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A G R E E M E N T

BETWEEN

GIANT YELLOWKNIFE MINES LIMITED  
YELLOWKNIFE  
NORTHWEST TERRITORIES  
CANADA

(HEREINAFTER REFERRED TO AS "LICENSOR")

AND

SIMON-CARVES (AFRICA) (PTY) LIMITED  
PRIVATE BAG X 3033  
2125 RANDBURG  
SOUTH AFRICA

(HEREINAFTER REFERRED TO AS "LICENSEE")

ARTICLE 1 - PREAMBLE

1.1 Licensor has developed processes:

- a) for roasting of arsenical pyrite under controlled conditions in a two stage roasting process thereby resulting in the removal of arsenic to create a calcine amenable to gold recovery and,
- b) for purification of roaster gas and recovery of arsenic contained in the gas under non-polluting conditions,
- c) for purification of toxic liquid wastes arising from the roasting processes and subsequent arsenic and gold recovery operations.

1.2 Licensor has experience of operation of the processes under 1.1 and of the equipment suitable for their implementation.

1.3 Licensee is engaged in sales of engineering services and plants and is therefore desirous of obtaining licences and certain technical services from Licensor in order to use said licences and technical services for the design, erection and commissioning of plants, based on processes under 1.1.

1.4 For this purpose, Licensor and Licensee have concluded the following Agreement.

ARTICLE 2 - DEFINITIONS

2.1 "Subject Matter" of the Agreement is Licensor's following processes:

2.1.1 "YELLOWKNIFE Two Stage Roasting System" refers to processes for the roasting of arsenical sulphide materials and pyrites in two steps in fluidized beds while oxygen containing gas is introduced in amounts sufficient to establish an oxygen partial pressure of the roaster gases within controlled limits for the formation of calcine from which sufficient arsenic has been removed to render it amenable to gold extraction.

2.1.2 A "Gas Cleaning System" which refers to a process for purification of sulphur dioxide containing gases from the roaster which among other things contains impurities such as arsenic and iron oxides, by air dilution cooling, whereby the iron oxides are first removed in an electrostatic precipitator and thereafter the arsenic oxide is condensed out of the gases and removed as a oxide  $As_2O_3$  product in a baghouse.

2.1.3 An "Effluent Treatment Sytem" which refers to a process operated by Giant Yellowknife for the treatment of liquid waste from the said roasting and gas cleaning plants, together with liquid wastes from gold recovery operations whereby arsenic and cyanide are removed from such liquids wastes to produce a final non toxic effluent.

2.2 Each plant for utilizing any of the processes included in the Subject Matter is hereinafter called "Plant".

## ARTICLE 2 - DEFINITIONS

- 2.3 The party who has concluded a contract with Licensee for the design, construction, erection, and/or for putting into operation of a "Plant" is hereinafter called "Client" and such a contract is hereinafter called "Contract".

## ARTICLE 3 - TERRITORY

- 3.1 Territory means Southern Hemisphere.

## ARTICLE 4 - RIGHTS ISSUED

- 4.1 During the term of the Agreement, Licensor grants to Licensee the non-exclusive right to use the information related to the processes under 2.1 to bid, design, construct and sell Plants within the Territory.
- 4.2 During the term of the Agreement, Licensor grants to Licensee the non-exclusive right to grant irrevocable, non-exclusive licences to enable the Clients to operate the Plants and to sell the products of the Plants all over the world. Said licenses shall not include the right for Clients to grant sublicences and/or to transfer said licences.

