



Selected Decisions and Documents of the Nineteenth Session





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(15 - 25 July 2013)

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Contents

ASSEMBLY

- ISBA/19/A/2 Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea
- ISBA/19/A/4 Outcomes of the International Workshop on Further Consideration of the Implementation of Article 82 of the United Nations Convention on the Law of the Sea
- ISBA/19/A/7 -
ISBA/19/C/11 Report of the Finance Committee
- ISBA/19/A/9 Decision of the Assembly of the International Seabed Authority regarding the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area
- ISBA/19/A/12 Decision of the Assembly of the International Seabed Authority concerning overhead charges for the administration and supervision of exploration contracts
- ISBA/19/A/14 Statement by the President on the work of the Assembly of the International Seabed Authority at its nineteenth session

COUNCIL

- ISBA/19/C/2 Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by China Ocean Mineral Resources Research and Development Association
- ISBA/19/C/3 Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by Japan Oil, Gas and Metals National Corporation
- ISBA/19/C/4 Proposal for a Joint Venture Operation with the Enterprise. Report by the Interim Director-General of the Enterprise
- ISBA/19/C/5 Towards the Development of a Regulatory Framework for Polymetallic Nodule Exploitation in the Area

ISBA/19/C/6	Considerations relating to a proposal by Nautilus Minerals Inc. for a Joint Venture Operation with the Enterprise
ISBA/19/C/7	Proposed amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area
ISBA/19/C/8	Status of contracts for exploration
ISBA/19/C/9 Rev.1	Periodic review of the implementation of the plans of work for exploration for polymetallic nodules in the Area
ISBA/19/C/12	Laws, regulations and administrative measures adopted by sponsoring States and other members of the International Seabed Authority with respect to the activities in the Area
ISBA/19/C/13	Decision of the Council relating to an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by the China Ocean Mineral Resources Research and Development Association
ISBA/19/C/14	Summary report of the Chair of the Legal and Technical Commission on the work of the Commission during the nineteenth session of the International Seabed Authority
ISBA/19/C/15	Decision of the Council relating to an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by Japan Oil, Gas and Metals National Corporation
ISBA/19/C/16	Decision of the Council relating to financial and budgetary matters
ISBA/19/C/17	Decision of the Council of the International Seabed Authority relating to amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area and related matters
ISBA/19/C/18	Statement of the President of the Council of the International Seabed Authority on the work of the Council during the nineteenth session

Consolidated Index to the Selected Decisions and Documents of the International Seabed Authority

ASSEMBLY

ISBA/19/A/2	Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea
ISBA/19/A/4	Outcomes of the International Workshop on Further Consideration of the Implementation of Article 82 of the United Nations Convention on the Law of the Sea
ISBA/19/A/7 - ISBA/19/C/11	Report of the Finance Committee
ISBA/19/A/9	Decision of the Assembly of the International Seabed Authority regarding the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area
ISBA/19/A/12	Decision of the Assembly of the International Seabed Authority concerning overhead charges for the administration and supervision of exploration contracts
ISBA/19/A/14	Statement by the President on the work of the Assembly of the International Seabed Authority at its nineteenth session



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Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea

I. Introduction

1. The present report of the Secretary-General of the International Seabed Authority is submitted to the Assembly of the Authority under article 166, paragraph 4, of the 1982 United Nations Convention on the Law of the Sea (“the Convention”).
2. The Authority is the organization through which States parties to the Convention, in accordance with Part XI of the Convention, organize and control activities in the Area, particularly with a view to administering the resources of the Area. This is to be done in accordance with the regime for deep seabed mining established in Part XI and other related provisions of the Convention and in the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (the “1994 Agreement”) adopted by the General Assembly of the United Nations under the terms of its resolution 48/263. As provided by resolution 48/263 and the Agreement itself, the provisions of the Agreement and Part XI of the Convention are to be interpreted and applied together as a single instrument. In the event of any inconsistency between the Agreement and Part XI, the provisions of the Agreement prevail.
3. The substantive functions of the Authority derive exclusively from the Convention, particularly Part XI, and the 1994 Agreement. While these functions are broadly defined, in accordance with the 1994 Agreement, an evolutionary approach has been taken to the establishment of the Authority. Pending the approval of the first plan of work for exploitation, the Authority is to concentrate on the 11 areas of work listed in paragraph 5 of section 1 of the annex to the 1994 Agreement. In view of the limited resources available to the Authority, the relative priority to be given to each of these areas of work is dependent on the pace of development of commercial interest in deep seabed mining.
4. The Authority has a number of additional specific responsibilities under other provisions of the Convention, such as the responsibility to distribute to States



parties to the Convention payments or contributions in kind derived from exploitation of the resources of the continental shelf beyond 200 nautical miles, pursuant to article 82, paragraph 4, of the Convention, and the responsibility under articles 145 and 209 of the Convention to establish international rules, regulations and procedures to prevent, reduce and control pollution of the marine environment from activities in the Area, and to protect and conserve the natural resources of the Area and prevent damage to the flora and fauna (that is, the biodiversity) of the marine environment.

5. In addition to its core responsibilities, the Authority has a general responsibility to promote and encourage the conduct of marine scientific research in the Area, and to coordinate and disseminate the results of such research and analysis, when available, with particular emphasis on research related to the environmental impact of activities in the Area. The Authority may carry out marine scientific research relating to the Area and its mineral resources and enter into contracts for that purpose.¹ Furthermore, States parties to the Convention are required by article 143, paragraph 3, of the Convention to promote international cooperation in marine scientific research by, inter alia, participating in international research programmes and ensuring that programmes are developed through the Authority for the benefit of developing States and technologically less developed States, with a view to strengthening their research capabilities, training their personnel and fostering the employment of their qualified personnel.

II. Overview of the work of the Authority

6. Interest in the development of marine minerals in the deep seabed continues to grow and has resulted in a significant increase in the workload of the Authority over the past year. In 2012, five applications for plans of work for exploration were approved by the Council and it is expected that, by the end of 2013, the Authority will have issued 17 exploration contracts. Another five applications for plans of work for exploration had been filed with the secretariat at the time the present report was compiled. Meanwhile, the first exploration contracts issued by the Authority, signed in 2001 and 2002, will come to an end in 2016 and 2017, with the expectation that the contractors will be in a position at that time to proceed to exploitation. This situation creates a number of challenges for the Authority. First, it is apparent that effective management and supervision of the legal and technical aspects of exploration contracts is becoming increasingly complex, time-consuming and demanding in terms of secretariat resources. Second, it is suggested that it is now imperative to make progress on the development of an appropriate fiscal regime that would allow those contractors that are in a position to proceed to exploitation to do so, while at the same time safeguarding the interests of the members of the Authority as a whole; and third, it is imperative to ensure that adequate measures are in place for the protection of the marine environment. A prerequisite for this is the establishment of an environmental baseline against which to assess the impacts of mining on the marine environment.

¹ Article 143, paragraph 2, of the Convention; Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, annex, section 1(5) (h). Under article 256 of the Convention, all States, irrespective of geographical location, and competent international organizations, are entitled to carry out marine scientific research in the Area.

7. The Authority also faces immense challenges in implementing its many other responsibilities, including those under article 82, paragraph 4, of the Convention, as well as capacity-building and the promotion and encouragement of marine scientific research in the Area. With respect to the latter, as the competent international organization for the Area, it is also important that the Authority be able to engage actively in relevant international processes relating to marine areas beyond national jurisdiction, such as the Ad Hoc Open-ended Informal Working Group of the General Assembly, to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction. It should be noted that since the establishment of the Authority in 1994, the structure of the secretariat has remained unchanged. Given its increased workload, in particular in the areas of contract administration and supervision, as well as the need to acquire further baseline environmental data for the lesser known deposits of polymetallic sulphides and cobalt-rich ferromanganese deposits, including the use of standardized taxonomies, it is anticipated that a proposal will be submitted in 2014 to restructure the secretariat, possibly to include a contracts management unit.

III. Membership of the Authority

8. In accordance with article 156, paragraph 2, of the Convention, all States parties to the Convention are, ipso facto, members of the Authority. As at 31 May 2013, there were 165 members of the Authority (164 States and the European Union). As at the same date, there were 144 parties to the 1994 Agreement. Since the last session of the Authority, Swaziland ratified the Convention (24 September 2012) and Ecuador acceded to it (24 September 2012). Timor-Leste acceded to the Convention on 8 January 2013.

9. Paragraph 1 of article 4 of the 1994 Agreement states that, after the adoption of the Agreement, any instrument of ratification or formal confirmation of or accession to the Convention shall also represent consent to be bound by the Agreement. There still remain 21 members of the Authority (unchanged since 2012) that became parties to the Convention prior to the adoption of the 1994 Agreement but have not yet become parties to that Agreement. They are: Antigua and Barbuda, Bahrain, Bosnia and Herzegovina, Comoros, Democratic Republic of the Congo, Djibouti, Dominica, Egypt, Gambia, Ghana, Guinea-Bissau, Iraq, Mali, Marshall Islands, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Somalia, Sudan and Yemen. Although members of the Authority that are not parties to the 1994 Agreement necessarily participate in the work of the Authority under arrangements based on that Agreement, becoming a party to the Agreement would remove an incongruity that currently exists for those States. For that reason, each year since 1998, at the request of the Assembly, the Secretary-General has circulated a letter to all members in that position, urging them to consider becoming parties to the 1994 Agreement. The last such letter was circulated on 13 May 2013. In his letter, the Secretary-General drew the attention of States to operative paragraph 3 of General Assembly resolution 67/78, in which the Assembly called upon all States to become parties to the Convention and the 1994 Agreement in order to achieve the goal of universal participation in the two instruments.

IV. Permanent missions to the Authority

10. Since the eighteenth session, Bangladesh and Panama established permanent missions to the Authority. As at 31 May 2013, the following 22 States and the European Union maintained permanent missions to the Authority: Argentina, Bangladesh, Belgium, Brazil, Cameroon, Chile, China, Cuba, France, Gabon, Germany, Italy, Jamaica, Japan, Mexico, Nigeria, Panama, Republic of Korea, Saint Kitts and Nevis, South Africa, Spain and Trinidad and Tobago.

11. The Secretary-General welcomes the establishment of permanent missions to the Authority as an essential link between the organization and its member States. At the same time, however, the Secretary-General wishes to remind member States that the notion of a permanent mission to an international organization implies some permanent and functional presence at or near the seat of the organization, even if some of the members of the permanent mission are non-resident in Jamaica. It is for that reason that the headquarters agreement (article 27) provides that a member of the Authority may establish a permanent mission in Jamaica for the purpose of representation of that State to the Authority and that diplomatic privileges and immunities may be accorded to the members of the permanent mission on the conditions specified in the Agreement (articles 29 and 30).

V. Relations with the host Government

12. The relationship between the Authority and the host country, Jamaica, is dealt with in a headquarters agreement approved by the Assembly in 1999. The permanent headquarters of the Authority, which are the premises formerly occupied by the Kingston Office for the Law of the Sea, are located in Kingston. The terms and conditions under which the Authority occupies the part of the headquarters building allocated to it are set out in a supplementary agreement between the Authority and the Government of Jamaica concerning the use and occupation of the permanent headquarters. In accordance with article 6 of the supplementary agreement, it is the responsibility of the Government to maintain the headquarters building in good condition of repair and maintenance, including elevators, fire protection systems and air conditioning.

13. The Secretary-General had previously reported to the Assembly on long-standing problems relating to the age and poor condition of the air-conditioning units, elevators and windows of the headquarters building. These included frequent malfunctioning and water ingress, causing damage to the Authority's property, as well as health problems. Between August 2011 and March 2012, the Government carried out renovation and repair work to the elevators and the air-conditioning system, which went some way towards ameliorating some of the most serious defects. However, the long-standing problems relating to the inconsistent water supply and the poor performance of the air-conditioning units of the headquarters building remained unresolved as at May 2013.

14. In 2012, the proprietors of the parking garage attached to the headquarters building, the Urban Development Corporation, unexpectedly increased the annual fee charged to the Authority by 103 per cent, ostensibly because of planned renovation projects. To date, no renovation has been undertaken, and poor lighting and the flooding of the parking garage during heavy rain continue to be a major

security and safety concern for the Authority and its staff. The Urban Development Corporation has been approached with a view to resolving those concerns.

15. While the Government of Jamaica is responsible for maintaining the fabric of the headquarters building, the Authority is required to take responsibility for minor internal repairs and for the internal layout and state of decoration of the secretariat offices on the first and second floors of the headquarters building. The secretariat offices were last refurbished in 1999 and are now in a very poor state of decoration and repair. Budgetary constraints prevent the refurbishment of the Authority's office space during the current biennium. A health and safety inspection will be commissioned prior to the next session in order to provide a more complete assessment of the need for refurbishment.

16. At the request of the Tourism Product Development Company of Jamaica, the Authority agreed to participate in a project to erect a number of directional signs bearing the Authority's emblem at strategic points leading to the headquarters building. It is anticipated that the project will be completed in May 2013 and that the directional signs will enable delegates to find their way to the headquarters more easily.

17. Pursuant to the headquarters agreement, the Authority uses the Jamaica Conference Centre for the holding of its annual sessions. The rental cost of the Conference Centre is met from the administrative budget of the Authority, while responsibility for the maintenance and upkeep of the Conference Centre lies with the Government of Jamaica. Over the past several years, the meetings of the Authority have been adversely affected by persistent problems with the audio systems used for interpretation. The problems were especially disruptive during the eighteenth session and the meeting of the Legal and Technical Commission in February 2013.

18. Unlike the situation that exists with many other international organizations, there is no formal mechanism in place for the discussion of issues concerning the relationship between the host country and the Authority.² This is a matter which the Assembly may wish to consider in due course, especially given the increase in the number of permanent missions to the Authority and the increasing work of the Authority.

VI. Protocol on the Privileges and Immunities of the Authority

19. The Protocol on the Privileges and Immunities of the International Seabed Authority entered into force on 31 May 2003. Lithuania acceded to the Protocol on 26 September 2012. As at 31 May 2013, the number of parties to the Protocol was 36: Argentina, Austria, Brazil, Bulgaria, Cameroon, Chile, Croatia, Cuba, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Guyana, India, Ireland, Italy, Jamaica, Lithuania, Mauritius, Mozambique, Netherlands, Nigeria, Norway, Oman, Poland, Portugal, Slovakia, Slovenia, Spain, Togo, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland and Uruguay.

² For example, the United Nations Committee on Relations with the Host Country, established by General Assembly resolution 2819 (1971), and the Diplomatic Committee in Geneva.

20. The Secretary-General welcomes and appreciates the efforts made by the aforementioned 36 members of the Authority in becoming parties to the Protocol, which, inter alia, provides essential protection to representatives of members of the Authority who attend meetings of the Authority or who travel to and from those meetings. It also accords to experts on mission for the Authority such privileges and immunities as are necessary for the independent exercise of their functions while on mission and for the time spent on journeys in connection with their mission. The Secretary-General wishes to draw the attention of members of the Authority to operative paragraph 56 of General Assembly resolution 67/78, in which the Assembly called upon States that had not done so to consider ratifying or acceding to the Protocol.

VII. Administrative matters

A. Secretariat

21. The Secretary-General reports with deep regret that, in February 2013, a long-serving member of the secretariat, Vijay Kodagali (India), passed away in India following a long illness. The Secretary-General and the staff of the Authority wish to express their deep condolences to Mr. Kodagali's widow and family and to place on record their appreciation for Mr. Kodagali's dedicated service to the Authority and its member States.

22. During its eighteenth session, the Assembly had approved two additional posts within the Office of Legal Affairs, bringing the total number of active posts to 37 (20 Professional and 17 General Service). A recruitment exercise commenced in October 2012 and the new posts were filled in March and April 2013. At the same time, a recruitment exercise was also undertaken for the position of Senior Legal Officer (P-5) in the light of the retirement of Kening Zhang (China) in February 2013. A qualified candidate was selected for the position, but regrettably, the candidate subsequently declined an offer of appointment, which necessitated the re-advertising of the post.

23. In addition to the loss of Mr. Kodagali, retirements and resignations have led to a number of current vacancies within the secretariat. A recruitment process was ongoing at the time of preparation of the present report, including to recruit staff for the positions of Head of the Office for Resources and Environmental Monitoring, Marine Biologist and Marine Geologist and for a new position of Minerals Economist. Following interviews of highly qualified applicants, Sandor Muslow (Chile) was appointed as Head of the Office for Resources and Environmental Monitoring. It is expected that the Marine Biologist and Marine Geologist positions will be filled shortly. It may be observed that it has been extremely difficult to recruit qualified candidates for many positions in the secretariat. Applications from developing States members of the Authority are few or, with respect to many positions, entirely lacking. Not only are there few applications for several positions, but candidates frequently cite the lack of opportunities for spouse employment as an obstacle to moving to Jamaica. The fact that staff members of the Authority are presently ineligible for G-4 visa status in the United States of America has also proved to be a major impediment to the transfer of staff within the United Nations system, despite the Authority's participation, since 2001, in the inter-organization

agreement concerning transfer, secondment or loan of staff among the organizations applying the United Nations common system of salaries and allowances. Given the limited number of staff members, temporary support is procured to service the annual sessions of the Authority. Translation of official documents is outsourced to the Department for General Assembly and Conference Management of the United Nations Secretariat in New York, which also provides interpreters and conference-servicing staff for the annual session.

B. International Civil Service Commission

24. The Authority is an autonomous international organization, but it applies to its staff the common system of salaries, allowances and other conditions of service of the United Nations and its specialized agencies. In order to complete the Authority's participation in the common system, at its eighteenth session the Assembly had requested the Secretary-General to take the necessary steps on behalf of the Authority to subscribe to the statute of the International Civil Service Commission with effect from 2013. In accordance with that request, the Secretary-General notified the Secretary-General of the United Nations on 6 October 2012 of the Authority's acceptance of the Statute of the Commission. On 6 January 2013, the Authority was duly notified by the International Civil Service Commission that it was a full participant in the United Nations common systems of salaries, allowances and other conditions of service, with all associated benefits and obligations. The Authority participated in the seventy-sixth session of the Commission, held in New York from 25 February to 8 March 2013.

C. UN Oceans

25. The secretariat is a member of UN Oceans and participates in its meetings, in accordance with its mandate. UN Oceans is an inter-agency mechanism that seeks to enhance coordination, coherence and effectiveness of the organizations of the United Nations system with competence in the oceans sector.

D. Staff training and professional development

26. There is minimal provision for staff training and professional development within the regular budget of the Authority. To promote language proficiency, French and Spanish classes were held for staff of the secretariat during 2012. One of the benefits of participation in the International Civil Service Commission is that a range of online training programmes which are mandatory for United Nations staff members will now be available to staff members of the Authority free of charge. Available courses include those on integrity awareness, basic security in the field and prevention of harassment in the workplace. Regrettably, other mandatory and strongly recommended training courses are generally not available in Jamaica and must therefore be held in-house or at United Nations Headquarters. Since no financial resources are available for such training, a review of training requirements will be carried out prior to the next budgetary cycle.

E. Cost-saving measures

27. The secretariat continued to make its best efforts to constrain unnecessary increases in its administrative expenses through implementation of cost-saving and efficiency measures where possible. The measures introduced or under consideration include an electronic publications strategy (see sect. IX) and increased inter-agency cooperation in administrative matters. With respect to the latter, the secretariat is currently working with a number of local United Nations common system agencies and programmes to develop a strategic alliance for the provision of common services which is aimed at reducing costs through streamlining business practices. The proposed common services plan will cover such areas as human resources management, information and communications technology, finance, procurement and common premises.

VIII. Budget and finance

A. Budget

28. At its eighteenth session, the Assembly approved an administrative budget for the 2013/14 financial period in the amount of \$14,312,948 (see ISBA/18/A/7). This represented an increase of 9.9 per cent over the budget for the previous financial period. The increase was mainly attributable to increases in the costs of meetings services, as well as additional staff positions.

