



## PRIVATE & CONFIDENTIAL

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The Board of Directors  
OOKAMI Limited  
108 Outram Street  
West Perth WA 6005

**Attention:** The Chair  
**Date:** 27 August 2023

### DUE DILIGENCE LEGAL REPORT – MALI MINING TITLES

This legal due diligence report (**Report**) has been prepared by Serus Legal PLLC to be issued by OOKAMI Limited (**OOKAMI**) to the Australian Stock Exchange (**ASX**).

OOKAMI wishes to acquire the share capital of *First Lithium Pty Ltd* (**First Lithium**), a company incorporated in Australia, which has agreed to acquire the share capital of *Intermin Mali Lithium Holdings* (**Intermin**), a company incorporated in Mauritius, which holds two exploration permits in Mali (**Permits**) via its wholly owned subsidiary *Intermin Lithium SARL* (**Intermin Mali**). Subject to an acquisition agreement being concluded between OOKAMI and the shareholders of First Lithium and Intermin, OOKAMI will acquire a 100% interest in First Lithium and thereby indirectly acquire a 100% interest in Intermin, Intermin Mali and the Permits (**Transaction**).

### SCOPE AND SUMMARY

This Report provides a legal due diligence opinion on the:

- (a) The ownership and good standing of the Permits, including:
  - terms and conditions relating to the Permits, including exclusivity and renewals;
  - absence of any claim or security interest;
  - compliance with applicable rents, fees, and taxes; and
  - absence of registered charges, encumbrances or easements; and
- (b) Applicable legislative or regulatory provisions relating to the Transaction.

The schedules to the Report contain the following information:

- **Schedule 1** contains a summary of the Permits.
- **Schedule 2** contains a summary of the company Intermin Mali.
- **Schedule 3** contains a summary of the Mining Convention signed by Intermin Mali.
- **Schedule 4** details the sources for the Report including applicable documents and searches.
- **Schedule 5** details the qualifications and assumptions applying to this Report.
- **Schedule 6** contains an overview of the applicable legal framework in Mali.

### EXECUTIVE SUMMARY

Subject to the contents of the report below, and further to investigations and searches conducted by GENI & KEBE Lawyers in conjunction with their affiliate Athena Legis SCP Avocats and local agent Mr. Ousmane Coulibaly, no material issues have been identified in relation to the Permits.

Nevertheless, issues raised in the Report relating to (i) 'compensatory deficits' owed on the Permits, and (ii) approval for the indirect transfer of the Permits, should be considered.

Sincerely,

DocuSigned by:  
**Peter Finan**  
  
**Peter Finan**  
Managing Principal  
Serus Legal PLLC

Signed and approved by:

**GENI & KEBE**  
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## DUE DILIGENCE REPORT

### 1. OPINION ON THE PERMITS

Based on copy documents provided relating to the Permits, and the searches described in Schedule 3, and subject to the assumptions and qualifications in Schedule 5, we are of the opinion that:

- 1.1 **Standing of Permits** - The Permits are in full force and effect and are not suspended or subject to any pending application for their revocation or modification.
- 1.2 **Grant** - the Permits were validly granted pursuant to the 2012 Mining Code and renewed under the Mining Code 2019. The Mining Code 2012 (under which the Permits were granted) was replaced by the 2019 Mining Code. The 2019 Mining Code provides that the stability of the tax and customs regime granted under the Mining Code 2012 is guaranteed to mining titles holders during the term of their titles. In this regard, the Permits remain subject to the tax and customs regime in the Mining Code 2012 and, upon renewal or grant of a mining license, the 2019 Mining Code will apply in its entirety.
- 1.3 **Outstanding Fees** – searches did not reveal any renewal or other official statutory or regulatory fees or any stamp duty, registration or similar taxes or charges payable and outstanding in relation to the Permits, except for the payments of certain 'compensatory deficits' (for 2018, 2019, and 2020) in the amounts of (i) FCFA5,000,000 on the Faraba Permit and (ii) FCFA 10,000,000 on the Gouna Permit<sup>1</sup>.
- 1.4 **Enforcement Action** - Searches have not uncovered any enforcement action to suspend, amend or revoke the Permits.
- 1.5 **Material Agreements** - with the exception of the Mining Convention (*Convention d'Etablissement*)<sup>2</sup> between Intermin Mali and the Ministry of Mines, dated 08 December 2017 (**Mining Convention**), there are no material agreements currently affecting the Permits. Subject to our comments relating to prior consent for transfers under the Mining Convention as detailed in Schedule 3 (Article 30), the Transaction will not trigger any termination provision in the Mining Convention.
- 1.6 **Overlapping Rights** - There are no overlapping rights registered on the Permits.
- 1.7 **Liens and Encumbrances** - There are no liens or encumbrances registered on the Permits.
- 1.8 **Local Ownership** - The State has no ownership rights for the duration of the Permits.
- 1.9 **Land Rights** - There is no evidence of a current compensation agreement with the owner or occupier of any land within the perimeter of the Permits.
- 1.10 **Access** - there are no legal, regulatory, statutory, or contractual impediments to entering onto land within the perimeter of the Permits and carrying out exploration activities such that Ookami is able to expend funds in accordance with its commitments under the Use of Funds disclosed in its prospectus.
- 1.11 **Environment** - There are no environmental liabilities or specific rehabilitation contamination requirements relating to or affecting the Permits.
- 1.12 **Transaction** - the Transaction does not:
  - breach any terms of the Permits;
  - breach any statute, law, rule, judgement, regulation or decree in Mali; or