ARTICLE 5 - OBLIGATIONS OF LICENSOR

- 5.1 During the term of the Agreement Licensor undertakes to make available to Licensee knowledge, documentation and services concerning the Subject Matter in order to enable Licensee to bid, design, construct and commission Plants for Clients.
- 5.2 The knowledge, documentation and services referred to in Section 5.1 shall (all to the extent it regards characteristics of the Subject Matter ) comprise the following, but will not be limited to:
- 5.2.1.1 In the tendering stage:  
Basic process and design data in sufficient detail to enable Licensee to prepare and submit tenders in response to inquiries from prospective Clients.
- 5.2.1.2 Licensor shall assist Licensee in the preparation of detailed proposals to be submitted to potential clients, provided Licensee gives Licensor at least thirty (30) days' prior notice of the necessity for Licensor to render such assistance. In the event that Licensee is unable to give thirty days prior notice, Licensor shall nevertheless use its best efforts to comply with a request for such assistance. Licensor shall review process requirements, pilot plant and other test data, capacity requirements, design criteria and other technical input (hereinafter collectively called the "Bid Specifications") submitted to it by Licensee in connection with such request for assistance and shall promptly advise Licensee if, in Licensor's opinion and within its experience and know-how, such bid specifications are adequate for the preparation of a proposal. In the event that Licensor believes that further tests on the client's feed are necessary then Licensor will immediately propose the tests to Licensee and Licensee will be responsible for having such tests carried out. Within 14 calendar days of the receipt by Licensor of adequate bid specifications Licensor will dispatch to Licensee the technical information listed in appendix B attached hereto and forming a part hereof.

5.2.2 After Contract signature:

- 5.2.2.1 Make best efforts to assist Licensee in developing process flow-sheets, heat and material balances, recommended layouts, main equipment specifications necessary to enable Licensee to perform detailed design, procurement, construction, start-up and testing of the Plant.
- 5.2.2.2 Process data concerning starting-up, operation, stopping and maintenance of the Plant.
- 5.2.2.3 Advice with respect to preferred manufacturers of equipment, if deemed necessary and if possible.
- 5.2.2.4 Review of the basic drawings and specifications prepared by Licensee with regard to process-adequacy and selection of materials but not to construction or mechanical details; all provided that Licensor is given reasonable time and that the drawings and specifications are accompanied by adequate comments.
- 5.2.2.5 Upon Licensee's request, make best efforts for provision of a professionally qualified engineer for technical assistance at Licensee's office. Licensor shall not be required to make the services of such engineer available for an aggregate period exceeding one month for each project.

5.2.2.6 Make best efforts to furnish to Licensee, if possible not later than six (6) months prior to completion of the erection, a manual on the proper and efficient operation of the Plant. This manual, which is to be considered as a guide-line for preparing the job instructions for the Plant, will cover:

- a) a description of the process,
- b) preparatory work for startup,
- c) instruction for start-up, operation, stoppage and maintenance of the equipment in direct contact with the process medium,
- d) methods of sampling and chemical analysis to be used in the process,
- e) safety instructions related to the process.

5.3 The following principles shall govern with respect to the provision of Licensor personnel to Licensee:

5.3.1 The basic charges presuppose a normal working week of forty (40) hours comprising five (5) or six (6) working days according to agreement. It is assumed, however, that the working hours occur between 6 am and 6 pm. Holidays shall be observed in accordance with local custom at the Plant Site.

Any demand work done outside normal working hours shall be regarded as over-time and charged at agreed extra rates.

5.3.2 In the event of illness or accident of members of said Licensor personnel while away from their normal domicile under the terms of this Agreement, Licensee shall, to the best of its ability, take care of providing medical and hospital care, at the expense of Licensee.

- 5.3.3 If the performance of the duties of any member of the Licensor personnel at the Licensee's office or the work-site, for reasons not accountable to Licensor or said personnel, is interrupted for a period which the parties deem long enough to justify the return of said personnel to their normal place of residence, extra costs will be borne by Licensee.
- 5.3.4 Licensee shall, upon Licensor's request, make best efforts to provide the Licensor personnel with living quarters according to normal Canadian standards in the neighbourhood of the Licensee's office or the Plant Site, and transportation between the said living quarters and the Licensee's office or the Plant site.
- 5.4 Provided a Contract has been concluded between Licensee and a Client regarding the erection of a Plant, if requested by Licensee, Licensor agrees to train during one continuous period of time and free of charge, a maximum number of four (4) of Licensee's or Client's technical or Plant personnel at Licensor's plants. Said period of time will be maximum three (3) weeks for each Plant to be erected. Licensee shall be responsible for all costs incurred by such personnel.
- 5.5 On request Licensor will allow Licensee, Client and/or prospective client to visit Licensor's plants operating in accordance with the Subject Matter, provided that a secrecy declaration in a form acceptable to Licensor has been signed by such party and handed over to Licensor.



