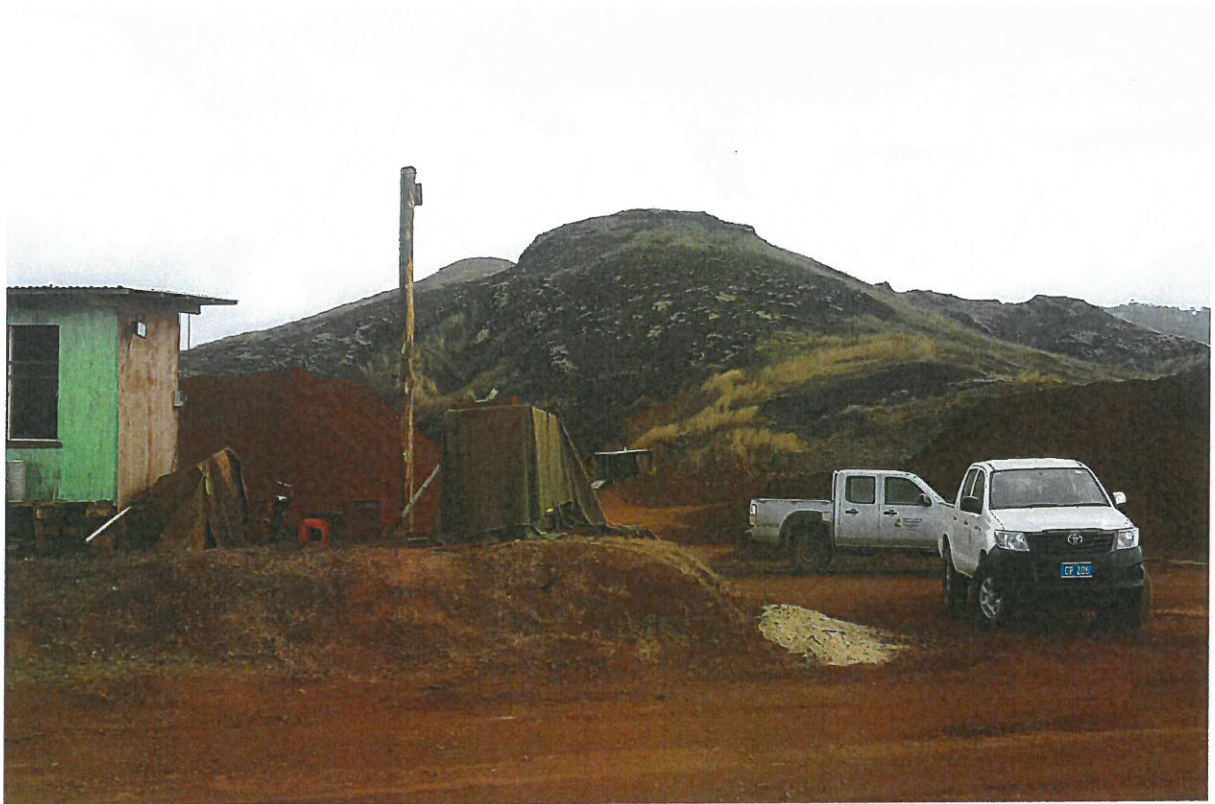
PHOTOS OF THE NAWAILEVU TRIP













Appendix 4

Summary of Written Submissions

1. SUMMARY OF WRITTEN SUBMISSIONS

1.1 Submission One: Ministry of Lands & Mineral Resources

1. It was confirmed that the six hundred thousand dollars (\$600,000) FGF is with the Ministry. The Ministry also confirmed the share for each LOU are as follows:
 - Mataqali Naicobo - \$500,000
 - Mataqali Nalutu - \$ 70,000
 - Mataqali Naicobo - \$ 30,000
2. FGF for the second mine site is one hundred and fifty thousand dollars (\$150,000). Payment will be in equal installments of eight thousand three hundred and thirty three dollars (\$8,333) per annum beginning in 2016 as spelt out in the lease agreement between the two parties. The annual installment will be for the remaining term of the lease which is eighteen (18) years.
3. The LNP of the government will take care of the socio economic development such as electricity in the north including Nawailevu by early next year.

1.2 Submission Two: Honourable Mosese Bilitavu

1. The members of the three LOU of Nawailevu raised the issue that Aurum Exploration also known as Xinfa did not comply with the initial agreement with them and sought government intervention.
2. The submission states that only thirty (30) minutes was given to the LOU during the meeting where they were informed of the compulsory acquisition of the land by government for public purpose according to Section 23 of the 2013 Constitution. The LOU were also informed that all minerals belong to the state.
3. Aurum Exploration and the government are requested to inform the LOU of the progress of a list of pending issues and proposals that were presented to them. The list are as follows:
 - a. Fair share of the royalty
 - b. Information on the quantity and quality of the minerals extracted.
 - c. How much is the LOU share from the total amount the government earnings from the minerals.
 - d. The proposed building in Nabouwalu to be rented by the government for a twenty years lease agreement.
 - e. To participate in a joint venture entrepreneurship from the mining venture. The LOU was supplying food to the miners but the company opted to buy supplies from Suva and Labasa.
 - f. The ownership of the jetty has to be determined because there are conflicts within the LOU as to who is the rightful owner.