<sup>1</sup> We calculate that for Faraba this amounts to circa USD\$8,331 and for Gouna it amounts to USD\$16,663, based on an exchange rate of 1USD = 600.182 XAF as per [www.xe.com](http://www.xe.com) on 29 June 2023.



- subject to our comments in points 1.5 (Material Agreements) above, and 1.13 (Transfer / Change of Control) below, require approval or consent of any governmental authority or regulatory body in Mali.

**1.13 Transfer / Change of Control** - The acquisition by OOKAMI of Intermin Mali does not conflict with any law of Mali or contracts to which Intermin Mali is bound. Nevertheless, although the Transaction does not contemplate a direct transfer of the rights of the holder of the mining title (ie Intermin Mali), it does contemplate the indirect transfer of the rights of the title holder (following the change of control in First Lithium which holds the shares of Intermin, who in turn is the parent company of Intermin Mali). In this regard, and in accordance with advice from local counsels, this "indirect" transfer should be notified to the Minister of Mines for approval<sup>3</sup>.

Based on this advice, and according to a letter from the Secretary General of the Ministry of Mines Ministry dated 13 February 2023, the Transaction was notified to the Ministry by Intermin Mali. In that letter, the Ministry acknowledged the change in the shareholding and requested that it "be informed of any changes in Intermin Mali so the Ministry can take any appropriate measures". We must note that it is not the same as explicit approval and, furthermore, the mining decree provides that an approval is required under an 'order' (*arrêté*) of the Minister of Mines (Mining Code and Application Decree)<sup>4</sup>.

## CONCLUSION

In summary, and subject to the qualification and assumptions in Schedule 5, we confirm that:

- Intermin Mali is the legal and beneficial owner of a 100% interest in the Permits;
- the Permits are in good standing; and
- no material issues have been identified in relation to the Permits.

<sup>3</sup> Further detail is provided in Schedule 6 (Overview of Legal Framework).

<sup>4</sup> We comment that the Ministry might be unlikely to issue such a decree in the case of a change of shareholding as the registered permit holder stays the same.



SCHEDULE 1

SUMMARY OF MINING TITLES

The following is a summary of the Exploration Permits and their associated Mining Convention:

**FARABA - Exploration Permit**

- *Holder:* Intermin Lithium SARL
- *Order (Arrêté)* 2018/0742
- *Substances* Lithium and Group 2
- *Grant:* On 16/03/2018 for 3-years
- *Renewed:* On 21/02/2022 for 3-years (effective 16 March 2021)
- *Reporting:* Quarterly and Annual reports on mining activities
- *Location:* Faraba, Bougouni Circle, Sikasso Region

**GOUNA - Exploration Permit**

- *Holder:* Intermin Lithium SARL
- *Order (Arrêté)* 2018/1584
- *Substances* Lithium and Group 2
- *Grant:* On 15/05/2018 for 3-years
- *Renewed:* On 21/02/2022 for 3-years (effective 15 May 2021)
- *Location:* Faraba Sector, Sikasso Region

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**Mining Convention**

- *Parties:* Intermin Lithium SARL & Minister of Mines
- *Dated:* 08 December 2017
- *Stability:* Remains valid for remaining term. Tax and custom regime stabilized.
- *Contents:* See Schedule 3 for summary.



