SOUTHERNAS
Southern * Africa * Smelting

PARTNERSHIP AGREEMENT

Between

SOUTHERNAS (Pty) Ltd

Registered Address:

SouthernAS Pty Ltd | 9 Stanhope Pl,
Umgeni Park, Durban North, 4051.
South Africa | Tel: +27 71 946 9349
+27 +27793052455 | info@southernas.co.za

Hereinafter referred to as **“SouthernAS”**

And

Registration Number: ________________________________

Registered Address:

Hereinafter referred to as **“the Partner”**

SouthernAS and the Partner are individually referred to as a **“Party”** and collectively as the **“Parties.”**

1. EFFECTIVE DATE

This Partnership Agreement (“Agreement”) is entered into on:

Effective Date:

The Parties agree to establish a commercial partnership for the development, operation, financing, management and/or commercialisation of smelting and metallurgical activities on the terms contained in this Agreement.

2. PURPOSE OF THE PARTNERSHIP

The purpose of the Partnership is to establish and operate a commercially viable smelting and metallurgical business involving, where applicable:

- procurement and processing of mineral-bearing materials;
- beneficiation and concentration of ores;
- smelting and refining;
- metallurgical processing;

- recovery of metals and other commercially valuable materials;
- production and sale of refined or semi-refined metals;
- development and operation of processing facilities;
- technical and metallurgical research;
- equipment procurement and installation;
- logistics, storage and transportation;
- domestic and international marketing;
- off-take and supply agreements; and
- any other activities mutually agreed upon in writing by the Parties.

The specific minerals, metals and products covered by the Partnership shall be recorded in **Schedule A**.

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3. PARTNERSHIP STRUCTURE

The Parties shall establish the Partnership under the following structure:

Partnership / Project Name:

Project / Plant Location:

Country:

Operating Entity, if applicable:

Registration Number:

The Parties shall determine whether the Partnership shall operate:

1. directly between the Parties;
2. through a jointly owned company;
3. through a special purpose vehicle ("SPV");
4. through a joint venture; or
5. through another legally recognised structure agreed by the Parties.

Where a separate operating company is established, the Parties shall execute any additional shareholders' agreement or constitutional documents required.

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4. CONTRIBUTIONS OF THE PARTIES

Each Party shall contribute resources necessary for the successful establishment and operation of the Partnership.

4.1 SouthernAS Contribution

SouthernAS shall contribute, as applicable:

- capital;
- financing;
- plant and equipment;
- technical expertise;
- metallurgical expertise;
- project management;
- infrastructure;
- premises;
- mineral supply;
- commercial relationships;
- customers and off-take relationships;
- licences or permits;
- working capital; and/or
- other resources agreed by the Parties.

SouthernAS Contribution:

4.2 Partner Contribution

The Partner shall contribute, as applicable:

- capital;
- mineral or raw-material supply;
- technology;
- processing equipment;

- technical expertise;
- engineering services;
- plant infrastructure;
- financing;
- market access;
- logistics;
- off-take arrangements; and/or
- other resources agreed by the Parties.

Partner Contribution:

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5. CAPITAL CONTRIBUTIONS

The initial capital requirement for the Partnership shall be:

Total Initial Capital:

SouthernAS shall contribute:

Amount:
Percentage:

The Partner shall contribute:

Amount:
Percentage:

Additional capital requirements shall be approved in accordance with the governance provisions of this Agreement.

No Party shall be required to provide additional capital unless such contribution has been approved in writing.

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6. OWNERSHIP AND ECONOMIC INTEREST

The ownership interests in the Partnership shall initially be:

Party	Ownership
SouthernAS	
Partner	
Total	**100%**

Unless otherwise agreed, ownership shall determine the Parties' respective economic interests, voting rights and entitlement to distributions.

Any change to ownership shall require written approval in accordance with this Agreement.

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7. MINERAL AND RAW-MATERIAL SUPPLY

The Parties acknowledge that reliable access to suitable mineral feedstock is essential to the Partnership.