B. Status of contributions

29. In accordance with the Convention and the 1994 Agreement, the administrative expenses of the Authority shall be met by assessed contributions of its members until the Authority has sufficient funds from other sources to meet those expenses. The scale of assessments shall be based on the scale used for the regular budget of the United Nations, adjusted for differences in membership. As at 15 May 2013, 60.5 per cent of the value of contributions to the 2013 budget due from member States and the European Community had been received from 40.7 per cent of the Authority's membership.

30. Contributions outstanding from member States for prior periods (1998-2012) amount to \$382,386. Notices are regularly sent to member States reminding them of the arrears. In accordance with article 184 of the Convention and rule 80 of the rules of procedure of the Assembly, a member of the Authority that is in arrears in the payment of its financial contribution shall have no vote if the amount of its arrears equals or exceeds the amount of financial contribution due from it for the preceding two years. As at 15 May 2013, the following 41 members of the Authority were in arrears for a period of two years or more: Antigua and Barbuda, Benin, Botswana, Burkina Faso, Chad, Comoros, Croatia, Djibouti, Dominica, Dominican Republic, Equatorial Guinea, Gabon, Gambia, Grenada, Guinea, Guinea-Bissau, Honduras, Lesotho, Liberia, Maldives, Mali, Marshall Islands, Mauritania, Micronesia (Federated States of), Morocco, Palau, Panama, Paraguay, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Seychelles, Sierra Leone, Solomon Islands, Somalia, Sudan, Togo, Uganda, Vanuatu, Zambia and Zimbabwe.

31. As at 30 April 2013, the balance of the Working Capital Fund stood at \$527,121, against an approved level of \$560,000.

C. Voluntary trust fund

32. The voluntary trust fund for the participation of members of the Finance Committee and the Legal and Technical Commission from developing countries was established in 2002. Provisional terms and conditions for the use of the fund were adopted by the Assembly in 2003 and amended in 2004 (see ISBA/9/A/9, para. 14, and ISBA/9/A/5-ISBA/9/C/5). The voluntary trust fund is made up of voluntary contributions from members of the Authority and others. Over the life of the fund, contributions totalling \$378,939 have been paid into it, with the last contribution being made in October 2012 by Norway in the amount of \$150,000. The total amount paid out of the fund to date is \$433,299.

D. Endowment Fund for Marine Scientific Research in the Area

33. The Assembly established the Endowment Fund for Marine Scientific Research in the Area in 2006 (ISBA/12/A/11). Detailed rules and procedures for its administration and utilization were adopted in 2007 (ISBA/13/A/6). The Endowment Fund aims to promote and encourage the conduct of marine scientific research in the Area for the benefit of humankind as a whole, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes, including through training, technical assistance and scientific cooperation programmes. The Fund is administered by the secretariat. Members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations and private persons may make contributions to the Fund.

34. As at the end of April 2013, the capital of the Fund stood at \$3,387,038. To date, a total of \$398,879 has been disbursed from the interest accrued on the capital in the form of awards for projects. Information on the substantive activities of the Endowment Fund is contained in paragraphs 85 to 89 of the present report.

IX. Library, publications, website and outreach

A. Satya N. Nandan Library

35. The Satya N. Nandan Library is the main information resource for the secretariat and for member States and other individuals and institutions looking for specialist information on seabed resources and legal and political issues relating to the deep sea. The library manages the Authority's specialized collection of reference and research materials focusing on matters relating to the law of the sea, ocean affairs and deep seabed mining. It serves the needs of members of the Authority, permanent missions and researchers interested in information on the law of the sea and ocean affairs, as well as providing essential reference and research assistance to support the work of the staff of the secretariat. The library is also responsible for the archiving and distribution of the official documents and publications of the

Authority. The Satya N. Nandan Library is an active member of the International Association of Aquatic and Marine Science Libraries and Information Centres, which meets annually in one of the member countries, and of the Library and Information Association of Jamaica. During 2012, the Authority participated in the second Biennial Science and Technology Conference and third International Conference Caribbean WELCOME Project, organized as part of Jamaica's fiftieth anniversary of independence celebrations. The theme of the Conference was "Science and technology driving development".

36. The facilities available in the Satya N. Nandan Library include a reading room with access to the collection for reference purposes, computer terminals for e-mail and Internet usage, access to the Library's database, literature searches, handling of queries by telephone, e-mail or via library visits, photocopying, interlibrary lending and the distribution of the official documents and publications of the Authority. The specialized research capability of the existing collection continues to be developed through an acquisitions programme aimed at building upon and strengthening the Library's comprehensive collection of reference material and improving access to information. During 2013, the public access areas of the library will be reorganized and refurbished.

37. The costs of maintaining serials subscriptions and publications continue to escalate³ and thus it is important to find the most appropriate and cost-effective systems possible to ensure effective delivery of information and library services. Over the past two years, the secretariat has worked closely with the registry of the International Tribunal for the Law of the Sea to identify possible areas for collaboration in the provision of information services, including resource-sharing and joint collections development. One outcome of this collaboration is the implementation of a partnership arrangement under the auspices of the United Nations System Consortium for cost-sharing with respect to online subscription databases. The Authority is also negotiating with its subscription agent, EBSCO,⁴ to enhance online access to journals and reference databases.

38. During the reporting period, 110 books and more than 460 journal issues were acquired. A number of donations were received from institutions, libraries, and individuals, including from the Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs of the United Nations, the International Tribunal for the Law of the Sea, the United Nations Educational and Scientific Organization, the United Nations Environment Programme, the Food and Agriculture Organization of the United Nations, the United Nations Development Programme, the Intergovernmental Oceanographic Commission, the World Bank, the Tokyo Institute of Technology, the Embassy of the Republic of Korea in Jamaica, the Center for Oceans Law and Policy of the University of Virginia, the Mines and Geology Division of the Ministry of Energy and Mining (Jamaica), the China Institute for Marine Affairs, the State Oceanic Administration, and the United States Institute of Peace. An individual donation was also received from Edwin Egede of Cardiff University in the United Kingdom of Great Britain and Northern Ireland. The Secretary-General is grateful to all who supported the library during this period.

³ According to EBSCO, the overall cost of journal subscriptions managed by EBSCO increased by 25 to 30 per cent over the period from 2008 to 2012.

⁴ EBSCO (www.ebsco.com) provides specially designed integrated services to libraries combining subscription management, reference databases, online journals and books.

B. Publications

39. The publications of the Authority are available in both print and electronic formats. The regular publications include an annual compendium of selected decisions and documents of the Authority (hitherto published in English, French and Spanish) and a handbook containing details, inter alia, of the membership of the Assembly and the Council, the names and addresses of permanent representatives and the names of the members of the Legal and Technical Commission and the Finance Committee. The Authority also publishes an increasing number of specialized legal and technical reports. In 2013, the annual compendium has been published for the first time as an electronic publication, in all six official languages of the Authority. In 2014, the intention is to release the handbook, together with additional content, in the form of an application for mobile devices.

40. The cost of publication, storage and distribution of traditional print format publications has increased significantly over the years and is becoming prohibitive. In keeping with trends within the global publishing industry, the secretariat will therefore launch in 2013 a new publications strategy utilizing a combination of print-on-demand and electronic publications technology. By reducing the need to maintain excess inventory and rationalizing the current distribution model, it is expected that the Authority can achieve significant efficiency gains and substantial savings on shipping and printing costs. The new strategy will not only satisfy the increased demand for electronic publications, readable through e-readers, tablets and similar portable devices, but also enable the secretariat to continue to provide high-quality printed materials for free distribution to member States and individuals associated with the Authority at a much lower cost.

C. Website

41. Websites are the virtual face of organizations. How a website looks and is navigated can be a metaphor for the professionalism of the organization. The quantity of information on the Authority's website continues to grow and, as a result, is becoming increasingly difficult to manage. The website was last redesigned in 2007 using *Drupal*, an open-source content management framework, and there is now an urgent need to further reorganize and redesign its underlying architecture to ensure that it can continue to serve the needs of member States in the most efficient way possible. Among the most heavily utilized sections of the website are those containing the official documents and decisions of the organs of the Authority, as well as the interactive geographic information system (GIS) map facility. Recently, popular social media feeds (Twitter, Facebook and Rich Site Summary (RSS)) were added to the website, in order to increase public awareness and better inform those interested in the work of the Authority.

D. Sensitization seminars

42. The Authority's primary means of outreach has been its sensitization seminars. Another possible means of outreach is an ocean mining museum that could be housed on the ground floor of the Authority's headquarters premises. Informal discussions with contractors and other interested parties suggest that the electronic equipment and some of the materials needed for such an undertaking could be

obtained from contractors. It is proposed that a costing for such an undertaking be presented to the Finance Committee at its budget hearings in 2014. The proposal will seek to provide information on the cost of establishing the museum, the sources of material, its uses, and the cost of maintaining it.

43. Since 2007, the Authority has convened six regional sensitization seminars in different parts of the world. The purpose of the seminars is to inform government officials, marine policymakers and scientists at national and regional institutions of the work of the Authority, and to promote the participation of scientists from institutions in developing countries in marine scientific research being undertaken in the Area by international research organizations. Typically, the seminars include presentations by experts on the type of minerals to be found in the Area, resource evaluation, the protection and preservation of the marine environment from activities in the Area, and the process and status of the legal regimes established for recovery of seabed minerals, as well as presentations on relevant regional issues with respect to the law of the sea. Previous seminars have been held in Manado, Indonesia (March 2007); Rio de Janeiro, Brazil (November 2008); Abuja (March 2009); Madrid (February 2010), Kingston (March 2011) and New York (February 2012). Offers to host seminars have been made by Chile, Mexico and the African Union. Those offers will be considered in the context of the budgets for the current biennium and the biennium 2014-2015.

X. Previous session of the Authority

44. The eighteenth session of the Authority was held in Kingston from 16 to 27 July 2012. The Assembly elected Milan J. N. Meetarbhan (Mauritius) as President of the Assembly and the Council elected Alfredo García (Chile) as President of the Council.

45. The Assembly adopted the administrative budget of the Authority and scale of assessments for the 2013/14 financial period and elected one half of the members of the Council for the period 2013-2016. Nii Allotey Odunton (Ghana) was re-elected as Secretary-General for a four-year term. A special one-day session was held to commemorate the thirtieth anniversary of the United Nations Convention on the Law of the Sea of 10 December 1982. The Assembly approved the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area, as provisionally adopted by the Council (ISBA/18/A/11). In addition, the Assembly decided to increase, with immediate effect, the fee for processing an application for approval of a plan of work for exploration for polymetallic nodules to \$500,000 (ISBA/18/A/7).

46. Noting the persistent problem of poor attendance at meetings of the Authority held in Kingston,⁵ the Assembly endorsed a proposal by the Secretary-General to adjust the pattern of meetings for 2013. The objective of the revised pattern of meetings was to improve efficiency by minimizing the overlap between the

⁵ Between 2000 and 2011, the Assembly had a quorum on only two occasions, namely, in 2004 and in 2008. With the exception of those years, however, attendance has been relatively constant at between 57 and 66 members of the Authority (roughly 40 to 45 per cent of the membership). The lowest attendance was in 2007, when only 57 (36 per cent) of the membership of the Authority attended. With 165 members, a quorum of 83 members is required.

meetings of the different organs and holding meetings sequentially as far as possible.

47. The Council, acting on the recommendation of the Legal and Technical Commission, approved applications for plans of work for exploration for polymetallic sulphides submitted by the Government of the Republic of Korea and by the *Institut français de recherche pour l'exploitation de la mer* (IFREMER), sponsored by the Government of France. The Council also approved applications for plans of work for exploration for polymetallic nodules submitted respectively by UK Seabed Resources Ltd., a company sponsored by the Government of the United Kingdom, Marawa Research and Exploration Ltd., a State enterprise sponsored by the Government of the Republic of Kiribati and by G-TEC Sea Mineral Resources NV, a company sponsored by the Government of Belgium.

48. On 26 July 2012, the Council adopted, by consensus, the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/C/23). In its decision, the Council also adopted a special procedure for the resolution of overlapping claims, to have effect for a period of one year following the date of adoption of the Regulations.

49. The Council also adopted a decision relating to an environmental management plan for the Clarion-Clipperton Zone, as recommended by the Legal and Technical Commission (ISBA/18/C/22). In its decision, the Council noted that the implementation of a comprehensive environmental management plan at the regional level was one of the measures appropriate and necessary to ensure effective protection of the marine environment of the Clarion-Clipperton Zone from harmful effects that may arise from activities in the Area. It therefore approved the environmental management plan as recommended by the Legal and Technical Commission (ISBA/17/LTC/7) to be implemented over an initial three-year period, including the designation, on a provisional basis, of a network of nine areas of particular environmental interest, and decided that the plan would be applied in a flexible manner so that it may be improved as more scientific, technical and environmental baseline and resource assessment data were supplied by contractors and other interested bodies. The Council requested the Legal and Technical Commission to make recommendations, where appropriate, to the Council relating to the network of areas of particular environmental interest, on the basis of the results of workshops, with a view to redefining, where necessary, the details of the size, location and number of required areas of particular environmental interest.

50. The Secretary-General circulated the decision of the Council, together with the environmental management plan, to members and observers to the Authority, as well as all relevant international and regional organizations. Information on the environmental management plan was also provided to the intersessional workshops of the Ad Hoc Open-ended Working Group of the General Assembly to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction, held in New York on 2, 3, 6 and 7 May 2013.

XI. The Area and the continental shelf

A. Implementation of article 84, paragraph 2, of the Convention

51. The Area is defined in the Convention as the seabed and subsoil thereof beyond the limits of national jurisdiction. It follows that it is not possible to establish the geographic limits of the Area with any certainty until the limits of national jurisdiction are established, which includes a precise delineation of all areas of continental shelf extending beyond 200 nautical miles from the baseline. In this regard, article 84, paragraph 2, of the Convention requires coastal States to give due publicity to charts or lists of geographical coordinates of the outer limit lines of the continental shelf and, in the case of those extending beyond 200 nautical miles from the baseline, to deposit a copy of such charts or lists with the Secretary-General of the Authority. This is an important provision, which is designed to facilitate the effective administration of the Area for the benefit of all States. It is a requirement which exists in addition to the requirement under article 76, paragraph 9, of the Convention to deposit such charts or lists, as well as other relevant information, with the Secretary-General of the United Nations.

52. To date, the Commission on the Limits of the Continental Shelf has adopted 18 sets of recommendations to coastal States. Four States — Australia, Ireland, Mexico and the Philippines — have thus far deposited charts or relevant information describing the outer limits of their continental shelf, established on the basis of the recommendations of the Commission, with the Secretary-General of the United Nations, pursuant to article 76, paragraph 9, of the Convention. As at the preparation of the present report, three States — Ireland (7 July 2010), Mexico (6 January 2012) and Australia (14 December 2012) — have deposited copies of charts and other relevant information with the Secretary-General of the Authority, in accordance with article 84, paragraph 2, of the Convention. The Secretary-General wishes to take this opportunity to remind and encourage all members of the Authority to deposit such charts or lists of coordinates, pursuant to article 84, paragraph 2, of the Convention, as soon as possible after their outer limits of the continental shelf have been established in accordance with relevant provisions of the Convention.

B. Implementation of article 82, paragraph 4, of the Convention

53. Under article 82 of the Convention, States or individual operators who exploit the non-living resources of the continental shelf extending beyond 200 nautical miles from the baselines of the territorial sea (the “outer continental shelf”) are required to contribute a proportion of the revenues they generate from such exploitation for the benefit of the international community as a whole. Article 82, paragraph 4, gives the Authority responsibility for distributing those revenues “on the basis of equitable sharing criteria, taking into account the interests and needs of developing States, particularly the least developed and the land-locked among them”.

54. Since 2009, the Authority has begun to explore the legal and technical issues associated with the implementation of article 82. Two technical studies of the Authority dealing with the legal and policy issues associated with the implementation of article 82 (International Seabed Authority Technical Study No. 4) and the technical and resource issues associated with exploitation and management

of the outer continental shelf (International Seabed Authority Technical Study No. 5) were published as a result of a seminar convened in February 2009 at the Royal Institute of International Affairs (Chatham House) in the United Kingdom. In November 2012, the Authority, in collaboration with the China Institute for Marine Affairs of the State Oceanic Administration of China, convened in Beijing an international workshop on the theme “Further consideration of the implementation of article 82 of the United Nations Convention on the Law of the Sea”.

55. The workshop was practically oriented, aimed at producing draft proposals for consideration by States with extended continental shelf areas and by the relevant organs of the Authority. The papers and presentations of the workshop are available on the website of the Authority and the report of the workshop has been published as International Seabed Authority Technical Study No. 12 (also available as an e-book). The main recommendations of the workshop, which are presented in detail in the report, are summarized in a separate report under the symbol ISBA/19/A/4.

XII. Status of exploration and exploitation in the Area

56. The contractual nature of the relationship between the Authority and those wishing to conduct activities in the Area is fundamental to the legal regime established by Part XI of the Convention and the 1994 Agreement. Annex III to the Convention, which sets out the “Basic Conditions of Prospecting, Exploration and Exploitation”, also forms an integral part of this legal regime, which is to be further developed in the rules, regulations and procedures adopted by the Authority. Consequently, the administration and supervision of contracts between the Authority and qualified entities wishing to explore for or exploit deep-sea mineral resources lies at the core of the Authority’s functions.

A. Status of contracts for exploration

57. As at April 2013, the Authority had issued 14 exploration contracts, covering approximately one million square kilometres of the seafloor. Of these, 12 cover exploration for polymetallic nodules, and 2 for polymetallic sulphides.

58. Between 2001 and 2010, the Authority concluded eight contracts for exploration for polymetallic nodules with the following qualified applicants: Yuzhmorgeologiya (Russian Federation); the Interoceanmetal Joint Organization (IOM) (Bulgaria, Cuba, Czech Republic, Poland, Russian Federation and Slovakia); the Government of the Republic of Korea; the China Ocean Mineral Resources Research and Development Association (COMRA) (China); Deep Ocean Resources Development Ltd. (DORD) (Japan); IFREMER (France); the Government of India and; the Federal Institute for Geosciences and Natural Resources of Germany (BGR) (Germany).

59. Between 2011 and 2013, the Authority entered into contracts with: Nauru Ocean Resources Inc. (Nauru), signed on 22 July 2011; COMRA (China), signed on 18 November 2011; Tonga Offshore Mining Limited (Tonga), signed on 11 January 2012; the Government of the Russian Federation, signed on 29 October 2012; G-TEC Sea Mineral Resources NV (Belgium), signed on 14 January 2013; and UK Seabed Resources Ltd. (United Kingdom), signed on 8 February 2013. Three

further plans of work for exploration that were approved at the eighteenth session will be issued in the form of contracts with the Authority as soon as the necessary formalities have been concluded, during the second half of 2013. The applicants involved are IFREMER (France), Marawa Research and Exploration Ltd. (Kiribati) and the Government of the Republic of Korea. This would bring the total number of exploration contracts to 17 by the end of 2013 (not including the applications pending for consideration at the nineteenth session).

60. One of the obligations arising out of the contractual relationship between the Authority and the contractors is the timely submission of an annual activity report including progress made on exploration activities, supported by appropriate data and information. This enables the Secretary-General and the Legal and Technical Commission to be in possession of the information necessary to the exercise of their functions, in particular those concerning the effective protection of the marine environment from the harmful effects of activities in the Area. Annual reports are due no later than 31 March of each year. As of April 2013, activity reports for 2012 had been received from all contractors from which reports were due.

B. Periodic review of the implementation of the plan of work

61. The duration of each contract for exploration is a fixed period of 15 years, at the end of which the contractor is expected to be in a position to proceed to exploitation. The plan of work under each contract is divided into three five-year periods. For each five-year period, the contractor is required to provide a detailed programme of activities and an exploration schedule, to be incorporated into the contract. Under the applicable regulations, every five years, the contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures, making such adjustments to its previous programme of activities as are necessary. The revised programme of activities is then incorporated into the contract through an exchange of letters.