**SCHEDULE 2**  
**SUMMARY OF MINING COMPANY**

<b>SOCIETE INTERMIN LITHIUM S.A.R.L.</b>	
<b>Mining Titles</b>	<ul style="list-style-type: none"> <li>• FARABA Exploration Permit</li> <li>• GOUNA Exploration Permit</li> </ul>
<b>Country of Incorporation</b>	Mali
<b>Registration Number</b>	MA.BKO.2017.B.6235
<b>Date of incorporation</b>	24 July 2017
<b>Registered address</b>	Bamako, Niarela, près d'ECOBANK, en face de l'Ambassade de la Russie, Rue 376, Porte 1667
<b>Authorised share capital</b>	FCFA 141,000,000
<b>Shares</b>	14,100 shares of 10,000 FCFA each
<b>Registered Shareholders*</b>	Intermin Mali Lithium Holdings (Mauritius)
<b>Statutory Manager</b>	Venkatesh PADALA
<b>Objects (Summarized)</b>	Research, exploitation, transport, transformation and marketing of mining and quarry substances.
<b>Financial year end</b>	31 December
<b>Company Auditor</b>	MSK in Bamako



### SCHEDULE 3

#### SUMMARY OF MINING CONVENTION

The Mining Convention was entered by Intermin Mali and the Minister of Mines on 08 December 2017 (**Convention**).

In brief, in setting out the terms and conditions for the mining activities under an exploration or mining license, the Convention reflects (and generally repeats) the terms and conditions of the Mining Code 2012.

A new Mining Code was subsequently introduced in 2019 which provides that preexisting mining conventions remain valid for their remaining term. In this regard, the term of the Convention is valid for *"as long as the mining titles remain valid"* unless terminated earlier under article 33.

While the tax and custom regime in the Convention is stabilized, all other provisions of the Mining Code will apply. The regime includes article 19 requiring the *"mining company"* to *"reimburse the State \$450,000 for exploration work the State carried out on the permit, in accordance with an agreed schedule"*.

The following is a snapshot of the provisions in the Convention relating to the 'mining company' to be established, the tax and custom regime, and requirements for any transfer or change-in-control:

##### **Article 14 – Participation of the Parties**

- From grant of the mining license, the company will set up a mining company, in which the state will hold a free carry interest of 10%, Free from any charges and which cannot be diluted. The state has the right to acquire a supplementary 10% participation and has 90 days from the grant of the mining licence to advise Intermin of its wish to exercise this right.
- Intermin must permit private investors from Mali the possibility to acquire, in cash, 80% of the mining companies shares in the same conditions as the other shareholders.
- Articles 15 and 16 set-out the requirements for the mining company's objects and organization.

##### **Article 21 – Financial Regime**

- As per article 117 of the Mining Code 2012, Intermin Mali, its affiliates, providers, and subcontractors are guaranteed the free conversion and transfer of:
  - funds destined for the regulation of debts (principal and interest) to lenders and foreign providers;
  - net profits for distribution to non-Malian partners and all sums flowing from the amortization of finance obtained from non-Malian institutions and from affiliated companies after having paid all taxes;
  - funds and profits from the liquidation of assets after payment of taxes;
  - funds, by expatriate personnel employed by Intermin Mali, resulting from the liquidation of investments in Mali or the sale of their personal effects after payment of all taxes.