The Parties shall agree on:

Mineral / Ore:

Expected Grade:

Monthly Supply:

Annual Supply:

Source:

Required Quality Specification: ________________________________

The supplying Party shall ensure that all minerals or raw materials supplied:

- are legally sourced;
- are accompanied by appropriate documentation;
- comply with applicable regulatory requirements;
- meet agreed specifications;
- are free from undisclosed contamination; and
- are suitable for the agreed metallurgical process.

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8. METALLURGICAL TESTING AND ASSAY

All material delivered to the plant may be subject to:

- sampling;
- weighing;
- moisture determination;
- chemical analysis;
- assay;
- metallurgical testing; and
- quality verification.

The Parties shall agree on the independent laboratory, sampling procedure and dispute procedure applicable to assay results.

Primary Laboratory: ____

Independent Laboratory: _______________________________________

In the event of an assay dispute, the Parties shall submit representative samples to an agreed independent laboratory.

The independent laboratory's determination shall be final and binding unless manifest error is demonstrated.

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9. PROCESSING AND SMELTING OPERATIONS

The Partnership shall operate the smelting and metallurgical facilities in accordance with:

- approved operating procedures;
- applicable laws and regulations;
- manufacturer's specifications;
- environmental requirements;
- occupational health and safety standards;
- metallurgical best practice; and
- agreed production targets.

The plant shall process material in accordance with the agreed metallurgical flowsheet.

Primary Process: ____

Expected Recovery:

Expected Production Capacity:

Operating Hours:

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10. PLANT, EQUIPMENT AND INFRASTRUCTURE

The Parties shall identify all plant, machinery, furnaces, reactors, laboratories, vehicles, buildings and other assets contributed to the Partnership.

Ownership of contributed assets shall remain with the contributing Party unless expressly transferred to the Partnership.

A complete asset register shall be maintained.

Asset Register Reference:

Any major acquisition exceeding:

Amount:

shall require approval in accordance with the Partnership's governance procedures.

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11. OPERATING MANAGEMENT

The Partnership shall appoint an appropriate management structure.

Managing Director / General Manager:

Operations Manager:

Metallurgical Manager:

Financial Manager:

HSE Manager:

Management shall be responsible for the day-to-day operation of the business within approved budgets and delegated authority.

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12. BOARD / MANAGEMENT COMMITTEE

Where applicable, the Partnership shall establish a Management Committee or Board consisting of representatives appointed by the Parties.

SouthernAS shall appoint:

Number of representatives: __________

The Partner shall appoint:

Number of representatives: __________

Major decisions shall require approval of:

Major decisions may include:

- acquisition or disposal of significant assets;
- additional borrowing;
- additional capital contributions;
- material changes to the business plan;
- entering long-term off-take agreements;
- changes to ownership;
- related-party transactions;
- disposal of the plant;
- appointment or removal of senior management;
- commencement of major litigation; and
- expansion into additional minerals or jurisdictions.

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13. PRODUCTION TARGETS

The Parties shall establish annual production targets.

Target Annual Production: ______________________________________

Target Monthly Production: ____________________________________

Target Metallurgical Recovery: _________________________________

Target Product Quality: ____

Actual production shall be measured against approved operating plans.

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14. PRODUCT OWNERSHIP AND OFF-TAKE

Metal and other products produced by the Partnership shall belong to the Partnership unless otherwise agreed.

The Parties may enter into an off-take agreement with:

Off-taker:

Product:

Pricing Mechanism:

Contract Duration:

The pricing mechanism may be based on:

- internationally recognised metal prices;
- agreed benchmark prices;
- spot market prices;
- London Metal Exchange pricing where applicable;
- negotiated pricing; or
- another agreed formula.

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15. SALES AND MARKETING

The Partnership shall be responsible for marketing and selling its products.

Sales shall be conducted on commercially reasonable terms and in accordance with approved pricing policies.

No Party may divert Partnership customers or products for its own benefit without prior written approval.

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16. REVENUE AND PROFIT DISTRIBUTION

Revenue received from product sales shall first be applied towards:

1. applicable taxes and statutory obligations;
2. operating expenses;
3. employee costs;
4. utilities;
5. raw-material costs;

6. logistics;
7. maintenance;
8. financing costs;
9. approved reserves; and
10. other approved Partnership expenses.

Remaining distributable profits shall be distributed according to the Parties' agreed economic interests.