62. For six of the current contractors (Yuzhmorgeologiya, IOM, the Government of the Republic of Korea, COMRA, DORD and IFREMER, whose contracts were issued in 2001, the second five-year period ended in 2011. In the case of BGR, whose contract was issued in 2006, the first five-year programme of activities expired in 2011. Periodic reviews of the programmes of activities for all these contractors were completed between November 2011 and October 2012 (see ISBA/19/C/9). For the Government of India, in respect of which the contract was issued in 2002, the second five-year period ended in 2012. As at the time of the preparation of the present report, the periodic review of the contract of the Government of India had not been concluded. The Government of India had submitted a proposed programme of activities in April 2012, to which a response had been provided by the Secretary-General on 4 April 2013, taking into account the discussions in the Legal and Technical Commission during the eighteenth session. It is expected that bilateral consultations will take place prior to the nineteenth session, in order that the periodic review process can be concluded.

C. Status of applications for approval of plans of work for exploration

63. The pace of activities in the Area has continued to increase since the eighteenth session. As at April 2013, the following applications for approval of plans of work for exploration had been received in the secretariat:

- (a) COMRA, sponsored by China (cobalt-rich crusts);
- (b) Japan Oil, Gas and Metals National Corporation (JOGMEC), a company sponsored by Japan (cobalt-rich crusts);
- (c) Government of the Russian Federation (cobalt-rich crusts);
- (d) UK Seabed Resources Ltd., a company sponsored by the Government of the United Kingdom (polymetallic nodules);
- (e) Government of India (polymetallic sulphides);
- (f) Ocean Mineral Singapore Pte Ltd., a company sponsored by the Government of Singapore (polymetallic nodules).

It is anticipated that the Legal and Technical Commission will consider the above-listed applications during 2013.

64. Since the eighteenth session, the secretariat also received a proposal from Nautilus Minerals Inc., a company incorporated in Canada, to enter into negotiations to form a joint venture with the Enterprise for the purpose of developing eight of the reserved area blocks in the Clarion-Clipperton Zone. The terms of the proposal by Nautilus are set out in a draft heads of agreement, which is annexed to a document to be submitted for the consideration of the Council at its nineteenth session under the symbol ISBA/19/C/4. To assist the Council in its deliberations, the secretariat has prepared another document setting out some of the legal and practical considerations arising from the proposal (ISBA/19/C/6).

D. Costs of administration and supervision of contracts with the Authority

65. Costs are incurred by the Authority in processing applications for approval of plans of work for exploration and in administering and supervising such contracts. With respect to the fees paid for processing applications, the various sets of regulations make it clear that such fees are to be used to offset the administrative costs incurred by the Authority. The regulations also detail how any unused balance of the fees is to be accounted for. Since the eighteenth session, the secretariat has adopted internal operating procedures to accurately account for expenditure against application fees and for reporting to the Finance Committee.

66. During the eighteenth session, members of the Council noted that, with the rapid increase in activities in the Area over the past three years, more resources would be required to properly administer the contracts. Concern was expressed that the costs of administration and supervision of contracts should not be borne by member States. In its decision ISBA/18/C/29, the Council noted that the Finance Committee had requested a report from the Secretary-General on possible measures to ensure that the cost of administration and supervision of contracts between the Authority and the contractors was not borne by member States. The Council decided

to take up this issue at the nineteenth session, with a view to adopting, as a matter of urgency at that session, measures which were fully consistent with the Convention and the Agreement, and requested the Finance Committee as a first priority to report to the Council on the measures to establish a system of cost recovery which the Finance Committee recommended as a result of the report of the Secretary-General.

XIII. Progressive development of the regulatory regime for activities in the Area

67. The Authority has a fundamental role to play in ensuring that an appropriate regulatory regime is established, in accordance with the Convention and the 1994 Agreement, that provides adequate security of tenure for future exploration for and exploitation of the mineral resources of the Area, while ensuring effective protection for the marine environment. The regulatory regime would ultimately be encapsulated in a Mining Code, which would comprise the whole of the comprehensive set of rules, regulations and procedures issued by the Authority to regulate prospecting, exploration and exploitation of marine minerals in the Area.

A. Prospecting and exploration

68. The Mining Code currently consists of three sets of regulations covering prospecting and exploration for polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts, respectively. The Assembly approved the latter at the eighteenth session. In addition to specifying the process through which contracts may be applied for and granted, the regulations set out the standard terms and conditions, applicable to all entities, of contracts with the Authority. The regulations are supplemented by recommendations for guidance issued by the Legal and Technical Commission. At present, recommendations have been issued on the assessment of possible environmental impacts arising from exploration and on the reporting of financial expenditure under contracts for exploration.⁶

69. On 6 September 2011, pursuant to regulation 4, paragraph 2, of the regulations, the Federal Institute for Geosciences and Natural Resources of Germany notified the Secretary-General of its intention to engage in prospecting for polymetallic sulphides in the area of the Southern Central Indian Ridge and the Northern Southeast Indian Ridge. Prospectors are required to submit an annual report describing the status of prospecting and the results obtained. The first such report is due from the Institute in 2013.

B. Exploitation

70. During the eighteenth session, the Council considered a report of the Secretary-General on a proposed workplan for the formulation of a regulatory

⁶ Recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area (ISBA/19/LTC/8); and recommendations for the guidance of contractors for the reporting of actual and direct exploration expenditure, as required by annex 4, section 10, of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/15/LTC/7).

framework for the exploitation of polymetallic nodules in the Area (ISBA/18/C/4). Although some members were of the opinion that the proposed timeline was somewhat optimistic and expressed their concern about whether the Authority would have the human and financial resources to complete the work involved in formulating the regulations by 2016, several delegations endorsed the workplan.

71. As a first step in the implementation of the workplan, the secretariat commissioned a preliminary study which identified the major organizational, fiscal and research priorities that the Authority would need to address over the next three to five years, as part of an overall strategic plan. The draft study was completed by January 2013, and submitted to the Legal and Technical Commission for preliminary review and comment, following which a final report was completed. The study has now been published in English, with an executive summary available in all official languages (ISBA/19/C/5) and will be discussed by the Legal and Technical Commission and by the Council in 2013.⁷

72. One of the most important recommendations in the report is that the Authority develop and put in place a “staged” or “phased” provisional licensing system requiring that, prior to the expiration of an exploration licence, contractors interested in proceeding to the mining phase first apply for a provisional mining licence based upon preparation and submission of a pre-feasibility study and workplans to undertake a detailed bankable feasibility study based upon a pilot mining operation in the contract area. In order for this to be implemented, it will be necessary to reach a clear definitional understanding of pilot mining, pre-feasibility metrics and resource classification techniques specific to deep seabed mining. The report also identifies a strategic workplan showing activities over the next three years, key research priorities and framework studies, and organizational changes that will be necessary as exploitation begins.

C. National laws and regulations relating to deep seabed mining

73. Article 153, paragraph 4, of the Convention states that the obligation of sponsoring States in accordance with article 139 entails taking all necessary measures to ensure compliance by the sponsored contractor. Annex III, article 4, paragraph 4, makes it clear that sponsoring States’ responsibility to ensure compliance applies “within their legal systems”, and therefore requires a sponsoring State to adopt laws and regulations and to take administrative measures which are, within the framework of its legal system, “reasonably appropriate for securing compliance by persons under its jurisdiction”. In this regard also, article 208 of the Convention requires coastal States to adopt laws and regulations to prevent, reduce and control pollution of the marine environment arising from seabed activities within their jurisdiction. Such laws and regulations shall be no less effective than international rules, standards and recommended practices and procedures, including those adopted by the Authority. Article 209 requires States to adopt laws and regulations to prevent, reduce and control pollution of the marine environment from activities in the Area undertaken by vessels, installations, structures and other devices flying their flag or of their registry or operating under their authority. Again,

⁷ Clark, A. et al., Towards the Development of a Regulatory Framework for Polymetallic Nodule Exploitation in the Area (International Seabed Authority Technical Study No. 11, Kingston, February 2013).

such laws and regulations shall be no less effective than international rules, standards and recommended practices and procedures established in accordance with Part XI of the Convention.

74. In its advisory opinion on the responsibilities and obligations of States sponsoring persons and entities with respect to activities in the Area, the Seabed Disputes Chamber affirmed that the Convention requires the sponsoring State to adopt, within its legal system, laws and regulations and to take administrative measures that have two distinct functions, namely, to ensure compliance by the contractor with its obligations and to exempt the sponsoring State from liability. While the scope and extent of those laws and regulations and administrative measures depend on the legal system of the sponsoring State, they may include the establishment of enforcement mechanisms for active supervision of the activities of the sponsored contractor and for coordination between the activities of the sponsoring State and those of the Authority. Laws and regulations and administrative measures should be in force at all times that a contract with the Authority is in force. While the existence of such laws and regulations and administrative measures is not a condition for concluding a contract with the Authority, it is a requirement for carrying out the obligation of due diligence of the sponsoring State and for seeking exemption from liability. Particularly as regards the protection of the marine environment, the laws and regulations and administrative measures of the sponsoring State cannot be less stringent than those adopted by the Authority, or less effective than international rules, regulations and procedures.

75. During the eighteenth session, the Secretary-General presented a report to the Council (prepared at the Council's request) on the status of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area (ISBA/18/C/8 and Add.1). In its decision ISBA/18/C/21, the Council requested the Secretary-General to update, on an annual basis, the study of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to activities in the Area, and to invite, for that purpose, sponsoring States and other members of the Authority to provide texts of relevant national laws, regulations and administrative measures to the secretariat. Accordingly, on 6 February 2013, the secretariat circulated note verbale No. 44/13, inviting sponsoring States and other members of the Authority to submit to the secretariat, by 31 March 2013, texts of their relevant national laws, regulations and administrative measures.

76. As at 31 May 2013, France, the Netherlands, Japan, Oman, New Zealand and the Republic of Korea (in addition to the countries named in document ISBA/18/C/8 and Add.1) had provided such information or texts, as requested. In response to the suggestion made by some delegations during the eighteenth session, information on and, where applicable, texts of such national laws, regulations and administrative measures as submitted by members of the Authority is available and will be kept updated on the Authority's website (<http://www.isa.org.jm/en/mcode/Natleg>).

XIV. Other activities

A. Assessment of the economic potential of rare earth elements contained in seafloor mineral deposits

77. Market prices for rare earth elements have experienced a sharp decline over the past two years, mainly as a result of the global economic situation, as well material recycling efforts and replacement of the metals in industrial production in reaction to the previous price explosion. While there have been arguments as to whether recent price declines will affect the viability of new rare earth element mines, China — currently the world's main producer — has continued to implement measures to help prevent drastic price fluctuations. In the long term, it is expected that production coming online from other facilities around the world will ultimately stabilize the market with a more robust supply. Demand and price developments vary significantly between the 17 metals of the rare earth elements group, while certain strategic elements, particularly in neodymium, europium and the “heavy” rare earth elements terbium, dysprosium and yttrium, continue to represent potentially valuable by-products in seabed operations.

78. Since the last session, the secretariat has completed the first part of a technical study to determine grades and geographic variations of the abundance of individual rare earth elements in major geographic areas of interest for cobalt-rich crusts and polymetallic nodules, including the Central Pacific Ocean, the Central Indian Ocean and the South Atlantic Ocean. The second part of the technical study, currently under way, addresses the viability of their commercial extraction, including metallurgical factors, ore-processing costs and recovery efficiencies of rare earth elements as by-products of mining seabed deposits. The results from the geochemical part of the technical study are promising and have revealed, for example, that the rare earth element contents in some marine cobalt crust deposits are in the same order as the continental deposits profitably mined in southern China. The total rare earth element concentrations in polymetallic nodules are generally lower with significant geographic variations. However, the commercially interesting “heavy” rare earth elements are particularly enriched in these deposits.

79. Extraction of rare earth elements on land is highly complex and involves a high cost to prevent environmental damage, including the treatment of radioactive components that are absent in marine deposits. The extraction of rare earth elements and their separation from the main products of possible seabed mining — nickel, cobalt and copper — may have additional advantages that are presently examined: targeting such trace elements may not only represent additional profit, but may also help to avoid processing penalties incurred otherwise, simply because of the presence of such trace metals as impurities in the ores or concentrates of the main metals. However, the question of whether rare earth elements in seabed deposits can be considered an economic resource requires detailed examination of practicability and costs of their extraction at different steps of the workflows currently suggested for the processing of cobalt-rich crusts and polymetallic nodules. The second part of the secretariat's technical programme currently focuses on the question of whether it is possible to recover rare earth elements in the very first step of an ore-processing system without impairing the recovery of the main metals. Alternatively, rare earth elements and other trace metals may be enriched in interim products and tailings of processing routes and can possibly be recovered from those products, which,

however, appears by far more complex. It is expected that this work will be completed in 2013 and help the international community to assess the economic potential of rare earth elements contained in seafloor deposits.

B. Digital atlas of the South Atlantic Ocean

80. Since the last session, the secretariat has completed a data and visualization product to support exploration and sustainable use of mineral resources in the understudied South Atlantic Ocean. The completion of the first programme phase with the release of the first edition of the digital atlas was scheduled for mid-2013, while the final editing of the DVD publication was delayed as a result of personnel changes within partner organizations. The project is designed to be a collaborative effort by countries bordering the region and other organizations holding data from various scientific cruises. The project further aims at developing the capacity of member States in GIS methods and resource assessment and sampling techniques for marine mineral resources, particularly by transferring the knowledge and technologies used by the Geological Service of Brazil. While significant datasets have been acquired from different organizations and the public domain, there remains a substantial potential for participation by other entities, particularly national agencies in African countries. Therefore, it is expected that the release of a first edition of the digital atlas would help to encourage member States and other relevant organizations to contribute additional geographic data and identify national experts as part of a collaborative network to determine further steps of a capacity development programme for the benefit of developing States bordering the South Atlantic Ocean.

C. Spatial approaches to environmental management and marine planning

81. The deep ocean is a part of the planet about which we have relatively little data. Collectively, the scientific community is becoming more organized in terms of gathering global datasets, but the sound application of marine spatial planning requires sufficient high quality data to inform decision makers. The Ocean Biogeographic Information System (OBIS),⁸ for example, has emerged as a strategic alliance of people and organizations sharing a vision to make marine biogeographic data, from all over the world, freely available over the World Wide Web. OBIS currently integrates 1,125 datasets, including those collected by the Census of Marine Life, serving 33 million geo-referenced species observations of 120,000 marine species, and is by far the largest global database of its kind and the largest open access online repository of spatially-reference marine environmental data. As mentioned in paragraph 60 above, under their licence agreements with the Authority, mining contractors are obliged to undertake environmental baseline studies and report their progress annually in accordance with the recommendations issued by the Legal and Technical Commission. The reports provide a framework for information to be gathered over a 15-year exploration phase. Following the

⁸ OBIS is hosted by the International Oceanographic Commission-United Nations Educational, Scientific and Cultural Organization, under the International Ocean Data and Information Exchange.

January 2012 meeting with contractors, at which an agreement was reached to standardize the taxonomy of three classes of fauna (megafauna, macrofauna and meiofauna) associated with marine minerals, a workshop for contractors' scientists was held at the German Centre for Marine Biodiversity Research from 9 to 16 June 2013 to assist them in standardizing the taxonomy of megafauna associated with the exploration areas. Similar workshops are to be held to standardize macrofauna and meiofauna.

82. The secretariat maintains a GIS that represents the Authority's spatial repository of its area of jurisdiction. A section of GIS holds geographically referenced biological sampling data and other environmental information collected by contractors and submitted to the secretariat in annual activity reports or outside of the regular reporting process. On the basis of these spatial data, other GIS data and the standardized taxonomic data, the secretariat is in the process of establishing an environmental information system in support of the environmental management plan for the Clarion-Clipperton Zone. This regional section of GIS will be used to reveal geographic patterns of species distribution and other biological and physical factors beyond those already available in global databases such as OBIS. The system further contains any available information on local resource potentials, including public and confidential sampling data for nodule abundance and metal grades, as well as the modelling results obtained from the Geological Model project. Ultimately, such a holistic geographic approach should help to balance marine conservation with mineral resource development objectives. Such area-based management approaches aiming at bringing together the various stakeholder interests are reflected in geographic tools such as multi-objective marine spatial planning. These modern GIS-based tools are being successfully applied by an increasing number of national agencies and other organizations. The secretariat is currently assessing the potential of such integrated planning approaches for deep-sea areas, once sufficient data have been made available, as a means of delivering an ecosystem-based approach to future management.

XV. Capacity development and training

83. There are two main ways in which the Authority attempts to implement its responsibilities under articles 143 and 144 of the Convention to promote marine scientific research in the Area and build the capacity of developing States in deep-sea research and technology. These are through the training programmes of contractors pursuant to contracts for exploration in the Area and through the Endowment Fund for Marine Scientific Research. In addition, since 2011 the Authority has been a host institution under the United Nations-Nippon Foundation of Japan Fellowship Programme for Human Resources Development and Advancement of the Legal Order of the World's Oceans, administered by the Division of Ocean Affairs and the Law of the Sea in the Office of Legal Affairs of the United Nations Secretariat.

A. Contractor training

84. Contractors with the Authority have a legal obligation to provide and fund training opportunities for trainees from developing States and the Authority. The

legal basis for this requirement is set out in the standard terms of contracts and stems from the provisions of the Convention and the 1994 Agreement.⁹ The purpose of the obligation is to ensure that personnel from developing States are provided with appropriate operational expertise to enable them to participate in deep seabed mining. With the approval of several new plans of work for exploration in the past three years, it is anticipated that more than 20 training opportunities will become available during the 2013 to 2015 period. At the same time, the Legal and Technical Commission has commenced a review of the implementation of training under contracts for exploration, with a view to assessing the effectiveness of training programmes, better understanding the needs and priorities of developing countries with respect to training and providing better guidance to contractors, sponsoring States and the secretariat on the content, structure and implementation of training programmes.

B. Endowment Fund for Marine Scientific Research

85. The Endowment Fund aims to promote and encourage the conduct of marine scientific research in the Area for the benefit of humankind as a whole, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes, including through training, technical assistance and scientific cooperation programmes. Applications for assistance from the Fund may be made by any developing country or by any other country, if the purpose of the grant is to benefit scientists from developing countries. An advisory panel appointed by the Secretary-General evaluates applications for assistance from the Fund and makes recommendations to the Secretary-General. The panel is composed of permanent representatives to the Authority, representatives of educational institutions or international organizations and individuals closely associated with the work of the Authority, and members are appointed with due regard to equitable geographic representation. The Secretary-General appointed the current members of the panel in 2011, whose names are set out in the annex to the present report.

86. It is recalled that applications for assistance from the Fund may be made by any developing country or by any other country, if the purpose is to benefit scientists from developing countries. In administering the Fund, the secretariat of the Authority is required to endeavour to make arrangements with universities, scientific institutions, contractors and other entities for opportunities for scientists from developing countries to participate in marine scientific research activities. Such arrangements may include the reduction or waiver of fees for training. The secretariat has carried out a number of activities designed to draw the attention of the international donor community to the opportunities offered by the Fund and to encourage additional contributions. These activities include issuing press releases and promotional materials, maintaining a specially designed page on the Authority's website (<http://www.isa.org.jm/en/efund>), and establishing a network of cooperating institutions that may be interested in offering places on courses or research opportunities. Members of the network to date include the National Oceanography Centre (United Kingdom); the National Institute of Ocean Technology (India); the

⁹ Specifically, article 144 and annex III, article 15, of the Convention, and section 5 of the annex to the 1994 Agreement.

Institut français de recherche pour l'exploitation de la mer (IFREMER); the Federal Institute for Geosciences and Natural Resources (Germany); the National Institute of Oceanography (India); the Natural History Museum (United Kingdom); Duke University (North Carolina, United States of America); and the International Cooperation in Ridge-crest Studies (InterRidge), an international, non-profit organization promoting interdisciplinary studies of oceanic spreading centres.

87. To date a total of 52 scientists or Government officials from developing countries have been beneficiaries of financial support from the Endowment Fund. The recipients are from Argentina, Bangladesh, Brazil, Cameroon, China, Colombia, Costa Rica, Egypt, Fiji, Guyana, India, Indonesia, Jamaica, Madagascar, Maldives, Malta, Mauritania, Mauritius, Namibia, Nigeria, Palau, Papua New Guinea, Peru, the Philippines, the Russian Federation, Sierra Leone, South Africa, Sri Lanka, Suriname, Thailand, Trinidad and Tobago, Tunisia and Viet Nam.