##### **Article 22 – Fiscal Regime**

- As per article 118 of the Mining Code 2012, during the term of the mining titles, regulatory base taxes, charges and fees remain fixed that existed on the date of delivery of the mining titles, and no new tax or imposition will apply to Intermin Mali during this period.
- In the event of a reduction of any customs or fiscal charges or their replacement by a more favorable regime, Intermin Mali can opt for this fiscal regime on condition it is adopted in its totality.
- Goods, equipment, and consumables imported by Intermin Mali for the exploration and exploitation phases will be the subject of a Mining List made with the Mines, Customs, Tax and Commerce administrations.
- The attribution of mining titles to Intermin Mali, or their assignment, transmission or renewal are subject to the payment of fees, taxes and surface royalties under articles 107 and 108 of the Application Decree.
- Mining products in Groups 1 and 2 are subject to ISCP, at the rate of 5% and an additional ad valorem royalty tax of 3%. The ad valorem tax rate for mining products for substances in Groups 3, 4 and 5 is 1%.
- The taxable base for ISCP is turnover ex-TVA. The taxable base for ad-valorem tax is the ex-pit head for extracted substances, less intermediary charges and fees. The ICSP and royalty rate is fixed by decree.
- Capital gains tax on the assignment or transfer of an exploration or exploitation permit is 10%. In the absence of a capital gain, the following is imposed:
  - for exploration permits, 2% of the cost of the works carried out up to the assignment date in accordance with the program in the Convention; and





- for exploitation permits, 1% of the project value as specified in the feasibility study or report.
- If Intermin Mali exceeds production by 10% of the quantity specified in the production program approved at the annual shareholder meeting, Intermin Mali will pay customs and taxes under law on the overproduction.
- As holder of an exploration permit, Intermin Mali is exonerated from all taxes including TVA, fees, contributions are other direct or indirect taxes, except for those under article 124 of the Mining Code 2012.
- In holding a mining license, Intermin Mali must pay fees and taxes under article 125 of the Mining Code 2012.
- Investments made on infrastructure, lodgment, restoration, education as set out in article 144 of the Mining Code 2012 in favor of workers, benefit from the fiscal and customs advantages.

#### **Article 23 Customs Regime**

- During the exploration phase:
  - materials, machines, equipment, utility vehicles and generator (groups) imported by Intermin Mali for mining activities will be placed under the free 'temporary admission customs regime' during the term of the permit, in accordance with the Mining List. Upon the expiration of the exploration permit, they will be exported unless their use can be justified in the mining phase.
  - Intermin Mali is exonerated from fees and taxes (except PCS and RS) imposable on the importation of materials and mining consumables, spare parts, equipment, and tools, as per the Mining List.
  - expatriate personnel employed by benefit from the exoneration of all fees and taxes on their personal effects for six months during their first installation in Mali.
- In the first quarter of each year, Intermin Mali must provide an update on material temporarily admitted to the customs and mines administrations.
- During the mining license term, Intermin Mali is exonerated from fees and taxes (except PCS and RS) imposable on petroleum products used from the mining operations and social and sanitary infrastructure.
- At the end of the third year following the start of production, except for materials, machines, equipment, engines, utility vehicles, and goods appearing on the Mining List, and petroleum products for the mining activities, Intermin Mali must pay customs fees and taxes on importations in accordance with current laws.
- Intermin Mali passenger vehicles and private use vehicles are placed under the common law regime.
- In case of resale in Mali of any item within the temporary admission regime, Intermin Mali must pay fees and taxes calculated by the customs services, taking account of the depreciation up to the resale.

#### **Article 24 Special Fiscal and Customs Regime**

- Intermin Mali as mining license holder can request the benefit of a special fiscal and customs regime corresponding to that granted to similar mining titleholders. This special regime will be granted as follows:
  - to carry out extension work on past activities in Mali on the basis of a feasibility study previously approved by the ETAT; the special regime only applies to the extensions and modifications;
  - to effect investments of a special importance for the development of the mining industry in Mali.
- The term of the regime is 2 years for extensions connected to modification of the mining mineral system and 18 months if linked to extensions relating to modifications to transport and/or treatment of minerals.
- The special regime is granted by an amendment to the current convention approved by decree. The conditions of the fiscal and customs regime will be specified in the Application decree.

#### **Article 30: Transfer, Substitution and New Parties**

- Either party can, with the prior written agreement of the other, transfer all or part of their rights and obligations arising under the Convention to another (technically and financially qualified) companies, including its shareholding in the mining company and the exploration and mining permits.
- Any transfer, whether total or partial, by one party of its rights, interests and/or obligations under this Convention, is subject to a right of preemption held by the other party who must give his prior written approval, such approval only to be refused for justified reasons.
- Any assignment, pledge, or other transfer by Intermin Mali of its rights, interests and obligations whatsoever under the Convention is subject to the prior written consent of the Minister of Mines which may only be withheld for justified reasons. Any refusal can be appealed to arbitration under article 31.
- The provisions do not apply to an assignment by a party of all or part of its rights arising under this Convention to an affiliate, or of its participation or shareholding in the mining company to an affiliate.