ARTICLE 6 - OBLIGATIONS OF LICENSEE

6.1 When a Contract is concluded, Licensee shall assume full responsibility to the Client in connection with the Plant and shall furnish all necessary design, engineering, procurement, equipment and start-up services. Licensee shall design the Plant in accordance with good engineering practice in general and with the Subject Matter in particular.

6.2 Development - Patent Rights

6.2.1 Licensee shall provide Licensor with all technical knowledge and information relating to the Subject Matter which Licensee may develop, or which Licensee may otherwise acquire under no binder of secrecy, and Licensee hereby grants a Licensor the right to use such technical knowledge and information in its own works.

6.2.2 Licensor shall during the term of this agreement, inform Licensee of non confidential results of its research efforts relating to the subject matter and in particular, of improvements in operating procedures which are made in respect of Licensor's own operations or recommended to any other licensee or prospective client and Licensor grants to Licensee the right to use said information according to Article 4.1 whether patented or not.

6.2.4 Licensee hereby grants to Licensor a non-exclusive licence, free of charge, to use Licensee's possible patent rights relating to the Subject Matter for as long as they are kept in force together with the right to grant sublicences to companies in which Licensor has at least 50% (fifty percent) voting power.

*see deleted  
for change.*

6.2.5 Before signing a Contract with a Client, Licensee and Client shall agree on terms acceptable to Licensor regarding the rights to dispose of possible future know-how and patent rights developed by Client and relating to the Subject Matter as well as an obligation for Client to report such technical development and experience and the right for Licensor to inspect Plants and review operational data.

### 6.3 Fees - Payment Terms

For Plants built by Licensee or its sublicensees or by any construction companies on behalf of Licensee, Licensee shall pay to Licensor the following engineering design fees.

#### 6.3.1 Fee

In each and every case when a contract between the Licensee and a client for the supply of a plant becomes effective, the Licensee shall pay to the Licensor, in addition to the Reimbursible Costs applicable to such contract, a fee in an amount equal to Twenty Five Thousand Dollars or 3.5% of the total installed cost of the plant supplied under such contract, which ever is the greater.

### 6.3.2 Reimbursible Costs

The cost involved in providing personnel as stated under Article 5.2.2.5, shall be solely borne by the Licensee. These costs, which shall be paid within 60 days from date of invoice shall be

- a) Basic charge per .... for such services of

<u>Category</u>	<u>Canadian Dollars</u>
Senior Consultant	
Consultant	
Senior Engineer	
Engineer	

*see table  
B.1.1.1*

The charges listed above are valid for the year of 1983 and shall be subject to variation according to any escalation of or increase in, Salaries in each succeeding year.

- b) the direct costs of materials and of service provided by others and charged to Licensor in connection with the performance of technical assistance,
- c) Licensor's costs for transportation, travelling, (Business Class) accomodation and insurance of Licensor's personnel, incurred in connection with performance of the duties.

6.3.3 Unless otherwise agreed between the parties, the fees stated under 6.3.1, shall be paid in the following manner; - One third within 30 (thirty) days after the date when a Contract has come into force between Licensee and its Client regarding a Plant.

Of the remaining two thirds Licensee shall pay one third within 6 (six) months after the above-mentioned date and one third when the Plant has been erected and the performance test has been undertaken but not later than 30 (thirty) months after the date when the first payment was due.