88. Since the eighteenth session, three awards have been made from the Fund. The first funded six travel bursaries which enabled scientists from six different developing States to attend the thirteenth Deep-Sea Biology Symposium in Wellington, New Zealand from 3 to 7 December 2012. In 2013, an award of \$30,000 was made to the Rhodes Academy of Oceans Law and Policy to help fund a number of fellowships for students from developing States and to expand the Academy's training programme to cover issues relating to deep seabed marine science. The third award, in the sum of \$35,420, went to the Second Institute of Oceanography of the State Ocean Administration of China, in order to conduct an international cooperative study on the hydrothermal system at the ultraslow spreading Southeast Indian Ridge. The award will allow for the participation of two scientists from developing countries in the cooperative study with Chinese scientists, as well as an international academic workshop.

89. The secretariat will continue to take steps to generate interest in the Endowment Fund on the part of potential donors and institutional partners. In this regard, it is noted that in paragraph 15 of its resolution 67/78, the General Assembly called upon States and international financial institutions, including through bilateral, regional and global cooperation programmes and technical partnerships, to continue to strengthen capacity-building activities, in particular in developing countries, in the field of marine scientific research by, inter alia, training personnel to develop and enhance relevant expertise, providing the necessary equipment, facilities and vessels and transferring environmentally sound technologies. The Endowment Fund is one of the key mechanisms for enabling capacity-building in the field of marine scientific research in the deep ocean and the Secretary-General wishes to encourage members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private persons to contribute to the Fund.

Annex

Members of the advisory panel for the International Seabed Authority Endowment Fund for Marine Scientific Research in the Area

Georgy Cherkashov

Institute for Geology and Mineral Resources of the Ocean, Russian Federation

Yves Fouquet

Institut français de recherche pour l'exploitation de la mer (IFREMER), France

Lim Kimo

Permanent Representative to the International Seabed Authority and Chargé d'affaires of the Embassy of the Republic of Korea in Jamaica

Celsa Nuño

Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of Spain in Jamaica

Iva Camille Gloudon

Permanent Representative to the International Seabed Authority and High Commissioner of Trinidad and Tobago in Jamaica

Gordon Paterson

Department of Zoology, Natural History Museum, United Kingdom of Great Britain and Northern Ireland

Mathu Joyini

Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of South Africa in Jamaica



Assembly

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Outcomes of the International Workshop on Further Consideration of the Implementation of Article 82 of the United Nations Convention on the Law of the Sea

Report of the Secretary-General

1. Under article 82 of the United Nations Convention on the Law of the Sea, coastal States or individual operators that exploit the non-living resources of the continental shelf extending beyond 200 nautical miles from the baselines of the territorial sea (the “outer continental shelf”) are required to contribute a proportion of the revenues they generate from such exploitation for the benefit of the international community as a whole. This proportion is defined as 1 per cent of the value or volume of production at the site, rising by 1 per cent annually until it reaches 7 per cent, at which level it remains. Article 82, paragraph 4, gives the International Seabed Authority responsibility for distributing these revenues on the basis of equitable sharing criteria, taking into account the interests and needs of developing States, particularly the least developed and the landlocked among them.

2. Since 2009, the Authority has begun to explore the legal and technical issues associated with the implementation of article 82. Two technical studies, one dealing with the legal and policy issues associated with such implementation (*Technical Study No. 4*) and one dealing with the technical and resource issues associated with the exploitation and management of the outer continental shelf (*Technical Study No. 5*), were published as a result of a seminar convened in February 2009 at the Royal Institute of International Affairs (Chatham House), United Kingdom of Great Britain and Northern Ireland. From 26 to 30 November 2012, the Authority, in collaboration with the China Institute for Marine Affairs of the State Oceanic Administration of China, convened in Beijing the International Workshop on Further Consideration of the Implementation of Article 82 of the United Nations Convention on the Law of the Sea.

3. About 40 legal and scientific experts, including members of the Legal and Technical Commission and the Commission on the Limits of the Continental Shelf, participated in the workshop. Senior experts from the offshore oil and gas industry and from geosciences and natural resources research institutes, academics,



Government legal advisers and diplomats, as well as former and current senior officials of the Division of Ocean Affairs and Law of the Sea of the Office of Legal Affairs of the United Nations and the Authority also participated. The workshop had a practical orientation and aimed at producing draft proposals for consideration by States with extended continental shelf areas and by the relevant organs of the Authority. A number of background papers and informal working papers prepared by experts were presented, as was a series of case studies of domestic licensing regimes and views on the implementation of article 82 in selected States with extended continental shelf areas. The papers and presentations are available on the website of the Authority. The report on the workshop has been published as *Technical Study No. 12* (also available as an e-book).

4. Participants noted that many topics could not be covered in full during the workshop and that further intensive study and deliberations would be required, including through additional workshops. They emphasized that it was important that efforts to achieve a system for the pragmatic and functional implementation of article 82 should continue to be discussed through the relevant organs of the Authority. Their main recommendations, which are included in the report on the workshop, may be summarized as follows:

(a) The Authority should encourage States with extended continental shelf areas, in particular those that are issuing or plan to issue offshore licenses for exploiting non-living resources of the extended continental shelf, to consider and anticipate the needs related to the implementation of article 82 within their respective jurisdictions. In that regard, the obligation to notify the Authority of the anticipated date of commercial production is particularly important;

(b) While enjoying the exclusive choice to make payments or contributions in kind, States with extended continental shelf areas should be recommended to opt to make payments in the interest of simplicity and efficiency of implementation. It is conceivable that a resolution of the States Parties to the Convention may be needed to move this recommendation forward;

(c) Further examination of the needs related to the implementation of article 82 would benefit from a study of the key terms discussed in the report on the workshop, as they are used in contemporary regulatory and industry practices across different jurisdictions. The study should consider various hydrocarbons and mineral resource scenarios. As an information document, the study would help identify possible paths for a practical approach and help build and deepen understanding of the terminological issues in realistic settings, but would not have prescriptive value;

(d) The Authority should explore further the concept of developing a memorandum of understanding between a State with extended continental shelf areas and the Authority or a guidance document, and take steps to prepare a draft for discussion, bearing in mind that either instrument would be essentially voluntary and aim to provide practical guidelines and advice to assist States with extended continental shelf areas in the implementation of article 82;

(e) In relation to article 82, paragraph 4, the workshop considered that the term “through the Authority” must not be interpreted to mean “to the Authority”. The Authority is a conduit for the transmission of payments and contributions in kind to States Parties in accordance with article 82, paragraph 1, and, in this regard, the role of the Authority is only instrumental;

(f) In seeking to interpret the term “through the Authority”, the participants in the workshop observed that the following should be taken into consideration:

(i) The need for the Authority to establish a mechanism for collecting payments and contributions and then distributing them in a timely and efficient manner to States Parties;

(ii) The establishment of such a mechanism may entail additional costs for the Authority. These costs could be recovered through the regular budget of the Authority or by the Authority retaining an agreed percentage of the amounts collected to cover the associated administration costs;

(iii) It was considered that there was a possible role for the Finance Committee to recommend what would be a reasonable percentage for the Authority to retain to cover administrative costs. It was also argued that the Convention does not contemplate such a function for the Finance Committee and, as a result, the Assembly or the Council of the Authority would have to mandate the Finance Committee to assume that task;

(g) In seeking to determine what constitutes equitable sharing criteria under article 82, paragraph 4, it was suggested that the Authority would need to develop and maintain a set of criteria to be used to calculate amounts to be distributed to all States Parties. Under article 162, paragraph 2 (o) (i), of the Convention, the Council is charged with the responsibility to recommend to the Assembly rules, regulations and procedures on the equitable sharing of the payments and contributions made pursuant to article 82;

(h) In determining equitable sharing criteria, the Authority is bound to take into account the interests and needs of developing States, particularly the least developed and the landlocked among them. In order to discharge the responsibility to distribute and properly account for such payments, the Authority would need to develop and maintain a list with quantitative values to be used to calculate amounts to be distributed to States Parties. Any such list should be updated as new data become available. It was suggested that the secretariat prepare a study or a trial list. It was also suggested that, in keeping with the object and purpose of the Convention, it may be possible to distribute the payments and contributions in kind through established programmes and funds to help developing States meet agreed targets under commitments such as the Millennium Development Goals and other sustainable development goals.

5. Further discussions on the implementation of article 82 will be necessary, both at the policy level and through mechanisms such as workshops and expert group meetings. At the workshop held in Beijing, a number of areas were identified as needing research and clarification before substantive discussions could take place. These include the study of key technical terms and an analysis showing possible scenarios for the distribution of benefits to States Parties, as well as the preparation of a draft voluntary memorandum of understanding or guidance document. Subject to the availability of resources, the secretariat will focus during the forthcoming year on preparing these technical studies and research papers.

Recommendation

6. The Assembly is invited to note the outcomes of the workshop held in Beijing and provide such policy direction as may be necessary to the secretariat.



Assembly Council

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Report of the Finance Committee

1. During the nineteenth session of the International Seabed Authority, the Finance Committee held five meetings, between 10 and 12 July 2013.
2. The following members of the Committee participated in the meetings during the nineteenth session: Frida Armas-Pfirter, Aleksey P. Bakanov, Trecia Elliott, Han Thein Kyaw, Duncan M. Laki, Olav Myklebust, Reinaldo Storani, Chris Whomersley, David C. M. Wilkens and Shinichi Yamanaka.
3. The following members informed the Secretary-General that they would be unable to attend the session: Pradip Choudhary, Francesca Graziani, Pavel Kavina, Serge Segura.
4. Following past practice, Chen Changxue also participated in the meetings of the Committee prior to his formal election by the Assembly.
5. The Committee re-elected Olav Myklebust as Chair and Duncan M. Laki as Vice-Chair.

I. Agenda

6. The Committee discussed and modified its agenda contained in document ISBA/19/FC/1, by adding the item entitled “Study for the purpose of better describing and accounting for the use of fees for the processing of applications for approval of plans of work for exploration”.

II. Cost of administration and supervision of contracts between the Authority and contractors

7. The Committee considered document ISBA/19/FC/CRP.3, entitled “Supervision and administrative support to contracts” in conjunction with a document submitted by Brazil, entitled “Cost of administration and supervision of contracts of exploration with the International Seabed Authority.”



8. The Committee reviewed a detailed analysis, provided by the secretariat, of the annual costs of administering and supervising the contracts, on the basis of which the Committee concluded that the annual standard cost for each contract amounted to \$47,000. After receiving legal advice, the Committee concluded that, for legal reasons and as a matter of principle, overhead charges should not be applied retroactively.

9. The Committee decided to recommend to the Council the attached draft decision for adoption by the Assembly.

III. Audit report on the finances of the International Seabed Authority for 2012

10. The Committee considered the report of PricewaterhouseCoopers on the audit of the accounts of the Authority for the year 2012. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority presented fairly, in all material aspects, the financial position of the Authority, as at 31 December 2012, and its financial performance and the cash flows for that year, in accordance with the United Nations system accounting standards.

11. The Committee requested the Secretary-General to ensure that the auditors use the correct terminology as used in the Financial Regulations.

12. The Committee noted that, following and in accordance with, the 2012 authorization by the Assembly (ISBA/18/A/7, para. 8), the Secretary-General applied application fees recognized as miscellaneous income to meet part of the expenditure incurred in the financial period 2011-2012 for processing plans of work for exploration.

IV. Status of the International Seabed Authority Endowment Fund and Voluntary Trust Fund

13. The Committee took note of the balance of the Endowment Fund in the amount of \$3,428,932, as at 30 June 2013, including accrued interest of \$36,984 intended to be utilized to support the participation of qualified scientists and technical personnel from developing countries in marine scientific research and approved programmes. The Committee expressed its gratitude to the Government of Mexico for the contribution of \$5,000 made on 8 November 2012.

14. The Committee expressed its appreciation at the fact that, during 2012, the Endowment Fund had gained more interest than in previous years, as a result of the Fund's capital having been invested in short-term time deposits in Scotia Investments Jamaica Ltd.

15. The Committee took note of the balance of the Voluntary Trust Fund in the amount of \$144,452, as at 3 July 2013. It expressed its gratitude to the Government of Norway for the contribution of \$150,000, made on 17 October 2012, and to the Government of China for the contribution of \$20,000 made on 3 July 2013.

16. The Committee requested the Secretary-General to seek advice on the possibility of considering advances from the Endowment Fund to the Voluntary Trust Fund as grants.

V. Working Capital Fund

17. The Committee took note of the status of the Working Capital Fund as at 30 June 2013, with advances of \$526,870 out of a ceiling of \$560,000.

VI. Budget performance

18. The Committee expressed its appreciation to the Secretary-General for the report on implementation of the budget and for the efforts being made to effect savings in the budget of the Authority during the financial period 2013-2014.

19. The Committee noted that filling the secretariat posts had been difficult, as some qualified candidates had rejected job offers, primarily because spouses were not allowed to seek employment outside diplomatic missions and international organizations in Jamaica. The Committee invited the Secretary-General to initiate discussions on the issue with the Government of Jamaica and to report to it thereon at the twentieth session.

VII. Appointment of an independent auditor

20. In considering the appointment of an independent auditor for the financial period 2013-2014, the Committee examined the bids from KPMG and PricewaterhouseCoopers to undertake the audit for 2013 and 2014. After discussion, the Committee decided to recommend to the Assembly that KPMG be appointed, in accordance with past practice, for two years to audit the 2013 and 2014 financial statements of the Authority.

VIII. Cost-saving measures

21. The Committee expressed its gratitude to the Secretary-General for the efforts being made to effect savings in the budget of the Authority. It welcomed the report on potential cost-saving measures presented by the Secretary-General and expressed its full support for the proposed initiatives outlined in the document.

22. The Committee welcomed the intention of the Secretary-General to reflect the results of cost-saving measures in the next budget period, including the cost reductions resulting from the Authority's membership in the International Civil Service Commission and the United Nations system in Jamaica.

IX. Report on the banks in which the funds of the Authority are maintained

23. The Committee took note of the document ISBA/19/FC/CRP.4, entitled “Banks in which the funds of the Authority are maintained.”

24. The Committee requested the Secretary-General to prepare, for its next session, a report on the transfer costs and the potential interest gains that would arise from transferring funds from the Voluntary Trust Fund into short-term time deposits in Scotia Investments Jamaica Ltd.

X. Presentation of the Authority’s income resources in the budget

25. The Committee continued its study to better describe and account for, in the budgetary document, the different income resources of the Authority (ISBA/18/A/4-ISBA/18/C/12, para. 16).

26. The Committee requested the Secretary-General to include in the income section of the next budget proposal a statement of estimated miscellaneous income in the course of the next financial period in accordance with regulation 6.3. (b) of the Financial Regulations. As a starting point, the Secretary-General was requested to include in that estimate the expected income stemming from the overhead charges to be payable by the contractors should the Assembly adopt the proposed decision.

27. The Committee requested the Secretary-General to produce a draft budget proposal for the biennium 2015-2016 and circulate it to members of the Committee at least three months in advance of its official submission in 2014.

XI. Other matters

28. The Committee considered the note by the Secretary-General, entitled “New members of the Authority” (ISBA/19/FC/2). The Committee recommended that Ecuador, Swaziland and Timor-Leste, which had become members of the Authority during 2012 and 2013, pay the amounts shown below as their contributions to the general administrative budget of the Authority for 2012 and 2013, as well as advances to the Working Capital Fund. Such contributions should be credited as miscellaneous income, in accordance with regulation 7.1 of the Financial Regulations of the Authority.

<i>New member State</i>	<i>Date membership began</i>	<i>United Nations scale of assessment (percentage)</i>		<i>Adjusted International Seabed Authority scale (percentage)</i>		<i>Contributions to the general administrative budget (United States dollars)</i>		<i>Advances to the Working Capital Fund (United States dollars)</i>	
		<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>
Ecuador	24 October 2012	0.04	0.04	0.053	0.053	630.1	3 541	125	62.5
Swaziland	24 October 2012	0.003	0.003	0.01	0.01	119.4	671	25	12.5
Timor-Leste	7 February 2013		0.001		0.01		602		37.5
Total						749.5	4 814	150	112.5

29. The Committee expressed its concern about the outstanding contributions from members for prior periods (1998-2012) in the amount of \$267,686 and requested the Secretary-General, at his discretion, to continue his efforts to recover those amounts.

30. The Committee welcomed the recent membership of the Authority in the International Civil Service Commission, as recommended in the 2012 report.

XII. Recommendations of the Finance Committee

31. In the light of the foregoing, the Committee recommends that the Council and the Assembly of the Authority:

(a) Adopt the attached draft decision which would, inter alia, make amendments to the Regulations on Prospecting and Exploration in order to institute a fixed overhead charge that will cover the expenditures related to the administration and supervision of contracts between the Authority and contractors;

(b) Appoint KPMG as independent auditor for 2013 and 2014;

(c) Urge the members of the Authority to pay their assessed contributions to the budget on time and in full;

(d) Appeal to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and to request the Secretary-General, at his discretion, to continue his efforts to recover those amounts;

(e) Strongly encourage members to make voluntary contributions to the Endowment Fund and Voluntary Trust Fund of the Authority.

Draft decision of the Assembly of the International Seabed Authority concerning overhead charges for the administration and supervision of exploration contracts

The Assembly of the International Seabed Authority,

Taking into account the recommendations of the Finance Committee¹ and the decision of the Council,²

Further taking into account section 8 of the annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea,³

1. *Decides* to institute a fixed overhead charge of \$47,000 (or such sum as may be fixed in accordance with paragraph 4 below) to be payable in accordance with the present decision annually by each contractor in respect of each of its contracts with the Authority to cover the costs of the administration and supervision of the contract and of reviewing its annual report provided in accordance with the contract;

2. *Decides* to amend the standard clauses for exploration contract⁴ by the addition of sections 10.5 and 10.6 set out in the annex to the present decision, which shall apply to contracts entered into by the Authority as a result of applications made after the date of adoption of the decision;

3. *Urges* the secretariat to consult as soon as possible all contractors whose contracts were entered into as a result of applications made before the date of adoption of the present decision, with a view to renegotiating those contracts, in accordance with section 24.2 of the standard clauses for exploration contract, in order to include the provisions set out in the annex to the present decision;

4. *Decides* that the Council, upon the recommendation of the Finance Committee, shall review the amount of the overhead charge every two years to ensure that it continues to reflect the costs actually and reasonably incurred by the Authority and may in particular consider in due course whether to substitute a variable sum for each contract which is dependent upon the level of administrative costs actually and reasonably incurred by the Authority in relation to that contract;

5. *Decides* that the overhead charges shall be classed as miscellaneous income for credit to the general administrative fund.

¹ ISBA/19/A/7-ISBA/19/C/11.

² ISBA/19/C/14.

³ See General Assembly resolution 48/263, annex.

⁴ Regulations on prospecting and exploration for polymetallic nodules in the Area (ISBA/6/A/18), annex 4, Standard clauses for exploration contract; Regulations on prospecting and exploration for polymetallic sulphides in the Area (ISBA/16/A/12/Rev.1), annex 4, Standard clauses for exploration contract; Regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area (ISBA/18/A/11), annex 4, Standard clauses for exploration contract.

Annex

10.5 The contractor shall pay at the time of submission of the annual report an annual overhead charge of \$47,000 (or such sum as may be fixed in accordance with section 10.6 hereof) to cover the Authority's costs of the administration and supervision of this contract and of reviewing the reports submitted in accordance with section 10.1 hereof.

10.6 The amount of the annual overhead charge may be revised by the Authority to reflect its costs actually and reasonably incurred.



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Decision of the Assembly of the International Seabed Authority regarding the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

The Assembly of the International Seabed Authority,

Having considered the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules, as provisionally adopted by the Council at its 190th meeting, on 22 July 2013,

Approves the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area, as contained in the annex to the decision of the Council.¹

142nd meeting
25 July 2013

¹ ISBA/19/C/17, annex.