## SCHEDULE 4

### SOURCES FOR THIS REPORT

#### Mining Permits:

- Ordonnance N° 2019-022/P-RM dated 27 September 2019 and its application decree N°2020-0177/PT-RM (**Application Decree**) of 12 November 2020 (together the **Mining Code**).
- Act N°2012-015/ of 27 February 2012, and its application Decree N° 2012-311/P-RM of June 21, 2012 (**2012 Mining Code**).
- Copies of the two Permits and renewals.
- Vendor responses to DD questionnaire, including email clarifications of July and September 2022, and 25 June 2023.
- Mining Convention entered between Intermin Mali and the Minister of Mines on 8 December 2017.
- Searches and related information gathered at the office of the *Directeur Nationale de la Geologie et des Mines (DNGM)* - Ministry of Mines, Energy and Water, as per copy letters dated 04 October 2022 and 14 May 2023 from the DNGM (address to Athena Legis SCP Avocats, Mali) and letter dated 26 June 2023 (addressed to Serus Legal PLLC).

#### Intermin Mali LITHIUM S.A.R.L.

- Constitution ("*Statuts*") dated 13 July 2017.
- Copy registration certificate of Intermin Mali Lithium SARL
- Vendor responses to DD questionnaire, including email clarifications of July and September 2022, and 25 June 2023.
- Mining Convention entered between Intermin Mali and the Minister of Mines on 8 December 2017.
- Searches conducted by Athena Legis SCP Avocats (Mali) at the Commercial Court in Bamako, who obtained the following certificates:
  - Registration Certificate (dated 21 September 2022 and 21 March 2023)
  - Non-Bankruptcy Certificate (dated 21 September 2022 and 21 March 2023)
  - Non-ledge Certificate (dated 04 October 2022 and 27 March 2023).





## SCHEDULE 5

### QUALIFICATIONS AND ASSUMPTIONS

- The Report is accurate as at the date the searches were performed. We have assumed the accuracy of all registry searches and other responses or information obtained from the authorities in Mali.
- This Report does not cover any third-party interests, including encumbrances or claims that are not apparent from the searches conducted and the information provided to us.
- We have assumed the accuracy and completeness of instructions or information received from OOKAMI.
- Unless apparent from the searches or information provided to us, we have assumed compliance with the obligations to maintain the Permits in good standing.
- The scope of this Report does not extend to Australian Law, stock market rules, financial, tax and accounting matters, share or property valuations, share schemes, incentive plans, commercial due diligence and other matters as to which OOKAMI is separately advised.
- No specific enquiries have been made of any documentation or entities registered in Australia, their existing or proposed directors or other advisers for the purpose of this Report.
- This Report contains no opinion, express or implied, as to the suitability of the Transaction, Intermin Mali or the Permits.
- This Report is provided only for the benefit of OOKAMI in connection with the Transaction and does not extend to any other matter, person or entity. It may not be filed with a governmental agency or authority or disclosed to or relied upon by any person or used for any other purpose or made public in any way without our prior written consent, except where such disclosure is required by law or regulatory authority.
- Drafts of this Report, including the final version, have been shared with OOKAMI who at all times has been available to review the contents, provide documents or otherwise assist in finalising this Report.
- In our review of the documents submitted by the vendor and his representatives, we have assumed that:
  - all parties have the capacity, power and authority to enter into the documents and that such parties have duly authorised, executed and delivered those documents to which they are a party;
  - the genuineness and authenticity of all signatures and seals on documents, the authenticity of original documents and the conformity to original documents of copies produced to us;
  - copies of the constitutional documents are complete, accurate and current and that no amendments have been made to these or other documents which are not disclosed in our searches;
  - there is no provision of the law of any jurisdiction other than Mali which would have any adverse implication on the opinions expressed in this Report; and
  - the information and documents disclosed by our searches are accurate and there is no information or document which has been delivered for registration, or which is required by the law of Mali to be delivered for registration which was not included in the public records.