6.3.4 If the fees mentioned under 6.3.1, 6.3.2 are paid after the dates stated under 6.3, Licensee shall pay Licensor an interest amounting to the official Canadian Bank Rate plus 3 (three) percent units per annum on the outstanding amount for any delay beyond the due date. For each Plant, interest on fees paid in advance shall be deductible from interest due to delay.

6.3.5 Before submitting a tender, Licensee shall inform Licensor about the name of the client, the locality and the design capacity of the plant the composition of the raw material and the composition of the gas.

6.3.6 The payment to Licensor under this Agreement shall be net payments, i.e. they will be understood to be free of any levies, taxes and charges to be paid outside Canada. If any current taxation agreement in force between South Africa and Canada gives Licensor the right to recover any such levies and taxes paid in South Africa, the fees paid by Licensee according to this Agreement shall be adjusted with respect to the amount recovered.

6.3.7 Licensee shall see to it that no part of a plant is delivered before such approvals by authorities are received in each individual case, which may be necessary for remittance of the full licence amount in question to Licensor, failing which Licensee shall compensate Licensor up to the full licence amount.

- 6.3.8 Licensee undertakes to keep separate records of all transactions, which will show the extent and fulfilment of the obligations stated under 6.3. Licensors shall have the right by means of an auditor appointed by Licensors and approved by Licensee to inspect these records and to examine whether they are consistent with the general account of Licensee. The costs of such inspection and examination shall be borne by Licensors.

## ARTICLE 7 - WARRANTY

### 7.1 General Warranties

- 7.1.1 Licensors represents and warrants that the information and documentation provided pursuant to this Agreement will be free from defects resulting from errors or omissions attributable to the negligence of Licensors.

- 7.1.2 Before signing a Contract, Licensors and Licensee shall agree upon guarantee figures related to the process design of the Subject Matter to be embodied in the Contract in each case.

A separate document stating the guarantee figures arrived at shall be prepared to enable Licensors and Licensee to establish as to what extent the responsibility of Licensors and/or Licensee for each figure falls on Licensee and/or Licensors respectively.

Guarantees covering mechanical construction and workmanship shall in his relation to the Client be Licensee's responsibility and shall be embodied in the Contract in each case.

7.1.3 Any cost of major changes required by Licensor in a Plant, necessitated by the non-fulfilment of the performance of the Plant according to the Contract, due to errors of basic process data (under 5.2.2.1 and 5.2.2.2) related to the Subject Matter, provided in writing by Licensor, shall be the responsibility of Licensor, provided said changes result in an increase of the total costs to be borne directly by Licensee.

7.1.4 In case the performance of the Plant cannot be fulfilled according to the Contract despite the changes under 7.1.3 are fully executed, Licensor and Licensee shall discuss and agree on action to be taken.

7.1.5 Licensor will not assume liability for any guarantees under 7.1.2 unless they are, during the performance test demonstrated to be directly related to the process design of the Subject Matter, provided in writing by Licensor, and that

- a) the Plant is built according to all demands of good workmanship, and that the required apparatus, instruments and connections have been delivered and erected according to Licensor's specifications, and
- b) Client supplies the required utilities, raw materials and process chemicals of a quality as approved and in a quantity as approved and in a quantity as specified from case to case by Licensor before Licensee submits a bid or as subsequently approved between Licensor and Licensee at any later moment, and

- c) Client properly operates the Plant, in accordance with Licensor's written and verbal advice and instructions, and
- d) Client supplies sufficient qualified personnel for supervision, operating, maintenance and laboratory work.

Non-fulfilment of any of the above obligations shall release Licensor from its obligations under the said guarantees to the extent that such non-fulfilment affects demonstrating such guarantees.

## 7.2

Licensor ensures that he has no knowledge of any patent of third parties which could be infringed by using the Subject Matter. Licensor agrees to assume liability and to supply Licensee with technical assistance to a reasonable extent in defending any suit of proceeding brought against Licensee or a Client so far as it is based on a claim that the use of the Subject Matter constitutes an infringement of any third party's patent, granted and published in Client's country before the effective date of the Contract, or constitutes an abuse of any third party's confidential information, provided that Licensor is notified promptly in writing of any such suit or threat thereof.