SouthernAS Distribution:

Partner Distribution:

Distributions shall be subject to available cash and applicable law.

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17. BANKING AND FINANCIAL CONTROLS

The Partnership shall maintain a dedicated bank account where commercially and legally appropriate.

All Partnership revenues shall be deposited into the designated account unless otherwise agreed.

Payments exceeding:

Amount:

shall require approval by:

18. ACCOUNTING AND AUDIT

Proper accounting records shall be maintained in accordance with applicable accounting standards.

The Partnership's financial statements shall be prepared:

Monthly / Quarterly / Annually

An independent auditor may be appointed by agreement of the Parties.

Each Party shall have reasonable access to financial records relating to the Partnership.

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19. ENVIRONMENTAL RESPONSIBILITIES

The Parties recognise that smelting and metallurgical operations may have significant environmental impacts.

The Partnership shall comply with applicable environmental legislation and requirements relating to:

- emissions;
- air quality;
- water management;
- waste disposal;
- hazardous substances;
- slag;
- dust;
- effluent;
- contaminated land;
- rehabilitation; and
- environmental monitoring.

Environmental permits and approvals shall be obtained before commencement of regulated activities.

Environmental Responsibility:

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20. HEALTH, SAFETY AND SECURITY

The Partnership shall maintain appropriate health, safety and security systems.

Particular attention shall be given to:

- furnaces and molten metal;
- high temperatures;
- hazardous chemicals;
- gases;

- electrical equipment;
- heavy machinery;
- confined spaces;
- working at height;
- fire prevention;
- personal protective equipment;
- emergency response; and
- contractor management.

All employees and contractors shall comply with applicable HSE requirements.

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21. MINING, MINERAL AND REGULATORY COMPLIANCE

Where the Partnership involves minerals or mining-related activities, the Parties shall ensure compliance with all applicable legislation, licences, permits and regulatory requirements.

Where operations are conducted in South Africa, the Parties shall obtain appropriate legal advice regarding applicable mining, environmental, occupational health and safety, company, tax, customs, export and other legislation.

No Party shall knowingly introduce illegally sourced minerals or materials into the Partnership.

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22. ANTI-BRIBERY AND ANTI-CORRUPTION

Each Party shall comply with applicable anti-bribery and anti-corruption laws.

Neither Party shall directly or indirectly offer, promise, authorise or provide improper payments, benefits or inducements to any government official, customer, supplier or other person in connection with the Partnership.

A material breach of this clause shall constitute grounds for termination.

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23. CONFIDENTIALITY

Each Party shall maintain the confidentiality of all non-public information concerning the Partnership, including:

- commercial information;
- customer information;
- pricing;
- metallurgical results;
- technical information;
- process technology;
- financial information;
- production data;
- mineral sources;
- contracts; and
- business strategies.

Confidentiality obligations shall survive termination of this Agreement for:

Period: ______________________________

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24. INTELLECTUAL PROPERTY

Each Party retains ownership of intellectual property developed or acquired independently of the Partnership.

Intellectual property developed jointly shall be owned:

Neither Party may commercially exploit jointly developed intellectual property outside the Partnership without the required written consent.

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25. INSURANCE

The Partnership shall maintain appropriate insurance, which may include:

- public liability;
- product liability;
- property insurance;
- plant and machinery insurance;
- business interruption;

- workers' compensation;
- environmental liability;
- professional indemnity; and
- other commercially appropriate insurance.

Minimum required coverage:

Amount:

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26. REPRESENTATIONS AND WARRANTIES

Each Party represents that:

1. it has the legal authority to enter into this Agreement;
2. execution of this Agreement does not breach another agreement;
3. it shall comply with applicable laws;
4. information supplied to the other Party shall be materially accurate;
5. it shall act in good faith; and
6. it shall not knowingly expose the Partnership to unlawful activities.

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27. LIABILITY AND INDEMNITY

Each Party shall be responsible for losses arising from its own negligence, wilful misconduct, fraud or material breach of this Agreement.

The Parties shall agree any specific indemnities applicable to:

- environmental damage;
- illegal mineral supply;
- product contamination;
- regulatory breaches;
- employee claims;
- third-party claims; and
- intellectual-property infringement.