## SCHEDULE 6

### OVERVIEW OF LEGAL FRAMEWORK

We confirm the following relating to laws in Mali which may apply to the Permits and Intermin Mali:

#### 1. Mining Law in Mali

The Ministry of Mines, Energy and Water (*Ministre des Mines, de l'Energie et de l'Eau*) is responsible for overseeing the mineral resource sector in Mali. Ownership of minerals is vested in the State. The holder of a mining exploitation license acquires ownership of mineral substances extracted which is distinct from ownership of the property.

*Mining Code 2019* - The Mining Code was enacted into Malian law by Government Order (*Ordonnance*) N° 2019-022/P-RM of 27 September 2019 and its application decree N°2020-0177/PT-RM of November 2020 ("**Mining Code**") replacing the previous mining law 2012-015 ("**2012 Mining Code**").

The Mining Code provides for the grant of various licences and permits for undertaking any mining related activity. Small scale mining (including artisanal) is subject to a specific regime.

*Transition* – under the transition provisions the new Mining Code:

- pre-existing mining titles and mining conventions remain valid for their terms. The tax and customs regime in the mining conventions are stabilised. In all other respects, title holders must abide by the provisions of the (new) Mining Code; and
- pre-existing title holders may opt for the full application of the code within 12-months of its entry into force<sup>5</sup>;

*Transfers* - the Mining Code<sup>6</sup> provides that:

- mining titles may be assigned or farmed-out with the approval of the Minister of Mines. A failure to obtain approval may lead to revocation of the permit or license;
- a transfer or assignment of the permit is subject to the same conditions as the grant of the permit;
- 'Assignment' (*Cession*) is defined to include "*direct or indirect transfers of a mining title..*";
- there are no specific restrictions on changes in shareholders under the Mining Code. Nevertheless, the wording of the Mining Code and its Application Decree<sup>7</sup> is broad, particularly the reference to a "*mutation indirecte*" within the legal definition of "*cession*". As the Transaction contemplates a takeover and clear change-of-control, the approval process should be followed; and
- the detailed requirements for the assignment and transfer application are set out in the Application Decree. They include presentation of corporate details of the new holder, copies of transfer agreement(s), a report on works undertaken on the mining title, proof of payment of all relevant fees and taxes, as well as other documents and information on the title holder. The minister must give his approval within 2 months of receipt of a compliant application; and

<sup>5</sup> INTERMIN maintains it did not exercise this option.

<sup>6</sup> Article 42 and Application Decree articles 28, 60, 61, 62, 63, 208

<sup>7</sup> Arts 28 and 60-61



- a transfer takes effect upon issuance of (i) an order (*arrêté*) for an exploration permit and (ii) a decree (*décret*) for a mining license.

*Work and Expenditure programs* - under the Mining Code, an exploration permit applicant must establish a work program specifying the nature, size, and phases of the works that the holder undertakes to carry out. The program must be based on the permit's validity period, the mining products sought or exploited, and the extent of the perimeter including its geographical and geological characteristics.

*Renewal* – Permits are only renewed if all Mining Code requirements have been complied with, including minimum work and expenditure. Applications are addressed to the Minister of Mines no later than (i) four months before expiry of an exploration permit, and (ii) two years before expiry of a Large-Scale Mining License, and a decision on the renewal will be issued by Ministerial order (*arrêté*) within 2-months.

*Grant of mining license* – the holder of an exploration permit wishing to exploit, as a large mine, a deposit within the perimeter of its exploration permit, must address an application for a large mine license to the Minister of Mines, at the latest six months before the date expiry of its exploration permit. The Large-Scale Mining License is granted by decree of the Prime Minister within 3-months of transmission of a draft decree by the Minister of Mines.

*Mining Convention* - holders of exploration and exploitation permits must sign a mining convention (referred to in Mali as an Establishment Agreement) with the State, setting-out the rights and obligations of the parties throughout the duration of exploration and mining activities. It must be published on the Ministry of Mines' website. With a term of 20 years, the mining convention may not align with the term of the applicable mining title (the exploration phase can be 9 years and a large-scale mining license is 12 years). The Application Decree provides that a model mining convention will be prepared and approved by Ministerial decree.