Any liability upon Licensor under the provisions of this Article shall be subject to:

- (i) prompt notification of Licensor by Licensee in writing of any claim or threat in relation to such patents in order to enable Licensor to join in any legal proceedings;

- ii) Licensee and Client both accepting and acting upon the reasonable request of Licensor as to the manner in which any claim or threat is to be dealt with;
- iii) Licensee and Client not having compromised the position by unnecessary admissions or statements or having conducted itself in a way which could prejudice the defense of any such claim or threat.

#### ARTICLE 8 - SECRECY

8.1 Licensee will keep secret any document, technical knowledge and know-how received, unless otherwise agreed, and will use the same only to the extent necessary for the performance of this Agreement. Licensee will oblige its employees within the scope of legal possibilities and normal practice to maintain secrecy, which shall be observed also for the period after termination of the employment.

8.2 The above requirements under 8.1 shall not apply to any information which is part of the public domain by publication or otherwise or becomes part of the public domain through no fault of Licensee, or can be proved by written evidence to have been known to Licensee at the time of receipt of said information from Licensor or may subsequently be obtained from a third party which has not acquired the information directly or indirectly from Licensor.



- 8.3 Licensee is entitled to pass on to its consultants and contractors the documents, technical knowledge and know-how received from Licensor if the said parties have previously accepted the obligation under 8.1 to maintain secrecy and restrict utilization.
- 8.4 The obligation to maintain secrecy in accordance 8.1, 8.2 and 8.3 will continue to be valid for a period of two (2) years after termination of this Agreement.
- 8.5 In the event of non-compliance with the obligations accepted by third parties according to 8.1, 8.2, and 8.3 Licensor and Licensee will reach an agreement concerning any measures to be taken.
- 8.6 Licensor shall have the right to inspect and witness the operation of the Plant at a time convenient to the owner of the Plant. Presumptive Clients shall on request by Licensor be given the same right. Said rights of Licensor and presumptive Clients shall be embodied in the Contract.
- See 7.1.1  
M. C. 1.1*

#### ARTICLE 9 - LIABILITY OF LICENSOR

The total aggregate liability of Licensor in respect of all costs and claims against it both under the terms of Article 7.1 and under the terms of Article 7.2 for a specific project shall not exceed 50% of the fees received by Licensor for such project under Article 6.3.1.

Licensors shall never be liable to Licensee or Client for any consequential or indirect damage, such as loss of production or profit or interest or investment, as a result of deficiencies in any Plant.

#### ARTICLE 10 - DURATION OF AGREEMENT

10.1 This Agreement comes into force on being signed by both parties and will remain in force for five years, and thereafter shall remain in force from year to year unless one of the parties hereto gives to the other at least a six (6) months written notice that it elects to terminate the Agreement. After such notice has been given, no new projects will be commenced and the parties will use the remaining term of this Agreement and whatever additional time may be required to complete existing projects.

10.2 Expiration of this Agreement will not affect rights which were granted on the basis thereof for using the Subject Matter, nor the obligations in accordance with 6.2 and 6.3 in connection with sublicences issued before the expiration of the Agreement, unless the payments due to Licensors are fulfilled.

ARTICLE 11 - MISCELLANEOUS

- 11.1 Licensee and Licensor will do their best to coordinate their contacts towards the Client before the Contract is signed. After Contract signature said contacts shall be in accordance with the Contract between Licensee and Client.
- 11.2 Should individual conditions of the Agreement turn out to be invalid, then this will not affect the validity of the remaining conditions. The parties will try to replace the invalid conditions with valid ones, which meets as far as possible the original intentions of the parties.
- 11.3 This Agreement shall be governed by British law.
- 11.4 Any dispute or claim arising out of or relating to this Agreement, or the breach thereof, shall be finally settled by arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce and observing the content of this Article. The arbitration court shall consist of three arbitrators, selected according to the arbitration rules mentioned hereabove. The arbitration shall be conducted in London, U.K. Judgement upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for a judicial acceptance of the award or an order of enforcement, as the case may be.
- 11.5 Transfer of the rights and obligations under this Agreement shall not be effected by a party without first obtaining the written consent of the other party.