Special Indemnity Terms:

28. NON-CIRCUMVENTION

During the term of this Agreement and for:

Period:

neither Party shall knowingly circumvent the other Party in relation to customers, suppliers, mineral sources, off-takers, financiers or commercial opportunities introduced through the Partnership.

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29. NON-SOLICITATION

Unless otherwise agreed in writing, neither Party shall knowingly solicit key employees of the other Party for the purpose of removing them from the Partnership.

Non-Solicitation Period: ______________________________

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30. FORCE MAJEURE

Neither Party shall be liable for failure to perform obligations caused by events beyond its reasonable control, including:

- natural disasters;
- war;
- civil unrest;
- government action;
- major industrial accidents;
- prolonged utility failures;
- transport disruption;
- epidemics;
- changes in law; or
- other events constituting force majeure under applicable law.

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31. TERM

This Agreement shall remain in force for:

Initial Term:

commencing on the Effective Date.

The Agreement may be renewed by written agreement.

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32. TERMINATION

Either Party may terminate this Agreement where:

- the other Party commits a material breach and fails to remedy it within the agreed period;
- a Party becomes insolvent;
- required licences are permanently revoked;
- continued operation becomes unlawful;
- fraud or corruption occurs;
- the Partnership becomes commercially unviable as determined under the agreed process; or
- another agreed termination event occurs.

Remedy Period: ________________________ days.

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33. CONSEQUENCES OF TERMINATION

Upon termination, the Parties shall agree on:

- outstanding payments;
- inventory;
- unsold products;
- raw materials;
- plant and equipment;
- employee obligations;
- customer contracts;
- outstanding liabilities;

- confidential information;
- intellectual property; and
- disposal or continuation of the Partnership.

Exit / Buy-Out Mechanism:

34. DISPUTE RESOLUTION

The Parties shall first attempt to resolve disputes through good-faith negotiation.

If the dispute remains unresolved, the Parties shall proceed to:

☐ **Mediation**

☐ **Arbitration**

☐ **Court proceedings**

☐ **Other:**

Jurisdiction:

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35. GOVERNING LAW

This Agreement shall be governed by the laws of:

Jurisdiction:

Where the Partnership operates in South Africa, the Parties should obtain legal advice regarding the applicable South African legal and regulatory framework.

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36. NOTICES

Formal notices shall be delivered to the following addresses:

SouthernAS

Address:

Email:

Attention:

Partner

Address:

Email:

Attention:

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37. ASSIGNMENT

Neither Party may transfer or assign its rights or obligations under this Agreement without the prior written consent of the other Party, except where expressly permitted under this Agreement.

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38. ENTIRE AGREEMENT

This Agreement, together with its schedules and written amendments, constitutes the entire agreement between the Parties regarding the Partnership.

Any amendment shall be made in writing and signed by authorised representatives of both Parties.

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39. SIGNATURES

The Parties confirm that they have read, understood and agreed to this Agreement.

FOR SOUTHERNAS

Legal Name:

Authorised Representative:

Position:

Date:

Signature:

FOR THE PARTNER

Legal Name:

Authorised Representative:

Position:

Date:

Signature:

WITNESS 1

Name:

Signature:

Date:

WITNESS 2

Name:

Signature:

Date:

SCHEDULE A — MINERALS, METALS AND PRODUCTS

Mineral / Ore:

Metal / Product:

Expected Feed Grade:

Minimum Acceptable Grade:

Expected Recovery:

Production Capacity:

Product Specification:

Packaging:

Storage Requirements:

Other Requirements:

SCHEDULE D — KEY CONTACTS

SouthernAS Managing Director:

SouthernAS Operations Contact:

SouthernAS Finance Contact:

Partner Managing Director:

Partner Operations Contact:

Partner Finance Contact:

Emergency Contact:

IMPORTANT: This is a commercial agreement template and is not legal advice. Because a smelting/metallurgy partnership can involve mining rights, mineral sourcing, environmental approvals, occupational health and safety, tax, customs/export controls, financing and potentially hazardous industrial operations, the completed agreement should be reviewed by a qualified attorney and relevant technical/regulatory professionals before signature.

SouthernAS Name

Partner's Name

SouthernAS Signature

Partner's Signature

SUBMIT