## 2. Mineral Rights

*Types* - In addition to those available for artisanal and small-scale activities, the Mining Code provides for the following mineral rights:

### ***Exploration Permit (Permis de recherche)***

- *Grant* - holder obtains the exclusive right to explore within the permit area for the specified substances (listed within the 'Group' for which it is granted) and to send samples for testing. Holder must have the necessary technical and financial capacities and to meet the obligations relating to environment, hygiene, safety and public health.
- *Term* - Issued for an initial three-year period, and renewable twice for three-year periods. Must specify proposed minimum expenditure and work program during this term.
- *Groups* - In reshuffling the group classification and moving lithium from Group 2 to 3, the Mining Code lists these groups are as follows:
  - **Group 2:** Gold, Silver, Lead, Zinc, Copper, and Molybdenum, platinoids.
  - **Group 3:** Lithium, Chromium, Nickel, Cobalt, Vanadium and Platinum, Iridium, Palladium, Rhodium, Titanium, Tin, Niobium, Tantalum, Zircon, Rare Earths.



- **Rights** - A third party cannot carry out exploration within the permit area for minerals of the same group. If substances from another group are discovered, the permit holder can request an extension of the permit to that group. The maximum surface area of a permit is specified by a Ministerial order (*arrêté*).

### **Mining License**

Mining may be carried out under an artisanal mining license, a semi-mechanized license, or a Mining License for a Small Scale or a Large Scale Mine. The terms of Small Scale and Large Scale Licenses are summarized below:

#### ***Small Scale Mining License (Permis d'Exploitation de Petite Mine)***

- **Grant** - Granted by an order (*arrêté*) of the Minister of Mines for a term of four (4) years, renewable for four-year periods until the deposit is exhausted. Issued to a corporate entity established in Mali.
- **Rights** - Grants the holder the exclusive right to mine for mineral substances for which the license is granted, and to treat and market any mining products extracted.

#### ***Large Scale Mining License (Permis d'Exploitation de Grande Mine)***

- **Grant** – Mining of a deposit which "*exceeds the limits of a small mine*" is permitted under a large-scale mining license issued by the Prime Minister. The exploration permit remains valid over the perimeter not covered by the mining permit.
- **Term** - Initial term of 12 years from the signature of the attribution decree, including the development period, renewable in ten-year terms until reserve is depleted. Mining must start within 3-years from the grant of the license. A failure to do so will require the submission of a new feasibility study.
- **Rights** - Grants the holder the exclusive right to mine for mineral substances for which the license is granted. Holder may treat and market mining products extracted, but exploration rights are not mentioned.
- **Commencement** - Upon its grant, the holder must create a Malian company to hold the mining license. Before mining commences, the holder must inform the administration and specify any significant changes to the content of the feasibility study and which do not threaten the viability or completion timelines.
- **Other Group Substances** - The holder can request an exploration permit over other group substances present. If a deposit of another substance is found, the holder has 2 years to present a feasibility study accompanied by a work program for a new mining license.

**State Participation** - the State has an automatic right to a free carry, priority, non-dilutable interest of 10% in mining projects. Furthermore:

- The State has an option to acquire an additional 10% participation for cash, and the price of which will be agreed on the basis of a project evaluation.
- The State may hold an unlimited (contributory) participation in the capital of a company holding the rights to a deposit in which the State had invested during the exploration and identification phases.
- Mining companies holding a Large-Scale Mining License must provide for 5% of the shares to be held by Malian nationals under the same conditions as other private shareholders.
- The State may allocate its participation in mining companies to a single State controlled company, which may serve as an investment vehicle for the 5% participation that is reserved for private Malian investors.



*Taxes and Stabilisation* – Subject to the terms of any mining convention, the common taxes, and exemptions applicable to mining companies include:

- **Royalties:** mining titleholders pay a mining royalty comprising the Special Tax on Certain Products (ISCP) and Ad Valorem Tax (TAV) as per the General Tax Code. If commodity prices increase greatly compared to the feasibility study, titleholders must pay a progressive royalty, as detailed in the Application Decree.
- **Overproduction:** any titleholder producing over a period of one year a higher quantity of products than forecasted in its feasibility study, must pay an overproduction tax, as detailed in the Application Decree.
- **Capital Gains:** applies to gains generated by direct and indirect transfers of a mining title, or shares in the capital of a titleholder. Capital gains is taxed in accordance with the General Tax Code.
- **IBIC-IS:** a reduced tax rate of 25% on industrial and commercial profits and corporate tax (IBIC-IS) will apply for three (3) years after the start of production.
- **Stabilization:** stability of tax and customs is limited to the initial validity period of an exploitation permit (capped at 12 years for large scale mining licenses).
- **Exemptions:** the tax exemption on petroleum products applies to the term of the development phase (i.e. 2 years with the possibility of a 1 year extension) ending on the date of first commercial production, after which such products will be subject to customs duties at a rate of 5%, in addition to RS, PSC and PC, and to any new community tax and the domestic tax on petroleum products (TIPP).