11.6 Unless otherwise legally laid down, registration on publication of this Agreement or sublicences issued in accordance with this will only be permitted with the consent of both parties.

11.7 All correspondence under this Agreement shall be addressed as follows:

Correspondence to Licensor:

GIANT YELLOWKNIFE MINES LIMITED  
P.O. BOX 40  
COMMERCE COURT WEST  
TORONTO  
ONTARIO  
M5L 1B4

Correspondence to Licensee:

SIMON-CARVES (AFRICA) (PTY) LTD  
Private Bag X3033  
2125 RANDBURG  
South Africa

12. In witness whereof, the parties have executed this Agreement in duplicate, each copy of which shall for all purposes be deemed the original

GIANT YELLOWKNIFE MINES LTD

SIMON CARVES AFRICA (PTY) LTD

Signed .....

Signed .....

Name .....

Name .....

Title .....

Title .....

Date .....

Date .....

WITNESS

WITNESS

1. ....

1. ....

2. ....

2. ....

## A P P E N D I X      A

This appendix is intended to illustrate in General Terms the equipment covered by the definition in 2.2 headed "PLANT"

### 1.      INCLUSIONS

The "Plant" shall include all the following items of equipment and all associated auxiliaries.

#### 1.1      Two Stage Roasting

- a) Slurry Stock Tank(s)
- b) Slurry Preparation section
- c) Slurry handling pumping and feeding system
- d) Roasting vessels and all their necessary start up equipment.
- e) Cyclonic dust removal equipment for exit gases
- f) Cooling and handling the calcine discharge from the roasting vessel and cyclones
- g) Instrumentation and control systems

#### 1.2      Roasting - Optional Extras

If and when agreed between the Licensor and the Licensee in respect of a specific enquiry, the following items of equipment shall be regarded as included in the Plant.

- a) Transport, conveying and thickening facilities for the feed concentrates
- b) Electrostatic dust precipitators for the removal of calcine dust from the SO<sub>2</sub> containing gases leaving the roasters.

A P P E N D I X     A - continued

- c) Cooling methods for the further cooling of the gases leaving the second stage roasting vessel.
- d) The method of discharge of the cooled calcine discharge.
- e) Treatment of the calcine discharged for subsequent recovery of gold - all associated plant and equipment.

## 1.3

Gas Cleaning System

- a) Gas cooling
- b) Baghouse and all associated equipment
- c) Method of discharge of collected arsenic and disposal into storage (pneumatic and mechanical handling)
- d) Arsenic storage system and
- e) Vehicle loading system

## 1.4

Effluent Treatment System

- a) Collection and removal from the plant of all liquid effluents.
- b) Chlorine dosage
- c) Lime dosage and reaction/settling equipment
- d) Ferric sulphate dosage and setting equipment.
- e) Monitoring devices.

Associated with all these above mentioned necessary items of equipment shall be the immediate supports to the vessels and other equipment, instrumentation, electrical equipment and services and piping and insulation.

A P P E N D I X     A - continued2.     EXCLUSIONS

All the items of equipment associated with the following areas shall be deemed not to be included in the Plants.

- a) Civil Engineering works
- b) Electrical distribution system
- c) Welfare and fire fighting services
- d) Security measures
- e) Equipment involved in the provision of utilities to the plant battery limits.

3.     OVERIDING OPTION

The roasting, gas cleaning and effluent treatment system shall be viewed as separate and independant options available to the Licensee in order to enable a response to be made for only these sections of plant and or scope of supply if so specified in a particular enquiry.