1.3 Submission Three: Acting Director of Environment

1. The Department of Environment had consulted villages of Lekutu and Nawailevu when it conducted the Environment Impact Assessment (EIA). An impact study also was conducted on the loading area at Naiviqiri prior to the mining.
2. The department's north office is part of the monitoring committee. There were no complaints raised by the LOU of any breaches or damages to the river banks or sea. However, other issues raised were usually attended to by the committee. However, there were some environmental concerns initially at the loading site in Naiviqiri.
3. Aurum is exploring the best suited loading methodology after trying out the various methods including conveyor belt system. The loading facility is a priority issue that the department will address as the mining industry develops in the north.

1.4 Submission Four: Divisional Commissioner, Northern

1. \$1.5 million is the total amount being paid to the LOU including the FGF which is still with the Ministry of lands.
2. Rehabilitation work has begun in the first site whilst the second mining site has commenced.
3. There were two surface leases on the two mining sites. There were four (4) operational sites - one foreshore and quarry and the stock pile lease, the foreshore jetty lease and the access lease.
4. Close consultation with LOU on the pending FGF should have been concluded and the fund disbursed
5. Surface leases premium paid to LOU- Mataqali Naicobo of Nawailevu - \$567,000; Noro about \$32,000; Nalutu - \$100,000. Royalty on fishing rights to LOU Mataqali Navakasiga is \$275,000. Rock royalty to Mataqali Nalutu of Baravi is \$85,000.
6. Capacity building was one area that Ministry focused on in trying to convince the LO to invest their lease money wisely. This exercise was done in 2011.
7. Infrastructural development did not take place because of non-payment of contribution as highlighted to the LOU.
8. Some investments were made by LOU. Navakasiga Trust invested \$250,000 in term deposit for 5 years.

1.5 Submission Five: Northern Development Program (NDP)

1. There was a need for government departments and stakeholders to work together as a team for the success of projects and programs under the LNP for the benefit of LOU.
2. This was the reason Nawailevu was not that successful because consultation and awareness programs were uncoordinated. Capacity building awareness should have been conducted and coordinated professionally by all relevant stakeholders' right from the beginning and as a not ad hoc solution.

3. NDP got involved in business consultation with a LOU but could have offered more to the LOU if given the endorsement by the government or LOU.

1.6 Submission Six: Aurum Exploration

1. The representative of the company in Suva requested that all questions be directed to the company Director and officials based at mine site in Nawailevu.
2. He also extended an invitation to visit the mine in Bua.

1.7 Submission Seven: Fiji Electricity Authority

1. Extension of the grid to Nawailevu would require a lot of capital funding. However it is not in the FEA plan currently but this could be a way forward for the Authority.
2. As for rural electrification, the Department of Energy is responsible for this program.

1.8 Submission Eight Aurum Exploration, Nawailevu Mine Site

(1)Mr. Lei Sang – General Manager, (2) Mr. Derek Qiu – Assist/ General Manager
(3)Mr. Isireli Dagaga – Managing Director, (4) Mr. Michael Nesbit

1. The company contributed to the revenue of the government. All payments due to government have been paid.
2. The company employs one hundred (100) people. Ninety five (95) are Fijian of which twenty seven (27) are from the LOU.
3. The LOU and the community benefited from the mining operation in terms of lease money, employment and job training, business projects, donation of computers and printer copiers to the school, scholarship funds, youth and church maintenance, water cartage in times of drought and many others.
4. For adherence to environment requirements, the company conducts river and creeks testing, rehabilitation programs, committed to zero spillage of bauxite, reducing soil erosion and continually working to mitigate dust pollution.

1.9 Submission Nine: Mataqali Naicobo

1. Raised the concern of the outstanding payment of F\$
2. The LOU raised their concern of the agreement with AFEL for employment and infrastructure development still to be fulfilled.

1.10 Submission Ten Mataqali Nalutu

1. This LOU thanked AEFL and the government for the money they have received from the lease of their land.

2. The LOU have invested wisely in Education of their children and housing
3. They have invested in purchasing two vehicles to generate income in transportation business
4. They have invested in livestock farming also.

1.11 Submission Eleven Mataqali Noro

1. This LOU thanks AEFL and the Government for the lease money from the usage of their land as road access.

1.12 Submission twelve Mataqali Naita

1. Twenty four(24) hectares of land is leased by AEFL
2. Two hundred and twenty thousand dollars(\$220,000) of lease money had been paid to the LOU
3. The LOU have invested their money in various projects
4. Some issues that the LOU have raised for AEFL to provide answers to are as follows:
 - a. Employment of LOU members
 - b. The vehicle contract with the company as requested by the LOU. A ten wheeler double truck was purchased in anticipation of this contract agreement.
 - c. Housing project for the LOU members
 - d. An update on the FS