*Mining funds* - The Mining Code creates the following mining funds:

- **Local Development Mining Fund**, funded by (i) the State for up to 20% of the royalties collected and (ii) contributions from exploitation titleholders with up to 0.25% of their monthly turnover before tax or the value of the products extracted during the month. All titles holders must contribute to this fund, even pre-existing exploitation titleholders who benefit from tax stability.
- **Fund for the Financing of Geological and Mining Exploration; the Promotion of Mining Activities, and Support of Training on Earth Sciences**, funded in part by titleholders through (i) contributions made when signing mining conventions and at transfer of mining titles and (ii) annual contributions as determined by decree (deductible in calculating IBIC-IS).

*Local content* - A local content 'consultation framework' has been established for developing and promoting local supply and employment for the mining sector. A plan for training and progressive replacement of expatriates by Malian nationals must be prepared, and included with the feasibility study. Mining license holders must prepare, in consultation with the "consultation framework", a national procurement plan and a training plan for National SME's, to maximize the provision of services, material and equipment sourced in Mali. Once approved by the Mining Administration, the titleholder receives an import authorization for the mine's materials and equipment.

*Environment & mine closure* - A mining title holder must carry out its obligations in accordance with environmental legislation in Mali. Under the Mining Code, exploration work may not be undertaken before (i) an Environmental and Social Impact Notice (ESIN) is filed and approved by the Mining Administration, and (ii) a first-demand bank guarantee covering the rehabilitation is filed. For a mining license, title holders must make an annual contribution to an escrow account at the Central Bank and ensure the rehabilitation plan (i) is published on the websites of the





company and the Ministry of Mines, and (ii) accounts for the possible resumption of mining through subsequent discoveries or improved economic conditions.

### 3. Companies and Other Legislation

*Company and Commercial Legislation* - Companies in Mali operate in accordance with the OHADA Revised Uniform Act on Commercial Companies and Economic Interest Groups, adopted by all WAEMU countries including Mali. Under these rules, private limited liability companies ("*Société à Responsabilité Limitée*") do not require a board, and their shares cannot be incorporated in tradeable security. The only officer is one or more statutory manager. Share transfers are regulated by the Company constitution. Large businesses generally adopt a limited company structure ("*Société Anonyme*") that has a board of directors and a general manager. Reporting and accounting are regulated by the OHADA Uniform Act on Accounting Law and Financial Reporting.

*Foreign Investment* - Mali's investment code gives incentives to domestic and foreign companies for licensing, procurement, tax and customs duty, export and import policies, and export zone status if the firm exports at least 80% of its production. Incentives include exemptions from duties on imported equipment and machinery, and on the use of local raw materials. Foreign companies can also negotiate specific incentives on a case-by-case basis.

*Labour Legislation* - Mali is a member of the International Labour Organisation (ILO) and the labour legislation affords the usual employee protections such as minimum wage, statutory leave entitlements and statutory pension schemes, termination rights and other protections afforded in ILO member states.

*Currency* - Mali is part of the West African Economic and Monetary Union (WAEMU) sharing the CFA Franc as a common currency. With legal systems based on French civil law, they share a unified corporate, accounting and bankruptcy law, and common rules on tax, customs, banking and foreign exchange under the OHADA Treaty.

*Foreign Exchange* - Opening a foreign currency account in a WAEMU country and opening an account outside the CFA Franc Zone by a WAEMU country resident requires (i) the consent of the BCEAO (Central Bank of West African States) and (ii) an authorisation from the Minister of Finance of the relevant country. There is no requirement to open a foreign exchange account unless a company wishes to effect or receive hard currency payments locally.

*Dispute Resolution* - Mali is a member of the International Center for the Settlement of Investment Disputes (ICSID). Mali is also a signatory of the Convention on the Recognition and Enforcement of Arbitral Awards (the New York Convention). As an OHADA member, Mali ratified the treaty creating the Common Court of Justice and Arbitration.