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Decision of the Assembly of the International Seabed Authority concerning overhead charges for the administration and supervision of exploration contracts

The Assembly of the International Seabed Authority,

Taking into account the recommendations of the Finance Committee¹ and the decision of the Council,²

Taking into account also section 8 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea,³

Recalling the decision adopted by the Council on 26 July 2012 relating to the status of fees paid for the processing of applications for approval of plans of work for exploration and related matters,⁴

1. *Decides* to institute a fixed overhead charge of \$47,000 (or such sum as may be fixed in accordance with paragraph 5 below) to be payable annually, in accordance with the present decision, by each contractor in respect of each of its contracts with the Authority to cover the costs of the administration and supervision of the contract and of reviewing its annual report provided in accordance with the contract;

2. *Also decides* to amend the standard clauses for exploration contracts⁵ by the addition of sections 10.5 and 10.6, as set out in the annex to the present decision, which shall apply to contracts entered into by the Authority as a result of applications made after the date of adoption of the present decision;

¹ ISBA/19/A/7-ISBA/19/C/11.

² ISBA/19/C/16.

³ See General Assembly resolution 48/263, annex.

⁴ ISBA/18/C/29.

⁵ Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18), annex 4; Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (ISBA/16/A/12/Rev.1), annex 4; and Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/A/11), annex 4.



3. *Requests* the Secretary-General, in the case of an application for approval of a plan of work submitted prior to the date of adoption of the present decision, to consult with the applicant prior to signature of the contract for exploration, with a view to incorporating the clauses set out in the annex to the present decision;

4. *Urges* the Secretary-General to consult as soon as possible with all contractors whose contracts were entered into as a result of applications made before the date of adoption of the present decision, with a view to renegotiating those contracts, in accordance with section 24.2 of the standard clauses for exploration contract, in order to include the provisions set out in the annex to the present decision;

5. *Decides* that the Council, upon the recommendation of the Finance Committee, shall review the amount of the overhead charge every two years to ensure that it continues to reflect the costs actually and reasonably incurred by the Authority and may in particular consider, in due course, whether to substitute a variable sum for each contract which is dependent upon the level of administrative costs actually and reasonably incurred by the Authority in relation to that contract;

6. *Also decides*, subject to the present decision, that such expenditures shall be treated as actual and direct exploration expenditures as referred to in section 10.2 (c) of the standard clauses for exploration contracts contained in annex 4 to the Regulations;⁵

7. *Further decides* that the overhead charges shall be classed as miscellaneous income for credit to the general administrative fund;

8. *Requests* the Secretary-General to report annually on the implementation of all aspects of the present decision.

Annex

10.5 The contractor shall pay at the time of submission of the annual report an annual overhead charge of \$47,000 (or such sum as may be fixed in accordance with section 10.6 hereof) to cover the Authority's costs of the administration and supervision of this contract and of reviewing the reports submitted in accordance with section 10.1 hereof.

10.6 The amount of the annual overhead charge may be revised by the Authority to reflect its costs actually and reasonably incurred.

*142nd meeting
25 July 2013*



Assembly

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Statement by the President on the work of the Assembly of the International Seabed Authority at its nineteenth session

1. The nineteenth session of the Assembly of the International Seabed Authority was held in Kingston, from 15 to 26 July 2013. The Assembly held its 139th to 142nd meetings.

I. Adoption of the agenda

2. At its 139th meeting, on 15 July 2013, the Assembly adopted its agenda for the nineteenth session ([ISBA/19/A/1](#)).

II. Election of the President and Vice-Presidents of the Assembly

3. At the same meeting, Vladimir Mikhailovich Polenov (Russian Federation) was elected President of the Assembly for the nineteenth session. Following consultations in the regional groups, the representatives of Singapore (Asia-Pacific States), South Africa (African States), Spain (Western European and Other States) and Brazil (Latin American and Caribbean States), were elected Vice-Presidents.

III. Election to fill vacancies on the Finance Committee

4. Also at the same meeting, the Assembly elected Mr. Olivier Guyonvarch (France) as a member of the Finance Committee to fill the vacancy left by Mr. Serge Ségura (France) to serve the remainder of the term ending 31 December 2016. It also elected Mr. Chen Changxue (China) to fill the vacancy left by Mr. Yao Jinsong (China) to serve the remainder of the term ending 31 December 2016, and Mr. Vishnu Dutt Sharma (India) to fill the vacancy left by Mr. Pradip Choudhary (India) to serve the remainder of the term ending 31 December 2016.



IV. Annual report of the Secretary-General

5. The Assembly considered the annual report of the Secretary-General (ISBA/19/A/2) at its 140th and 141st meetings on 24 July and at its 142nd meeting on 25 July. At the 140th meeting, the Secretary-General introduced the report to the Assembly, as required under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea. The Secretary-General reviewed the Authority's work since the eighteenth session and outlined the progress that had been made in the implementation of its programme of work for the period 2012-2014.

6. The Secretary-General's report provided an overview of the Authority's work, including relations with the host Government, administrative matters, and budgetary and financial issues. It also dealt with, inter alia, the status of contracts for exploration, the ongoing exploration and future exploitation of marine minerals in the Area, and capacity-development and training.

7. At the 141st meeting of the Assembly, the Minister for Foreign Affairs and Foreign Trade of Jamaica, Arnold J. Nicholson, stated that, as the seat of the Authority, Jamaica was extremely pleased to witness the developments relating to the deep seabed. After elaborating on the stance of Jamaica relating to marine environmental protection, training and the mining code, he highlighted that the 2014 session, which would mark the twentieth anniversary of the entry into force of the Convention and the establishment of the Authority, would provide an opportunity for the host country and the secretariat to continue the process of sensitization and awareness of the work of the Authority. He reaffirmed that Jamaica took its responsibility as host country seriously and would, as always, work in close collaboration with the Authority to ensure full implementation of the host country agreement, and stood ready to facilitate and assist in any endeavour to achieve that end through a continued process of dialogue. Subsequently, the Jamaican delegation made a statement on the issue of the employment of spouses of the Authority's staff in the host country.

8. Statements were also made by the delegations of Argentina, Australia, Bangladesh, Brazil, Cameroon, Chile, China, the Cook Islands, Cuba, Ecuador, Fiji, France, Germany, Guyana, India, Indonesia, Japan, Mexico, Myanmar, Nigeria, Norway, the Philippines, the Russian Federation, Senegal, Singapore, Spain, South Africa, Tonga, Trinidad and Tobago, Uganda and the United Kingdom of Great Britain and Northern Ireland. In addition, statements were made by the observer delegations of the Division for Ocean Affairs and the Law of the Sea of the United Nations Secretariat, the Commonwealth and the Permanent Commission for the South Pacific. Members expressed their general satisfaction with the detailed report and indicated their support for the work that had been undertaken during the reporting period by the Authority. Ecuador, Swaziland and Timor-Leste were welcomed as new members of the Authority.

9. Several delegations reaffirmed the importance of the Voluntary Trust Fund and the International Seabed Authority Endowment Fund. The delegation of China stated that in July 2013 China made a contribution in the amount of \$20,000 to the Voluntary Trust Fund, following its successive contributions of \$20,000 in 2008, 2009 and 2012. The delegation of Japan informed the Assembly that Japan had decided to contribute \$44,760 to the Voluntary Trust Fund. The delegation of Norway also announced that country's recent decision to contribute approximately

\$100,000 to the Voluntary Trust Fund. The delegation of the United Kingdom indicated that the United Kingdom had contributed \$10,000 to the Endowment Fund in 2013.

10. Speaking on behalf of Australia, Canada and New Zealand, the representative of Australia recognized the significance of the proposal for a joint venture operation with the Enterprise, and wished to receive detailed advice from the secretariat, the Legal and Technical Commission and the Finance Committee on the issues relating to the operation of the Enterprise to address a number of relatively new issues and challenges for the Authority. The same sentiment was echoed by several other delegations.

11. A number of delegations commended the substantial amount of preparatory work already carried out by the Authority, and anticipated further consideration of the exploitation code for polymetallic nodules at the Authority's next session in 2014, in particular, on the issues of the licensing system, fiscal regime and protection of the marine environment.

12. Many delegations congratulated the Governments of China and Japan, respectively, for the approval by the Council of the plan of work for exploration for cobalt-rich ferromanganese crusts that each country had submitted. Several delegations stated that the Legal and Technical Commission was expected more than ever to work in an efficient manner with the full participation of its members and to complete its consideration of the four pending applications for plans of work for exploration at its next session.

13. The delegations of Brazil, Cameroon, India, Indonesia and Mexico welcomed the workshop convened in Beijing in November 2012 focusing on the implementation of article 82 of the Convention. The delegations of Trinidad and Tobago as well as those of Australia, Canada and New Zealand highlighted the key role of the Authority in this respect. The delegations of Japan and Norway felt that there were more pressing issues before the Authority at the present time.

14. Many delegations stressed the significance of training and capacity-building for the developing countries to benefit from ocean resources. One delegation further called for a comprehensive assessment to be conducted on the capacity-building needs of member States in relation to ocean affairs and the law of the sea. The delegation of Nigeria expressed the hope that the African Group would be equitably rewarded in the allocation of training opportunities without compromising the qualification criteria.

15. A number of delegations attached importance to the protection of the marine environment. Several of them welcomed the recommendations issued by the Legal and Technical Commission for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area. Two delegations suggested that the environment management plan for the Clarion-Clipperton Zone should be applicable *mutatis mutandis* to other zones of the Area. Some delegations continued to emphasize that the management of activities undertaken in the Area required accurate environmental baseline data.

16. Several delegations echoed the Secretary-General's appeal for all coastal States to deposit such charts or relevant information describing the outer limits of their continental shelf. The representative of the Philippines stated that such charts and other relevant information would be submitted to the Authority in due course.

17. Some delegations lamented the low attendance at the sessions, especially from the developing countries. One delegation noted that this year would be the lowest one, with 34 per cent participation for the Assembly. The lack of a quorum raised concerns over the legitimacy of the decisions adopted by the Authority. Several delegations voiced their support to the Secretary-General's plan for the twentieth anniversary commemoration of the establishment of the Authority, and called for improved attendance for the special occasion.

18. Endorsing a suggestion made by the representative of Argentina, the representatives of Brazil and Chile requested that all documents that formed the basis of the work of the Finance Committee be made available to delegations via the website or in the conference room.

V. Report and recommendations of the Finance Committee

19. At its 142nd meeting, on 25 July 2013, the Assembly considered the report of the Finance Committee contained in document [ISBA/19/A/7-ISBA/19/C/11](#), including proposed measures for the recovery of the costs relating to the administration of exploration contracts with the Authority. On the basis of the recommendation of the Council, the Assembly adopted the decision relating to financial and budgetary matters, as contained in document [ISBA/19/A/8](#). The Assembly also adopted the decision concerning overhead charges for the administration and supervision of exploration contracts, as contained in document [ISBA/19/A/12](#).

VI. Approval of the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

20. At its 142nd meeting, on 25 July 2013, the Assembly considered and approved the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area, as provisionally adopted by the Council at its 190th meeting, on 22 July 2013, as contained in the annex to the decision of the Council ([ISBA/19/C/17](#)). The decision of the Assembly is contained in document [ISBA/19/A/9](#).

VII. Appointment and report of the Credentials Committee

21. At its 139th meeting, on 15 July 2013, the Assembly appointed a Credentials Committee consisting of the following nine members: Australia, Guyana, Jamaica, Myanmar, Namibia, Nigeria, New Zealand, the Philippines and the Russian Federation.

22. The Committee held one meeting, on 24 July 2013, and elected Mrs. Indera Persaud (Guyana) as its Chair for the nineteenth session. The Committee examined the credentials of the representatives participating in the current session of the Assembly. The Committee had before it a memorandum by the secretariat dated 24 July 2013 on the status of those credentials. The report of the Committee is contained in document [ISBA/19/A/10](#).

23. At its 142nd meeting, on 25 July 2013, the Assembly considered and approved the report of the Committee. The decision of the Assembly relating to the credentials of representatives to the nineteenth session is contained in document [ISBA/19/A/11](#).

VIII. Other matters

24. At its 142nd meeting, on 25 July 2013, the Assembly adopted a decision expressing its condolences on the passing away of Vijay Kodagali, a geologist and long-serving member of the secretariat ([ISBA/19/A/13](#)).

IX. Dates of the next session of the Assembly

25. The next session of the Assembly will be held from 7 to 25 July 2014. It will be the turn of the Latin American and Caribbean States to nominate a candidate for the Presidency of the Assembly in 2014.

COUNCIL

ISBA/19/C/2	Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by China Ocean Mineral Resources Research and Development Association
ISBA/19/C/3	Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by Japan Oil, Gas and Metals National Corporation
ISBA/19/C/4	Proposal for a Joint Venture Operation with the Enterprise. Report by the Interim Director-General of the Enterprise
ISBA/19/C/5	Towards the Development of a Regulatory Framework for Polymetallic Nodule Exploitation in the Area
ISBA/19/C/6	Considerations relating to a proposal by Nautilus Minerals Inc. for a Joint Venture Operation with the Enterprise
ISBA/19/C/7	Proposed amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area
ISBA/19/C/8	Status of contracts for exploration
ISBA/19/C/9 Rev.1	Periodic review of the implementation of the plans of work for exploration for polymetallic nodules in the Area
ISBA/19/C/12	Laws, regulations and administrative measures adopted by sponsoring States and other members of the International Seabed Authority with respect to the activities in the Area
ISBA/19/C/13	Decision of the Council relating to an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by the China Ocean Mineral Resources Research and Development Association
ISBA/19/C/14	Summary report of the Chair of the Legal and Technical Commission on the work of the Commission during the nineteenth session of the International Seabed Authority
ISBA/19/C/15	Decision of the Council relating to an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by Japan Oil, Gas and Metals National Corporation
ISBA/19/C/16	Decision of the Council relating to financial and budgetary matters
ISBA/19/C/17	Decision of the Council of the International Seabed Authority relating to amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area and related matters
ISBA/19/C/18	Statement of the President of the Council of the International Seabed Authority on the work of the Council during the nineteenth session



Council

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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by the China Ocean Mineral Resources Research and Development Association

I. Introduction

1. On 27 July 2012, the Secretary-General of the International Seabed Authority received an application from the China Ocean Mineral Resources Research and Development Association (COMRA) for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts in the Area (see ISBA/19/LTC/5). The application was submitted pursuant to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/A/11, annex). The application covers a total surface area of 3,000 square kilometres, located in the West Pacific Ocean.

2. In accordance with regulation 22 (c) of the Regulations, by a note verbale dated 24 August 2012, the Secretary-General notified the members of the International Seabed Authority of the receipt of the application and circulated information of a general nature concerning the application. The Secretary-General also placed consideration of the application on the agenda of the meeting of the Legal and Technical Commission held from 4 to 8 February 2013.

II. Methodology for consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the United Nations



Convention on the Law of the Sea, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in the Regulations, particularly with respect to the form of applications; whether the applicant had provided the necessary undertakings and assurances specified in regulation 15; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration. The Commission is then required to determine, in accordance with regulation 23, paragraph 4, whether the proposed plan of work will provide for effective protection of human health and safety and effective protection and preservation of the marine environment and will ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 23, paragraph 5, provides that, if the Commission makes the determinations specified in paragraph 3 of regulation 23 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.

4. In considering the proposed plan of work for exploration for cobalt-rich ferromanganese crusts, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in part XI and annex III of the Convention and in the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea.

B. Consideration of the application

5. The Commission considered the application in closed meetings on 4, 5, 6 and 8 February 2013.

6. Prior to commencing a detailed examination of the application, the Commission invited the applicant's designated representative, Jin Jiancai, Secretary-General of COMRA, to make a presentation of the application. The following members of the delegation made statements: He Gaowen, Deputy Chief Engineer, Guangzhou Marine Geological Survey, China Geological Survey, Ministry of Land and Resources; and Wang Chunsheng, Senior Researcher, Second Institute of Oceanography, State Oceanic Administration. Members of the Commission then asked questions to clarify certain aspects of the application before convening in closed session to examine the application in detail. Following its initial consideration, the Commission decided to request the Chair of the Commission to transmit a list of questions to the applicant in writing. The written responses provided by the applicant, which superseded the equivalent parts of the originally submitted application, were taken into account by the Commission in its subsequent consideration.

III. Summary of basic information regarding the application

A. Identification of the applicant

7. The name and address of the applicant are as follows:

(a) Name: China Ocean Mineral Resources Research and Development Association (COMRA);

- (b) Street address: 1 Fuxingmenwai Avenue, Beijing, China, 100860;
 - (c) Postal address: as above;
 - (d) Telephone number: 86-10-68022117;
 - (e) Facsimile number: 86-10-68033318;
 - (f) E-mail address: comra@comra.org.
8. The applicant's designated representative is:
- (a) Name: JIN Jiancai;
 - (b) Street and postal addresses: 1 Fuxingmenwai Avenue, Beijing, China, 100860;
 - (c) Telephone number: 86-10-68030504;
 - (d) Facsimile number: 86-10-68030504;
 - (e) E-mail address: jin@comra.org;
 - (f) Applicant's place of registration and principal place of business/ domicile: Beijing, China.
9. The applicant provided a certificate of registration issued on 16 June 2008 and renewed until 31 March 2013 which indicates that COMRA is registered as a State enterprise in the sponsoring State.

B. Sponsorship

10. The sponsoring State is China.
11. The date of deposit of the sponsoring State's instrument of ratification of the United Nations Convention on the Law of the Sea and date of its consent to be bound by the Agreement relating to the implementation of Part XI of the Convention is 7 July 1996.
12. The certificate of sponsorship is dated 18 June 2012; it was issued by Liu Cigui, Administrator, State Oceanic Administration.
13. The Commission noted that the application was sponsored by China and that a certificate of sponsorship, in due and proper form, had been submitted. In that certificate, the State Oceanic Administration, acting on behalf of China, and as authorized by the State Council of China, stated that COMRA was under the effective control of China; and the sponsoring State declared that it assumed responsibility in accordance with article 139 and paragraph 4 of article 153 of the United Nations Convention on the Law of the Sea and paragraph 4 of article 4 of annex III to the Convention.

C. Area of application

14. The area comprises two sub-areas, namely sub-area A-I and sub-area A-II, each comprising 75 blocks. Each block is square in shape and not greater than 20 square kilometres. The blocks are grouped into four clusters. The total area under application does not exceed 3,000 square kilometres. All of the blocks are located

entirely within a geographical area measuring not more than 550 kilometres by 550 kilometres. The coordinates and general location of the area under application are shown in the annexes to the present document. This is in compliance with regulation 12.

D. Other information

15. The applicant has been previously awarded two contracts with the Authority as follows:

(a) COMRA and the Authority signed a contract for exploration for polymetallic nodules in the Area on 22 May 2001 in Beijing;

(b) COMRA and the Authority signed a contract for exploration for polymetallic sulphides in the Area on 18 November 2011 in Beijing.

The applicant has listed the reports submitted in accordance with the Regulations on prospecting and exploration for polymetallic nodules in the Area.

16. The application includes a written undertaking dated 18 June 2012 and signed by the designated representative of the applicant.

17. The applicant elects to offer an equity interest in a joint venture arrangement in accordance with regulation 19.

18. The applicant has paid a fee of \$500,000 in accordance with regulation 21.

IV. Examination of information and technical data submitted by the applicant

19. The following technical documents and information were provided:

(a) Information relating to the area under application:

(i) Charts of the location of the blocks;

(ii) A list of the coordinates of the blocks under application;

(b) A certificate of sponsorship;

(c) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;

(d) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;

(e) Plan of work for exploration;

(f) Training programme;

(g) Written undertakings by the applicant.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

20. The applicant declared its financial capacity to carry out the proposed plan of work for exploration and fulfil its financial obligations to the Authority. In evaluating the financial capacity of the applicant, the Commission was provided with a financial statement dated 18 June 2012 and duly signed by Xie Xuren, Minister of Finance of China, certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration and to fulfil its financial obligations to the Authority.

B. Technical capacity

21. The applicant stated that it was one of the registered pioneer investors of exploration for polymetallic nodules in the Area and that it possessed the relevant capability to explore for seabed mineral resources. The applicant further stated that it had been performing investigations into the cobalt-rich ferromanganese crusts of the Pacific Ocean since the 1990s. These activities have included testing of ores, excavation and processing and environmental studies. The applicant outlined the main methods it would use for investigations, including technical descriptions, and their purpose. The applicant also described the environmental monitoring activities associated with specific activities such as test mining.

22. The applicant indicated that information gained by both the applicant and other entities would be used, along with data collected during baseline studies, to allow a preliminary five-year assessment of the potential impact of the proposed activities on the marine environment.

23. The applicant provided information related to the prevention, reduction and control of hazards and possible impacts to the marine environment. The information included a list of the measures that would be taken to respond to incidents that were likely to cause serious harm to the marine environment, as well as measures to comply with relevant IMO conventions to which the sponsoring State is a party and to cooperate with the Authority in establishing rules and environmental guidelines, gathering baseline data and establishing contingency plans to respond effectively to such incidents.

VI. Consideration of data and information submitted for approval of the plan of work for exploration

24. In accordance with regulation 20 of the Regulations, the application included the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme of activities for the first five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the Regulations and environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, including, but not restricted to, the impact on biodiversity, taking into account any recommendations by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Information necessary for the Council to make the determination it is required to make in accordance with regulation 13, paragraph 1, of the Regulations;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the first five-year period.

VII. Training programme

25. The applicant submitted a provisional training programme.

VIII. Conclusion and recommendations

26. Having examined the particulars submitted by the applicant, which are summarized in sections III to VII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant:

(a) Has complied with the provisions of the Regulations;

(b) Has given the undertakings and assurances specified in regulation 15;

(c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

27. The Commission states that none of the conditions in regulation 23, paragraph 6, of the Regulations apply.

28. The Commission is satisfied that the proposed plan of work for exploration will:

(a) Provide for effective protection of human health and safety;

(b) Provide for effective protection and preservation of the marine environment;

(c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

29. Accordingly, pursuant to regulation 23, paragraph 5, of the Regulations, the Commission recommends to the Council approval of the plan of work for exploration submitted by COMRA.

Annex I

List of coordinates of the area under application (in accordance with the World Geodetic System 84)

Area I

Block No.	Longitude E			Latitude N		
	(degrees)	(minutes)	(seconds)	(degrees)	(minutes)	(seconds)
1	156	25	58.35	12	37	18.43
	156	28	26.56	12	37	18.18
	156	28	26.30	12	34	52.61
	156	25	58.10	12	34	52.87
2	156	28	26.44	12	36	11.44
	156	30	54.65	12	36	11.17
	156	30	54.36	12	33	45.61
	156	28	26.17	12	33	45.88
3	156	30	54.65	12	36	11.17
	156	33	22.85	12	36	10.87
	156	33	22.54	12	33	45.31
	156	30	54.36	12	33	45.61
4	156	33	23.17	12	38	36.43
	156	35	51.39	12	38	36.11
	156	35	51.05	12	36	10.55
	156	33	22.85	12	36	10.87
5	156	30	54.94	12	38	36.73
	156	33	23.17	12	38	36.43
	156	33	22.85	12	36	10.87
	156	30	54.65	12	36	11.17
6	156	28	26.71	12	38	37.01
	156	30	54.94	12	38	36.73
	156	30	54.65	12	36	11.17
	156	28	26.44	12	36	11.44
7	156	25	58.59	12	39	43.99
	156	28	26.83	12	39	43.74
	156	28	26.56	12	37	18.18
	156	25	58.35	12	37	18.43
8	156	28	26.98	12	41	2.57
	156	30	55.23	12	41	2.29
	156	30	54.94	12	38	36.73
	156	28	26.71	12	38	37.01
9	156	30	55.23	12	41	2.29
	156	33	23.48	12	41	1.99

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
10	156	33	23.17	12	38	36.43
	156	30	54.94	12	38	36.73
	156	33	23.48	12	41	1.99
	156	35	51.73	12	41	1.67
	156	35	51.39	12	38	36.11
11	156	33	23.17	12	38	36.43
	156	33	23.80	12	43	27.55
	156	35	52.07	12	43	27.23
	156	35	51.73	12	41	1.67
12	156	33	23.48	12	41	1.99
	156	30	55.52	12	43	27.85
	156	33	23.80	12	43	27.55
	156	33	23.48	12	41	1.99
13	156	30	55.23	12	41	2.29
	156	28	27.25	12	43	28.13
	156	30	55.52	12	43	27.85
	156	30	55.23	12	41	2.29
14	156	28	26.98	12	41	2.57
	156	28	27.52	12	45	53.69
	156	30	55.82	12	45	53.42
	156	30	55.52	12	43	27.85
15	156	28	27.25	12	43	28.13
	156	30	55.82	12	45	53.42
	156	33	24.12	12	45	53.11
16	156	33	23.80	12	43	27.55
	156	30	55.52	12	43	27.85
	156	33	24.12	12	45	53.11
	156	35	52.41	12	45	52.79
17	156	35	52.07	12	43	27.23
	156	33	23.80	12	43	27.55
	156	35	52.41	12	45	52.79
	156	38	20.71	12	45	52.44
	156	38	20.34	12	43	26.89
18	156	35	52.07	12	43	27.23
	156	35	52.76	12	48	18.35
	156	38	21.08	12	48	18.00
	156	38	20.71	12	45	52.44
	156	35	52.41	12	45	52.79

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
19	156	33	24.43	12	48	18.67
	156	35	52.76	12	48	18.35
	156	35	52.41	12	45	52.79
	156	33	24.12	12	45	53.11
20	156	30	56.11	12	48	18.98
	156	33	24.43	12	48	18.67
	156	33	24.12	12	45	53.11
	156	30	55.82	12	45	53.42
21	156	28	27.79	12	48	19.26
	156	30	56.11	12	48	18.98
	156	30	55.82	12	45	53.42
	156	28	27.52	12	45	53.69
22	156	28	28.06	12	50	44.82
	156	30	56.41	12	50	44.54
	156	30	56.11	12	48	18.98
	156	28	27.79	12	48	19.26
23	156	30	56.41	12	50	44.54
	156	33	24.75	12	50	44.23
	156	33	24.43	12	48	18.67
	156	30	56.11	12	48	18.98
24	156	28	28.34	12	53	10.38
	156	30	56.71	12	53	10.10
	156	30	56.41	12	50	44.54
	156	28	28.06	12	50	44.82
25	156	30	56.71	12	53	10.10
	156	33	25.08	12	53	9.79
	156	33	24.75	12	50	44.23
	156	30	56.41	12	50	44.54
26	156	33	25.02	12	52	45.99
	156	35	53.39	12	52	45.67
	156	35	53.04	12	50	20.11
	156	33	24.70	12	50	20.43
27	156	35	53.39	12	52	45.67
	156	38	21.75	12	52	45.32
	156	38	21.38	12	50	19.76
	156	35	53.04	12	50	20.11
28	156	38	21.81	12	53	7.77
	156	40	50.17	12	53	7.39

Block No.	Longitude E			Latitude N		
	(degrees)	(minutes)	(seconds)	(degrees)	(minutes)	(seconds)
29	156	40	49.78	12	50	41.84
	156	38	21.44	12	50	42.21
	156	33	25.35	12	55	11.55
	156	35	53.73	12	55	11.22
	156	35	53.39	12	52	45.67
30	156	33	25.02	12	52	45.99
	156	35	53.73	12	55	11.22
	156	38	22.12	12	55	10.87
	156	38	21.75	12	52	45.32
31	156	35	53.39	12	52	45.67
	156	38	22.18	12	55	33.32
	156	40	50.57	12	55	32.95
	156	40	50.17	12	53	7.39
32	156	38	21.81	12	53	7.77
	156	40	50.46	12	54	54.48
	156	43	18.85	12	54	54.09
	156	43	18.43	12	52	28.53
33	156	40	50.07	12	52	28.93
	156	40	50.86	12	57	20.04
	156	43	19.26	12	57	19.64
	156	43	18.85	12	54	54.09
34	156	40	50.46	12	54	54.48
	156	43	19.02	12	55	55.40
	156	45	47.41	12	55	54.98
	156	45	46.97	12	53	29.43
35	156	43	18.60	12	53	29.85
	156	43	19.44	12	58	20.96
	156	45	47.85	12	58	20.53
	156	45	47.41	12	55	54.98
36	156	43	19.02	12	55	55.40
	156	45	47.73	12	57	41.14
	156	48	16.14	12	57	40.70
	156	48	15.67	12	55	15.15
37	156	45	47.29	12	55	15.59
	156	45	48.18	13	0	6.69
	156	48	16.61	13	0	6.25
	156	48	16.14	12	57	40.70
	156	45	47.73	12	57	41.14

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
38	156	48	16.57	12	59	54.07
	156	50	45.00	12	59	53.60
	156	50	44.51	12	57	28.05
	156	48	16.10	12	57	28.52
39	156	48	26.68	13	2	19.59
	156	50	55.13	13	2	19.12
	156	50	54.63	12	59	53.57
	156	48	26.21	12	59	54.04
40	156	50	55.06	13	2	0.15
	156	53	23.51	13	1	59.66
	156	53	22.99	12	59	34.11
	156	50	54.57	12	59	34.61
41	156	50	55.56	13	4	25.70
	156	53	24.03	13	4	25.20
	156	53	23.51	13	1	59.66
	156	50	55.06	13	2	0.15
42	156	53	24.41	13	6	9.65
	156	55	52.89	13	6	9.12
	156	55	52.35	13	3	43.58
	156	53	23.88	13	3	44.10
43	156	53	23.88	13	3	44.10
	156	55	52.35	13	3	43.58
	156	55	51.80	13	1	18.03
	156	53	23.36	13	1	18.56
44	156	53	23.36	13	1	18.56
	156	55	51.80	13	1	18.03
	156	55	51.26	12	58	52.49
	156	53	22.85	12	58	53.01
45	156	55	51.92	13	1	49.06
	156	58	20.36	13	1	48.51
	156	58	19.79	12	59	22.97
	156	55	51.37	12	59	23.51
46	156	55	51.37	12	59	23.51
	156	58	19.79	12	59	22.97
	156	58	19.23	12	56	57.43
	156	55	50.83	12	56	57.97
47	156	58	19.71	12	59	3.22
	157	0	48.13	12	59	2.65

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
	157	0	47.54	12	56	37.11
	156	58	19.15	12	56	37.68
48	156	58	31.41	12	56	37.63
	157	0	59.80	12	56	37.06
	157	0	59.21	12	54	11.52
	156	58	30.85	12	54	12.09
49	157	0	59.46	12	55	14.49
	157	3	27.84	12	55	13.90
	157	3	27.22	12	52	48.36
	157	0	58.88	12	52	48.95
50	157	3	27.57	12	54	11.69
	157	5	55.93	12	54	11.08
	157	5	55.30	12	51	45.54
	157	3	26.96	12	51	46.15
51	157	0	58.88	12	52	48.95
	157	3	27.22	12	52	48.36
	157	3	26.62	12	50	22.82
	157	0	58.29	12	50	23.40
52	156	58	30.53	12	52	49.51
	157	0	58.88	12	52	48.95
	157	0	58.29	12	50	23.40
	156	58	29.96	12	50	23.97
53	156	58	58.86	12	50	23.86
	157	1	27.18	12	50	23.29
	157	1	26.59	12	47	57.75
	156	58	58.29	12	47	58.31
54	157	1	27.18	12	50	23.29
	157	3	55.51	12	50	22.70
	157	3	54.89	12	47	57.16
	157	1	26.59	12	47	57.75
55	156	58	58.29	12	47	58.31
	157	1	26.59	12	47	57.75
	157	1	26.01	12	45	32.21
	156	58	57.73	12	45	32.77
56	156	56	29.99	12	47	58.86
	156	58	58.29	12	47	58.31
	156	58	57.73	12	45	32.77
	156	56	29.45	12	45	33.31

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
57	156	56	29.45	12	45	33.31
	156	58	57.73	12	45	32.77
	156	58	57.17	12	43	7.22
	156	56	28.91	12	43	7.76
58	156	54	1.04	12	44	58.60
	156	56	29.32	12	44	58.09
	156	56	28.78	12	42	32.54
	156	54	0.53	12	42	33.05
59	156	53	9.77	12	42	33.22
	156	55	38.03	12	42	32.72
	156	55	37.50	12	40	7.17
	156	53	9.27	12	40	7.67
60	156	50	41.57	12	42	48.90
	156	53	9.83	12	42	48.41
	156	53	9.32	12	40	22.86
	156	50	41.09	12	40	23.35
61	156	50	11.44	12	40	23.44
	156	52	39.67	12	40	22.96
	156	52	39.17	12	37	57.41
	156	50	10.96	12	37	57.89
62	156	48	13.54	12	44	1.52
	156	50	41.81	12	44	1.05
	156	50	41.33	12	41	35.50
	156	48	13.08	12	41	35.96
63	156	45	45.70	12	46	29.22
	156	48	14.00	12	46	28.78
	156	48	13.54	12	44	3.23
	156	45	45.27	12	44	3.67
64	156	45	45.27	12	44	3.67
	156	48	13.54	12	44	3.23
	156	48	13.08	12	41	37.68
	156	45	44.83	12	41	38.12
65	156	43	17.13	12	44	53.75
	156	45	45.42	12	44	53.34
	156	45	44.98	12	42	27.78
	156	43	16.72	12	42	28.20
66	156	43	17.55	12	47	19.31
	156	45	45.85	12	47	18.89

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
	156	45	45.42	12	44	53.34
	156	43	17.13	12	44	53.75
67	156	40	49.35	12	48	1.30
	156	43	17.66	12	48	0.91
	156	43	17.25	12	45	35.36
	156	40	48.96	12	45	35.75
68	156	40	48.96	12	45	35.75
	156	43	17.25	12	45	35.36
	156	43	16.84	12	43	9.80
	156	40	48.57	12	43	10.19
69	156	38	21.08	12	48	18.01
	156	40	49.39	12	48	17.64
	156	40	49.00	12	45	52.08
	156	38	20.71	12	45	52.45
70	156	38	20.71	12	45	52.45
	156	40	49.00	12	45	52.08
	156	40	48.62	12	43	26.53
	156	38	20.34	12	43	26.89
71	156	32	8.59	12	18	28.08
	156	34	36.62	12	18	27.78
	156	34	36.31	12	16	2.21
	156	32	8.29	12	16	2.51
72	156	29	40.55	12	18	28.36
	156	32	8.59	12	18	28.08
	156	32	8.29	12	16	2.51
	156	29	40.28	12	16	2.79
73	156	27	12.51	12	18	28.62
	156	29	40.55	12	18	28.36
	156	29	40.28	12	16	2.79
	156	27	12.26	12	16	3.05
74	156	27	12.26	12	16	3.05
	156	29	40.28	12	16	2.79
	156	29	40.01	12	13	37.23
	156	27	12.01	12	13	37.48
75	156	29	40.28	12	16	2.79
	156	32	8.29	12	16	2.51
	156	32	8.00	12	13	36.95
	156	29	40.01	12	13	37.23

Area A-II

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
1	154	54	10.71	15	24	12.21
	154	56	40.71	15	24	12.93
	154	56	41.44	15	21	47.42
	154	54	11.48	15	21	46.70
2	154	56	40.84	15	23	46.95
	154	59	10.83	15	23	47.65
	154	59	11.53	15	21	22.14
	154	56	41.57	15	21	21.44
3	154	59	11.18	15	22	34.24
	155	1	41.16	15	22	34.90
	155	1	41.83	15	20	9.39
	154	59	11.88	15	20	8.72
4	155	1	41.43	15	21	35.76
	155	4	11.40	15	21	36.40
	155	4	12.04	15	19	10.89
	155	1	42.10	15	19	10.25
5	155	4	11.67	15	20	34.20
	155	6	41.63	15	20	34.82
	155	6	42.24	15	18	9.30
	155	4	12.32	15	18	8.69
6	155	1	42.10	15	19	10.25
	155	4	12.04	15	19	10.89
	155	4	12.68	15	16	45.37
	155	1	42.77	15	16	44.73
7	155	0	35.55	15	16	44.44
	155	3	5.45	15	16	45.09
	155	3	6.11	15	14	19.57
	155	0	36.23	15	14	18.92
8	154	58	58.32	15	14	18.49
	155	1	28.20	15	14	19.15
	155	1	28.87	15	11	53.64
	154	58	59.02	15	11	52.97
9	154	57	57.00	15	11	52.69
	155	0	26.85	15	11	53.37
	155	0	27.53	15	9	27.85
	154	57	57.71	15	9	27.18
10	154	56	28.44	15	14	17.79
	154	58	58.32	15	14	18.49

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
11	154	58	59.02	15	11	52.97
	154	56	29.17	15	11	52.28
	154	58	5.64	15	16	43.76
	155	0	35.55	15	16	44.44
	155	0	36.23	15	14	18.92
12	154	58	6.35	15	14	18.25
	154	55	35.67	15	16	56.08
	154	58	5.58	15	16	56.78
	154	58	6.29	15	14	31.27
13	154	55	36.41	15	14	30.57
	154	54	12.24	15	19	21.19
	154	56	42.17	15	19	21.91
	154	56	42.90	15	16	56.40
14	154	54	12.99	15	16	55.68
	154	56	41.57	15	21	21.44
	154	59	11.53	15	21	22.14
	154	59	12.23	15	18	56.62
15	154	56	42.30	15	18	55.93
	154	54	11.48	15	21	46.70
	154	56	41.44	15	21	47.42
	154	56	42.17	15	19	21.91
16	154	54	12.24	15	19	21.19
	154	52	44.70	15	29	40.39
	154	55	14.76	15	29	41.14
	154	55	15.51	15	27	15.63
17	154	52	45.49	15	27	14.88
	154	55	14.94	15	29	7.05
	154	57	44.99	15	29	7.77
	154	57	45.71	15	26	42.26
18	154	55	15.69	15	26	41.54
	154	55	14.18	15	31	32.56
	154	57	44.26	15	31	33.28
	154	57	44.99	15	29	7.77
19	154	55	14.94	15	29	7.05
	154	54	46.25	15	33	57.93
	154	57	16.36	15	33	58.66
	154	57	17.09	15	31	33.15
	154	54	47.01	15	31	32.43

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
20	154	54	7.92	15	36	23.25
	154	56	38.06	15	36	23.99
	154	56	38.80	15	33	58.48
	154	54	8.69	15	33	57.75
21	154	54	7.14	15	38	48.76
	154	56	37.31	15	38	49.49
	154	56	38.06	15	36	23.99
	154	54	7.92	15	36	23.25
22	154	54	6.37	15	41	14.26
	154	56	36.56	15	41	15.00
	154	56	37.31	15	38	49.49
	154	54	7.14	15	38	48.76
23	154	54	5.59	15	43	39.77
	154	56	35.81	15	43	40.51
	154	56	36.56	15	41	15.00
	154	54	6.37	15	41	14.26
24	154	53	57.61	15	46	5.23
	154	56	27.86	15	46	5.98
	154	56	28.62	15	43	40.47
	154	53	58.39	15	43	39.73
25	154	56	27.80	15	46	18.37
	154	58	58.06	15	46	19.09
	154	58	58.78	15	43	53.58
	154	56	28.55	15	43	52.87
26	154	56	27.04	15	48	43.88
	154	58	57.33	15	48	44.60
	154	58	58.06	15	46	19.09
	154	56	27.80	15	46	18.37
27	154	58	57.01	15	49	48.12
	155	1	27.32	15	49	48.81
	155	1	28.02	15	47	23.30
	154	58	57.74	15	47	22.61
28	154	58	57.74	15	47	22.61
	155	1	28.02	15	47	23.30
	155	1	28.71	15	44	57.79
	154	58	58.47	15	44	57.10
29	155	1	27.74	15	48	20.62
	155	3	58.03	15	48	21.28

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
30	155	3	58.70	15	45	55.77
	155	1	28.44	15	45	55.11
	155	1	27.05	15	50	46.13
	155	3	57.36	15	50	46.79
	155	3	58.03	15	48	21.28
31	155	1	27.74	15	48	20.62
	155	3	57.19	15	51	23.97
	155	6	27.52	15	51	24.61
	155	6	28.16	15	48	59.10
32	155	3	57.86	15	48	58.46
	155	3	57.86	15	48	58.46
	155	6	28.16	15	48	59.10
33	155	6	28.80	15	46	33.58
	155	3	58.53	15	46	32.95
	155	6	27.94	15	49	50.22
	155	8	58.25	15	49	50.83
	155	8	58.86	15	47	25.31
34	155	6	28.57	15	47	24.71
	155	6	27.30	15	52	15.74
	155	8	57.64	15	52	16.34
	155	8	58.25	15	49	50.83
35	155	6	27.94	15	49	50.22
	155	8	57.41	15	53	9.79
	155	11	27.77	15	53	10.37
36	155	11	28.35	15	50	44.86
	155	8	58.02	15	50	44.28
	155	8	58.02	15	50	44.28
	155	11	28.35	15	50	44.86
	155	11	28.93	15	48	19.34
37	155	8	58.63	15	48	18.77
	155	11	27.77	15	53	10.37
	155	13	58.12	15	53	10.92
38	155	13	58.67	15	50	45.40
	155	11	28.35	15	50	44.86
	155	11	27.19	15	55	35.88
	155	13	57.57	15	55	36.43
	155	13	58.12	15	53	10.92
	155	11	27.77	15	53	10.37

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
39	155	13	57.98	15	53	49.57
	155	16	28.34	15	53	50.09
	155	16	28.86	15	51	24.58
	155	13	58.53	15	51	24.06
40	155	13	57.43	15	56	15.09
	155	16	27.82	15	56	15.61
	155	16	28.34	15	53	50.09
	155	13	57.98	15	53	49.57
41	155	13	56.87	15	58	40.60
	155	16	27.30	15	58	41.13
	155	16	27.82	15	56	15.61
	155	13	57.43	15	56	15.09
42	155	16	27.22	15	59	3.21
	155	18	57.65	15	59	3.71
	155	18	58.14	15	56	38.19
	155	16	27.74	15	56	37.70
43	155	16	27.74	15	56	37.70
	155	18	58.14	15	56	38.19
	155	18	58.64	15	54	12.67
	155	16	28.26	15	54	12.18
44	155	16	28.26	15	54	12.18
	155	18	58.64	15	54	12.67
	155	18	59.13	15	51	47.15
	155	16	28.79	15	51	46.66
45	155	18	58.29	15	55	54.01
	155	21	28.69	15	55	54.47
	155	21	29.15	15	53	28.95
	155	18	58.78	15	53	28.49
46	155	18	57.80	15	58	19.53
	155	21	28.22	15	58	19.99
	155	21	28.69	15	55	54.47
	155	18	58.29	15	55	54.01
47	155	21	28.45	15	57	8.20
	155	23	58.86	15	57	8.64
	155	23	59.29	15	54	43.12
	155	21	28.91	15	54	42.68
48	155	21	28.91	15	54	42.68
	155	23	59.29	15	54	43.12

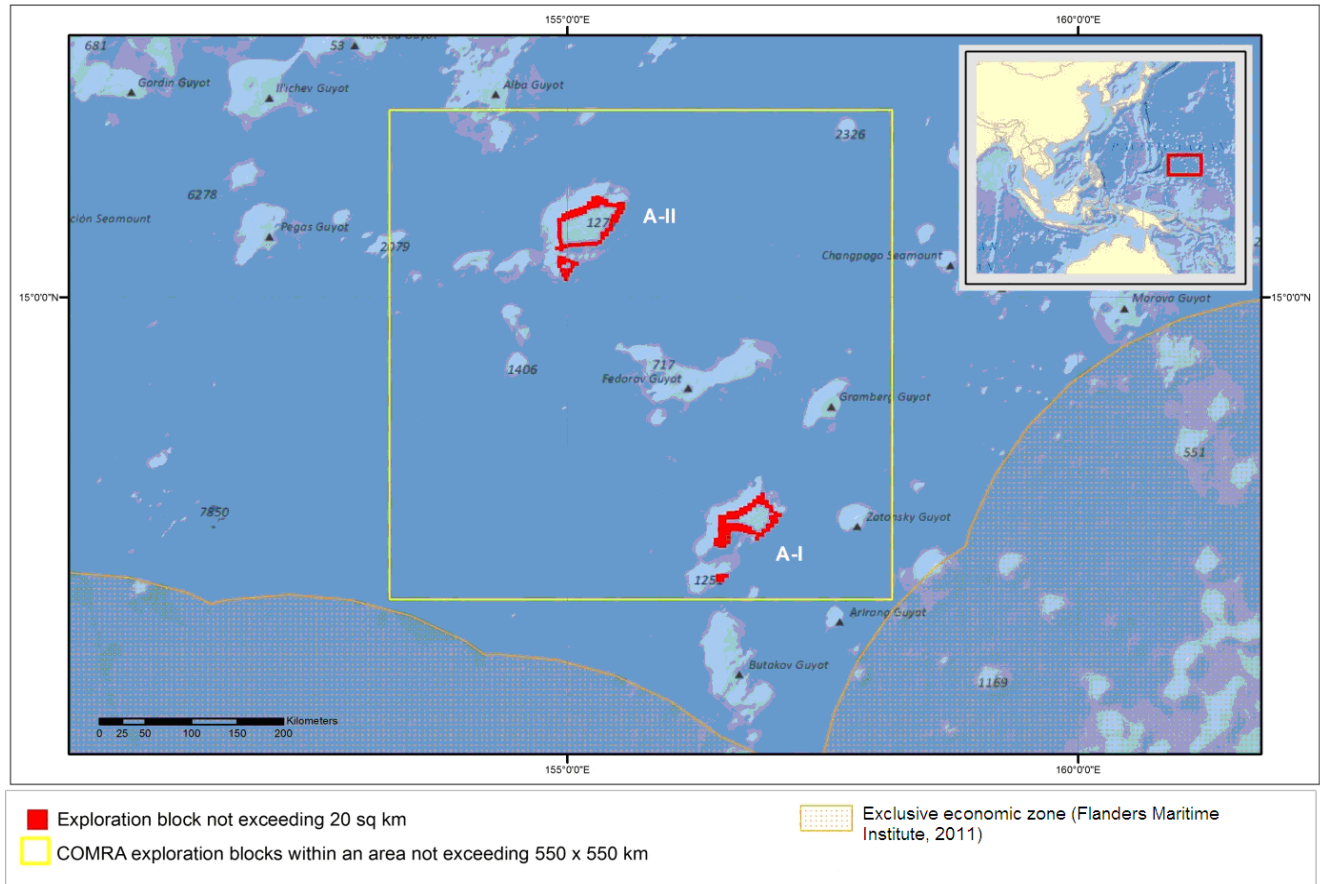
<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
49	155	23	59.73	15	52	17.59
	155	21	29.38	15	52	17.16
	155	23	59.29	15	54	43.12
	155	26	29.68	15	54	43.52
	155	26	30.08	15	52	18.00
50	155	23	59.73	15	52	17.59
	155	26	29.72	15	54	27.46
	155	29	0.10	15	54	27.83
	155	29	0.47	15	52	2.31
51	155	26	30.12	15	52	1.94
	155	28	59.96	15	55	21.08
	155	31	30.36	15	55	21.43
	155	31	30.70	15	52	55.91
52	155	29	0.34	15	52	55.56
	155	31	30.36	15	55	21.43
	155	34	0.75	15	55	21.75
	155	34	1.06	15	52	56.22
53	155	31	30.70	15	52	55.91
	155	31	30.70	15	52	55.91
	155	34	1.06	15	52	56.22
	155	34	1.37	15	50	30.70
54	155	31	31.04	15	50	30.38
	155	29	0.34	15	52	55.56
	155	31	30.70	15	52	55.91
	155	31	31.04	15	50	30.38
55	155	29	0.71	15	50	30.04
	155	27	45.82	15	50	29.86
	155	30	16.15	15	50	30.22
	155	30	16.50	15	48	4.69
56	155	27	46.20	15	48	4.33
	155	30	16.15	15	50	30.22
	155	32	46.48	15	50	30.54
	155	32	46.81	15	48	5.02
57	155	30	16.50	15	48	4.69
	155	28	18.60	15	48	4.41
	155	30	48.90	15	48	4.76
	155	30	49.25	15	45	39.24
	155	28	18.98	15	45	38.89

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
58	155	25	48.30	15	48	4.03
	155	28	18.60	15	48	4.41
	155	28	18.98	15	45	38.89
	155	25	48.71	15	45	38.51
59	155	25	5.52	15	45	38.40
	155	27	35.79	15	45	38.78
	155	27	36.17	15	43	13.26
	155	25	5.93	15	43	12.87
60	155	27	35.79	15	45	38.78
	155	30	6.06	15	45	39.14
	155	30	6.42	15	43	13.62
	155	27	36.17	15	43	13.26
61	155	24	23.35	15	43	12.76
	155	26	53.59	15	43	13.15
	155	26	53.98	15	40	47.63
	155	24	23.77	15	40	47.24
62	155	24	23.77	15	40	47.24
	155	26	53.98	15	40	47.63
	155	26	54.37	15	38	22.10
	155	24	24.19	15	38	21.71
63	155	21	53.67	15	40	13.76
	155	24	23.87	15	40	14.18
	155	24	24.29	15	37	48.66
	155	21	54.12	15	37	48.24
64	155	21	54.12	15	37	48.24
	155	24	24.29	15	37	48.66
	155	24	24.71	15	35	23.13
	155	21	54.56	15	35	22.71
65	155	19	23.88	15	38	7.32
	155	21	54.06	15	38	7.77
	155	21	54.50	15	35	42.25
	155	19	24.36	15	35	41.80
66	155	19	24.36	15	35	41.80
	155	21	54.50	15	35	42.25
	155	21	54.95	15	33	16.72
	155	19	24.83	15	33	16.28
67	155	17	44.64	15	33	15.96
	155	20	14.75	15	33	16.43

<i>Block No.</i>	<i>Longitude E</i>			<i>Latitude N</i>		
	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>	<i>(degrees)</i>	<i>(minutes)</i>	<i>(seconds)</i>
68	155	20	15.22	15	30	50.90
	155	17	45.13	15	30	50.44
	155	15	14.75	15	32	12.76
	155	17	44.85	15	32	13.25
	155	17	45.34	15	29	47.73
69	155	15	15.27	15	29	47.24
	155	12	44.65	15	32	12.24
	155	15	14.75	15	32	12.76
	155	15	15.27	15	29	47.24
70	155	12	45.20	15	29	46.72
	155	10	14.55	15	32	11.69
	155	12	44.65	15	32	12.24
	155	12	45.20	15	29	46.72
71	155	10	15.13	15	29	46.17
	155	7	44.52	15	31	55.87
	155	10	14.61	15	31	56.45
	155	10	15.19	15	29	30.93
72	155	7	45.13	15	29	30.36
	155	5	14.51	15	31	35.27
	155	7	44.60	15	31	35.87
	155	7	45.21	15	29	10.36
73	155	5	15.15	15	29	9.75
	155	2	44.43	15	31	34.63
	155	5	14.51	15	31	35.27
	155	5	15.15	15	29	9.75
74	155	2	45.09	15	29	9.12
	155	0	14.34	15	31	33.97
	155	2	44.43	15	31	34.63
75	155	2	45.09	15	29	9.12
	155	0	15.04	15	29	8.46
	154	57	44.49	15	30	47.57
	155	0	14.56	15	30	48.26
	155	0	15.26	15	28	22.75
	154	57	45.21	15	28	22.06

Annex II

Map of the general location of the area under application





Council

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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by Japan Oil, Gas and Metals National Corporation

I. Introduction

1. On 3 August 2012, the Secretary-General of the International Seabed Authority received an application from the Japan Oil, Gas and Metals National Corporation (JOGMEC) for the approval of a plan of work for exploration for cobalt-rich ferromanganese crusts in the Area (see ISBA/19/LTC/4). The application was submitted pursuant to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/A/11, annex). The application covers a total surface area of 3,000 square kilometres, located to the east of Minami-Torishima Island in the Western Pacific.

2. In accordance with regulation 22 (c) of the Regulations, by a note verbale dated 28 August 2012, the Secretary-General notified the members of the International Seabed Authority of the receipt of the application and circulated information of a general nature concerning the application. The Secretary-General also placed consideration of the application on the agenda of the meeting of the Legal and Technical Commission held from 4 to 8 February 2013.

II. Methodology for consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the United Nations Convention on the Law of the Sea, it was first required to make an objective



determination as to whether the applicant had fulfilled the requirements contained in the Regulations, particularly with respect to the form of applications; whether the applicant had provided the necessary undertakings and assurances specified in regulation 15; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration. The Commission is then required to determine, in accordance with regulation 23, paragraph 4, whether the proposed plan of work will provide for effective protection of human health and safety and effective protection and preservation of the marine environment and will ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 23, paragraph 5, provides that, if the Commission makes the determinations specified in paragraph 3 of regulation 23 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.

4. In considering the proposed plan of work for exploration for cobalt-rich ferromanganese crusts, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in part XI and annex III of the Convention and in the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea.

B. Consideration of the application

5. The Commission considered the application in closed meetings on 4, 6 and 7 February 2013.

6. Prior to commencing a detailed examination of the application, the Commission invited the applicant's representative, Yoshiyuki Kita, Deputy Director-General of JOGMEC, to make a presentation of the application. The following members of the delegation made statements: Keita Koda, Deputy Director; Akira Usui, Chair of the JOGMEC committee on cobalt-rich ferromanganese crusts; and Yoshihisa Shirayama, Executive Director of Research at the Japan Agency for Marine-Earth Science and Technology (JAMSTEC). In their questions and comments, members of the Commission commended the applicant on its presentation and asked legal, technical and environmental questions to elicit further details of the application before convening in closed session to examine the application in detail.

III. Summary of basic information regarding the application

A. Identification of the applicant

7. The name and address of the applicant are as follows:

- (a) Name: Japan Oil, Gas and Metals National Corporation (JOGMEC);
- (b) Street address: Toramon Twin Building, 2-10-1, Toranomom, Minato-ku, Tokyo 105-0001, Japan;
- (c) Postal address: as above;

- (d) Telephone number: +81-3-6758-8000;
 - (e) Facsimile number: +81-3-6758-8008;
 - (f) E-mail address: isa-jogmec@jogmec.go.jp.
8. The applicant's designated representative is:
- (a) Name: Hirobumi Kawano, President of JOGMEC;
 - (b) Street and postal addresses: as above;
 - (c) Telephone number: +81-3-6758-8030;
 - (d) Facsimile number: +81-3-6758-8060;
 - (e) E-mail address: as above;
 - (f) Place of registration and principal place of business/domicile: 2-10-1 Toranomom, Minato-ku, Tokyo, 105-0001, Japan.
9. The applicant provided a certified copy of its certificate of registration as of 6 June 2012. The applicant states that it is a State enterprise, established under Law No. 94, 2002, which implements national policies on securing natural resources and energy as an agency of the sponsoring State, and is the sole organization undertaking exploration for oil, gas, hydrate methane and cobalt-rich ferromanganese crusts. Its activities relate to resource exploration and evaluation, financing mineral resources projects, research and development in mining, stockpiling oil, gas and rare metals, marine pollution control and environmental preservation measures.

B. Sponsorship

10. The sponsoring State is Japan. The sponsoring State enacted the 1982 Act on interim measures for deep sea mining and its ordinance.
11. The date of deposit of the sponsoring State's instrument of ratification of the United Nations Convention on the Law of the Sea and date of its consent to be bound by the Agreement relating to the implementation of Part XI of the Convention is 20 June 1996.
12. The certificate of sponsorship is dated 26 July 2012; it was issued by Hiroshi Yamaguchi, Permanent Representative of Japan to the International Seabed Authority.
13. The certificate of sponsorship states that the nationality of the applicant is Japanese and that the sponsoring State sponsors the applicant in accordance with paragraph 2 (b) of article 153 of the United Nations Convention on the Law of the Sea and paragraph 4 of article 4 of annex III to the Convention and subject to its relevant national laws and regulations.

C. Area of application

14. The area comprises 150 blocks, each with an area of 20 square kilometres, and is located over six seamounts. The blocks are grouped into eight clusters, each containing 5 to 40 contiguous blocks. Each block is rectangular in shape, measuring

five kilometres from east to west and four kilometres from north to south. All the blocks are located entirely within a geographical area measuring not more than 545 kilometres from east to west and 550 kilometres from north to south, or 299,750 square kilometres. The coordinates and general location of the area under application are shown in the annexes to the present document. This is in compliance with regulation 12.

D. Other information

15. The applicant has not been previously awarded any contract with the Authority.

16. The application included a written undertaking dated 26 July 2012 and signed by the designated representative of the applicant in accordance with regulation 15. This was superseded by a written undertaking dated 28 July 2012 and also signed by the designated representative of the applicant.

17. The applicant elects to offer an equity interest in a joint venture arrangement in accordance with regulation 19.

18. The applicant has paid a fee of \$500,000 in accordance with regulation 21.

IV. Examination of information and technical data submitted by the applicant

19. The following technical documents and information were provided:

- (a) Information relating to the area under application:
 - (i) Charts of the location of the blocks;
 - (ii) A list of the coordinates of the blocks under application;
- (b) A certificate of sponsorship;
- (c) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;
- (d) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;
- (e) Plan of work for exploration;
- (f) Training programme;
- (g) Written undertakings by the applicant.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

20. The applicant declared its financial capacity to carry out the proposed plan of work for exploration and fulfilled its financial obligations to the Authority. In

evaluating the financial capacity of the applicant, the Commission noted that the applicant provided a financial statement dated 6 July 2012 and duly signed by Yukio Edano, Minister of Economy, Trade and Industry of Japan, certifying the financial capability of the applicant to implement the proposed plan of work. The applicant also provided copies of its audited financial statements, including balance sheets and profit-and-loss statements, for the most recent fiscal years (2008, 2009 and 2010). The applicant stated that it would not make any borrowings to finance the proposed plan of work for exploration.

B. Technical capacity

21. The applicant stated that while it had not held any previous contracts with the Authority, it had been the sole Japanese government institution responsible for exploring for deep-sea resources since 1975 and had been conducting studies of cobalt-rich ferromanganese crusts in the Japanese exclusive economic zone and the Area since 1987.

22. In evaluating the technical capacity of the applicant, the Commission noted that the applicant had provided extensive details concerning its technical capabilities, including details of past research cruises associated with cobalt-rich ferromanganese crust studies, research and development of processing and metallurgy for cobalt-rich ferromanganese crusts and a preliminary environmental baseline survey in the application area from 1997 to 2010. The applicant has selected 150 blocks mainly on the top of seamounts where cobalt-rich ferromanganese crusts are not buried in sediments. The applicant stated that it would follow a precautionary approach and would collect the necessary environmental information from the planning stage of the exploration work, in order to comply with the draft environmental management regulations regarding deep-sea floor minerals developed by the International Marine Minerals Society. The applicant indicated that the environmental studies of impacts would focus on the identified mining areas and their surroundings, including the potential disturbance of the environment on the slopes deeper than the mining area. The studies will also focus on identifying the biota source region which will enable recolonization to take place and ensure that there is no irreversible damage to ecosystem structure and function. The applicant also stated that it would follow any recommendations issued by the Legal and Technical Commission and further developments concerning environmental impact assessments. The applicant mentioned that it had signed an agreement with JAMSTEC enabling the facilities of JOGMEC or JAMSTEC to be used, depending on the requirements.

23. The applicant provided information related to the prevention, reduction and control of hazards and possible impacts to the marine environment. The applicant stated that the proposed activities were not expected to cause any substantial pollution or significant or harmful changes to the marine environment, but should it become apparent that there might be impacts, they would be evaluated at that time. The applicant provided details of environmental mitigation measures to prevent, reduce and control pollution of the marine environment and other hazards.

VI. Consideration of data and information submitted for approval of the plan of work for exploration

24. In accordance with regulation 20 of the Regulations, the application includes the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, including, but not restricted to, the impact on biodiversity, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 13, paragraph 1, of the Regulations;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

25. The Commission was fully satisfied that the information presented met the requirements of the Regulations and noted that it looked forward to the submission of reports, including relevant data, by the applicant as required by the Regulations and any recommendations for guidance to be issued by the Commission in due course. The Commission also acknowledged with appreciation that the applicant's representatives had indicated their willingness to provide the Authority with access to extensive data sets from survey and exploration of cobalt-rich ferromanganese crusts conducted by the applicant over many years.

VII. Training programme

26. The applicant stated that it had a good track record in technical capacity-building in developing countries and in cooperation with the Secretariat of the Pacific Community and the Japan International Cooperation Agency. The applicant indicated that in cooperation with JAMSTEC and universities it would offer training programmes on topics relating to the exploration for and development of marine resources, such as exploration technology, mining and processing technology, marine science, environmental management and mining pollution protection, with the aim of transferring related technologies to developing States. For the training programmes for engineers from the Authority and developing States, the facilities and equipment of either the applicant or JAMSTEC would be utilized depending on

the content of the programmes. The applicant further stated that the content, including the number of trainees, timing and organizational structure of the training programmes, would be designed in consultation with the Authority and the sponsoring State.

VIII. Conclusion and recommendations

27. Having examined the particulars submitted by the applicant, which are summarized in sections III to VII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant:

- (a) Has complied with the provisions of the Regulations;
- (b) Has given the undertakings and assurances specified in regulation 15;
- (c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

28. The Commission states that none of the conditions in regulation 23, paragraph 6, of the Regulations apply.

29. The Commission is satisfied that the proposed plan of work for exploration will:

- (a) Provide for effective protection of human health and safety;
- (b) Provide for effective protection and preservation of the marine environment;
- (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

30. Accordingly, pursuant to regulation 23, paragraph 5, of the Regulations, the Commission recommends to the Council approval of the plan of work for exploration submitted by JOGMEC.

List of coordinates of the area under application

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>	
C1	1	/150	2,380,000	525,000		21	31	21.1544	159	14	29.0361
			2,384,000	525,000		21	33	31.2583	159	14	29.2512
			2,384,000	530,000		21	33	30.9812	159	17	23.0999
			2,380,000	530,000	20.0	21	31	20.8779	159	17	22.8418
	2	/150	2,384,000	525,000		21	33	31.2583	159	14	29.2512
			2,388,000	525,000		21	35	41.3615	159	14	29.4668
			2,388,000	530,000		21	35	41.0840	159	17	23.3586
			2,384,000	530,000	20.0	21	33	30.9812	159	17	23.0999
	3	/150	2,388,000	525,000		21	35	41.3615	159	14	29.4668
			2,392,000	525,000		21	37	51.4643	159	14	29.6829
			2,392,000	530,000		21	37	51.1862	159	17	23.6179
			2,388,000	530,000	20.0	21	35	41.0840	159	17	23.3586
	4	/150	2,384,000	530,000		21	33	30.9812	159	17	23.0999
			2,388,000	530,000		21	35	41.0840	159	17	23.3586
			2,388,000	535,000		21	35	40.7560	159	20	17.2496
			2,384,000	535,000	20.0	21	33	30.6538	159	20	16.9478
	5	/150	2,388,000	530,000		21	35	41.0840	159	17	23.3586
			2,392,000	530,000		21	37	51.1862	159	17	23.6179
			2,392,000	535,000		21	37	50.8576	159	20	17.5521
			2,388,000	535,000	20.0	21	35	40.7560	159	20	17.2496
	6	/150	2,372,000	535,000		21	27	00.3440	159	20	16.0461
			2,376,000	535,000		21	29	10.4478	159	20	16.3460
			2,376,000	540,000		21	29	10.0714	159	23	10.1069
			2,372,000	540,000	20.0	21	26	59.9683	159	23	09.7641
	7	/150	2,376,000	535,000		21	29	10.4478	159	20	16.3460
			2,380,000	535,000		21	31	20.5511	159	20	16.6466
			2,380,000	540,000		21	31	20.1740	159	23	10.4504
			2,376,000	540,000	20.0	21	29	10.0714	159	23	10.1069

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>	
	8	/150	2,380,000	535,000		21	31	20.5511	159	20	16.6466
			2,384,000	535,000		21	33	30.6538	159	20	16.9478
			2,384,000	540,000		21	33	30.2761	159	23	10.7947
			2,380,000	540,000	20.0	21	31	20.1740	159	23	10.4504
	9	/150	2,384,000	535,000		21	33	30.6538	159	20	16.9478
			2,388,000	535,000		21	35	40.7560	159	20	17.2496
			2,388,000	540,000		21	35	40.3775	159	23	11.1396
			2,384,000	540,000	20.0	21	33	30.2761	159	23	10.7947
	10	/150	2,376,000	540,000		21	29	10.0714	159	23	10.1069
			2,380,000	540,000		21	31	20.1740	159	23	10.4504
			2,380,000	545,000		21	31	19.7467	159	26	04.2531
			2,376,000	545,000	20.0	21	29	09.6449	159	26	03.8667
	11	/150	2,384,000	540,000		21	33	30.2761	159	23	10.7947
			2,388,000	540,000		21	35	40.3775	159	23	11.1396
			2,388,000	545,000		21	35	39.9486	159	26	05.0285
			2,384,000	545,000	20.0	21	33	29.8479	159	26	04.6404
	12	/150	2,388,000	540,000		21	35	40.3775	159	23	11.1396
			2,392,000	540,000		21	37	50.4784	159	23	11.4853
			2,392,000	545,000		21	37	50.0487	159	26	05.4173
			2,388,000	545,000	20.0	21	35	39.9486	159	26	05.0285
	13	/150	2,384,000	545,000		21	33	29.8479	159	26	04.6404
			2,388,000	545,000		21	35	39.9486	159	26	05.0285
			2,388,000	550,000		21	35	39.4692	159	28	58.9160
			2,384,000	550,000	20.0	21	33	29.3694	159	28	58.4849
	14	/150	2,388,000	545,000		21	35	39.9486	159	26	05.0285
			2,392,000	545,000		21	37	50.0487	159	26	05.4173
			2,392,000	550,000		21	37	49.5684	159	28	59.3481
			2,388,000	550,000	20.0	21	35	39.4692	159	28	58.9160
	15	/150	2,392,000	545,000		21	37	50.0487	159	26	05.4173
			2,396,000	545,000		21	40	00.1482	159	26	05.8070
			2,396,000	550,000		21	39	59.6671	159	28	59.7811

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,392,000	550,000	20.0	21	37	49.5684	159	28	59.3481
	16 /150	2,368,000	550,000		21	24	48.9645	159	28	56.7692
		2,372,000	550,000		21	26	59.0666	159	28	57.1967
		2,372,000	555,000		21	26	58.5406	159	31	50.9110
		2,368,000	555,000	20.0	21	24	48.4395	159	31	50.4407
	17 /150	2,380,000	550,000		21	31	19.2690	159	28	58.0546
		2,384,000	550,000		21	33	29.3694	159	28	58.4849
		2,384,000	555,000		21	33	28.8405	159	31	52.3279
		2,380,000	555,000	20.0	21	31	18.7411	159	31	51.8546
	18 /150	2,384,000	550,000		21	33	29.3694	159	28	58.4849
		2,388,000	550,000		21	35	39.4692	159	28	58.9160
		2,388,000	555,000		21	35	38.9393	159	31	52.8022
		2,384,000	555,000	20.0	21	33	28.8405	159	31	52.3279
	19 /150	2,364,000	555,000		21	22	38.3379	159	31	49.9714
		2,368,000	555,000		21	24	48.4395	159	31	50.4407
		2,368,000	560,000		21	24	47.8645	159	34	44.1107
		2,364,000	560,000	20.0	21	22	37.7639	159	34	43.5987
	20 /150	2,368,000	555,000		21	24	48.4395	159	31	50.4407
		2,372,000	555,000		21	26	58.5406	159	31	50.9110
		2,372,000	560,000		21	26	57.9645	159	34	44.6237
		2,368,000	560,000	20.0	21	24	47.8645	159	34	44.1107
	21 /150	2,372,000	555,000		21	26	58.5406	159	31	50.9110
		2,376,000	555,000		21	29	08.6411	159	31	51.3823
		2,376,000	560,000		21	29	08.0640	159	34	45.1379
		2,372,000	560,000	20.0	21	26	57.9645	159	34	44.6237
	22 /150	2,376,000	555,000		21	29	08.6411	159	31	51.3823
		2,380,000	555,000		21	31	18.7411	159	31	51.8546
		2,380,000	560,000		21	31	18.1629	159	34	45.6531
		2,376,000	560,000	20.0	21	29	08.0640	159	34	45.1379
	23 /150	2,380,000	555,000		21	31	18.7411	159	31	51.8546
		2,384,000	555,000		21	33	28.8405	159	31	52.3279

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,384,000	560,000		21	33	28.2612	159	34	46.1695
		2,380,000	560,000	20.0	21	31	18.1629	159	34	45.6531
	24 /150	2,372,000	560,000		21	26	57.9645	159	34	44.6237
		2,376,000	560,000		21	29	08.0640	159	34	45.1379
		2,376,000	565,000		21	29	07.4366	159	37	38.8918
		2,372,000	565,000	20.0	21	26	57.3383	159	37	38.3348
	25 /150	2,376,000	560,000		21	29	08.0640	159	34	45.1379
		2,380,000	560,000		21	31	18.1629	159	34	45.6531
		2,380,000	565,000		21	31	17.5344	159	37	39.4499
		2,376,000	565,000	20.0	21	29	07.4366	159	37	38.8918
	26 /150	2,380,000	560,000		21	31	18.1629	159	34	45.6531
		2,384,000	560,000		21	33	28.2612	159	34	46.1695
		2,384,000	565,000		21	33	27.6315	159	37	40.0093
		2,380,000	565,000	20.0	21	31	17.5344	159	37	39.4499
	27 /150	2,364,000	560,000		21	22	37.7639	159	34	43.5987
		2,368,000	560,000		21	24	47.8645	159	34	44.1107
		2,368,000	565,000		21	24	47.2395	159	37	37.7790
		2,364,000	565,000	20.0	21	22	37.1400	159	37	37.2243
	28 /150	2,360,000	565,000		21	20	27.0400	159	37	36.6708
		2,364,000	565,000		21	22	37.1400	159	37	37.2243
		2,364,000	570,000		21	22	36.4662	159	40	30.8481
		2,360,000	570,000	20.0	21	20	26.3675	159	40	30.2521
	29 /150	2,368,000	565,000		21	24	47.2395	159	37	37.7790
		2,372,000	565,000		21	26	57.3383	159	37	38.3348
		2,372,000	570,000		21	26	56.6620	159	40	32.0440
		2,368,000	570,000	20.0	21	24	46.5644	159	40	31.4454
	30 /150	2,352,000	570,000		21	16	06.1683	159	40	29.0637
		2,356,000	570,000		21	18	16.2682	159	40	29.6573
		2,356,000	575,000		21	18	15.5471	159	43	23.1941
		2,352,000	575,000	20.0	21	16	05.4486	159	43	22.5581
	31 /150	2,356,000	570,000		21	18	16.2682	159	40	29.6573

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,360,000	570,000		21	20	26.3675	159	40	30.2521
		2,360,000	575,000		21	20	25.6451	159	43	23.8314
		2,356,000	575,000	20.0	21	18	15.5471	159	43	23.1941
	32 /150	2,364,000	570,000		21	22	36.4662	159	40	30.8481
		2,368,000	570,000		21	24	46.5644	159	40	31.4454
		2,368,000	575,000		21	24	45.8394	159	43	25.1100
		2,364,000	575,000	20.0	21	22	35.7425	159	43	24.4700
	33 /150	2,368,000	570,000		21	24	46.5644	159	40	31.4454
		2,372,000	570,000		21	26	56.6620	159	40	32.0440
		2,372,000	575,000		21	26	55.9356	159	43	25.7513
		2,368,000	575,000	20.0	21	24	45.8394	159	43	25.1100
	34 /150	2,364,000	575,000		21	22	35.7425	159	43	24.4700
		2,368,000	575,000		21	24	45.8394	159	43	25.1100
		2,368,000	580,000		21	24	45.0643	159	46	18.7724
		2,364,000	580,000	20.0	21	22	34.9689	159	46	18.0897
	35 /150	2,364,000	580,000		21	22	34.9689	159	46	18.0897
		2,368,000	580,000		21	24	45.0643	159	46	18.7724
		2,368,000	585,000		21	24	44.2392	159	49	12.4325
		2,364,000	585,000	20.0	21	22	34.1453	159	49	11.7073
	36 /150	2,356,000	585,000		21	18	13.9558	159	49	10.2613
		2,360,000	585,000		21	20	24.0509	159	49	10.9835
		2,360,000	590,000		21	20	23.1790	159	52	04.5561
		2,356,000	590,000	20.0	21	18	13.0856	159	52	03.7914
	37 /150	2,360,000	585,000		21	20	24.0509	159	49	10.9835
		2,364,000	585,000		21	22	34.1453	159	49	11.7073
		2,364,000	590,000		21	22	33.2718	159	52	05.3224
		2,360,000	590,000	20.0	21	20	23.1790	159	52	04.5561
	38 /150	2,364,000	585,000		21	22	34.1453	159	49	11.7073
		2,368,000	585,000		21	24	44.2392	159	49	12.4325
		2,368,000	590,000		21	24	43.3641	159	52	06.0903
		2,364,000	590,000	20.0	21	22	33.2718	159	52	05.3224

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>	
C2	39	/150	2,356,000	590,000	20.0	21	18	13.0856	159	52	03.7914
			2,360,000	590,000		21	20	23.1790	159	52	04.5561
			2,360,000	595,000		21	20	22.2572	159	54	58.1262
			2,356,000	595,000		21	18	12.1656	159	54	57.3190
	40	/150	2,364,000	590,000	20.0	21	22	33.2718	159	52	05.3224
			2,368,000	590,000		21	24	43.3641	159	52	06.0903
			2,368,000	595,000		21	24	42.4389	159	54	59.7456
			2,364,000	595,000		21	22	32.3484	159	54	58.9350
	41	/150	2,344,000	595,000	20.0	21	11	41.8871	159	54	54.9077
			2,348,000	595,000		21	13	51.9805	159	54	55.7098
			2,348,000	600,000		21	13	51.0143	159	57	49.1501
			2,344,000	600,000		21	11	40.9227	159	57	48.3058
	42	/150	2,348,000	595,000	20.0	21	13	51.9805	159	54	55.7098
			2,352,000	595,000		21	16	02.0733	159	54	56.5135
			2,352,000	600,000		21	16	01.1053	159	57	49.9961
			2,348,000	600,000		21	13	51.0143	159	57	49.1501
	43	/150	2,344,000	600,000	20.0	21	11	40.9227	159	57	48.3058
			2,348,000	600,000		21	13	51.0143	159	57	49.1501
			2,348,000	605,000		21	13	49.9986	160	0	42.5876
			2,344,000	605,000		21	11	39.9089	160	0	41.7011
	44	/150	2,348,000	600,000	20.0	21	13	51.0143	159	57	49.1501
			2,352,000	600,000		21	16	01.1053	159	57	49.9961
			2,352,000	605,000		21	16	00.0877	160	0	43.4759
			2,348,000	605,000		21	13	49.9986	160	0	42.5876
	45	/150	2,356,000	600,000	20.0	21	18	11.1958	159	57	50.8440
			2,360,000	600,000		21	20	21.2857	159	57	51.6936
			2,360,000	605,000		21	20	20.2643	160	0	45.2582
			2,356,000	605,000		21	18	10.1763	160	0	44.3661
46	/150	2,348,000	605,000	20.0	21	13	49.9986	160	0	42.5876	
		2,352,000	605,000		21	16	00.0877	160	0	43.4759	
		2,352,000	610,000		21	15	59.0204	160	3	36.9528	

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,348,000	610,000	20.0	21	13	48.9333	160	3	36.0222
	47 /150	2,352,000	605,000		21	16	00.0877	160	0	43.4759
		2,356,000	605,000		21	18	10.1763	160	0	44.3661
		2,356,000	610,000		21	18	09.1070	160	3	37.8853
		2,352,000	610,000	20.0	21	15	59.0204	160	3	36.9528
	48 /150	2,356,000	605,000		21	18	10.1763	160	0	44.3661
		2,360,000	605,000		21	20	20.2643	160	0	45.2582
		2,360,000	610,000		21	20	19.1930	160	3	38.8199
		2,356,000	610,000	20.0	21	18	09.1070	160	3	37.8853
	49 /150	2,352,000	610,000		21	15	59.0204	160	3	36.9528
		2,356,000	610,000		21	18	09.1070	160	3	37.8853
		2,356,000	615,000		21	18	07.9879	160	6	31.4015
		2,352,000	615,000	20.0	21	15	57.9035	160	6	30.4265
	50 /150	2,356,000	610,000		21	18	09.1070	160	3	37.8853
		2,360,000	610,000		21	20	19.1930	160	3	38.8199
		2,360,000	615,000		21	20	18.0719	160	6	32.3785
		2,356,000	615,000	20.0	21	18	07.9879	160	6	31.4015
	51 /150	2,356,000	615,000		21	18	07.9879	160	6	31.4015
		2,360,000	615,000		21	20	18.0719	160	6	32.3785
		2,360,000	620,000		21	20	16.9009	160	9	25.9338
		2,356,000	620,000	20.0	21	18	06.8191	160	9	24.9144
C3	52 /150	2,332,000	415,000		21	5	13.3739	158	10	54.0402
		2,336,000	415,000		21	7	23.4723	158	10	53.3271
		2,336,000	420,000		21	7	24.2852	158	13	46.6486
		2,332,000	420,000	20.0	21	5	14.1853	158	13	47.3197
	53 /150	2,332,000	420,000		21	5	14.1853	158	13	47.3197
		2,336,000	420,000		21	7	24.2852	158	13	46.6486
		2,336,000	425,000		21	7	25.0489	158	16	39.9723
		2,332,000	425,000	20.0	21	5	14.9475	158	16	40.6015
	54 /150	2,336,000	420,000		21	7	24.2852	158	13	46.6486
		2,340,000	420,000		21	9	34.3846	158	13	45.9759

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,340,000	425,000		21	9	35.1496	158	16	39.3417
		2,336,000	425,000	20.0	21	7	25.0489	158	16	39.9723
	55 /150	2,328,000	425,000		21	3	04.8456	158	16	41.2294
		2,332,000	425,000		21	5	14.9475	158	16	40.6015
		2,332,000	430,000		21	5	15.6605	158	19	33.8854
		2,328,000	430,000	20.0	21	3	05.5573	158	19	34.4714
	56 /150	2,332,000	425,000		21	5	14.9475	158	16	40.6015
		2,336,000	425,000		21	7	25.0489	158	16	39.9723
		2,336,000	430,000		21	7	25.7632	158	19	33.2980
		2,332,000	430,000	20.0	21	5	15.6605	158	19	33.8854
	57 /150	2,340,000	425,000		21	9	35.1496	158	16	39.3417
		2,344,000	425,000		21	11	45.2499	158	16	38.7097
		2,344,000	430,000		21	11	45.9669	158	19	32.1197
		2,340,000	430,000	20.0	21	9	35.8653	158	19	32.7095
	58 /150	2,344,000	425,000		21	11	45.2499	158	16	38.7097
		2,348,000	425,000		21	13	55.3495	158	16	38.0765
		2,348,000	430,000		21	13	56.0679	158	19	31.5286
		2,344,000	430,000	20.0	21	11	45.9669	158	19	32.1197
	59 /150	2,328,000	430,000		21	3	05.5573	158	19	34.4714
		2,332,000	430,000		21	5	15.6605	158	19	33.8854
		2,332,000	435,000		21	5	16.3244	158	22	27.1711
		2,328,000	435,000	20.0	21	3	06.2199	158	22	27.7154
	60 /150	2,332,000	430,000		21	5	15.6605	158	19	33.8854
		2,336,000	430,000		21	7	25.7632	158	19	33.2980
		2,336,000	435,000		21	7	26.4283	158	22	26.6258
		2,332,000	435,000	20.0	21	5	16.3244	158	22	27.1711
	61 /150	2,336,000	430,000		21	7	25.7632	158	19	33.2980
		2,340,000	430,000		21	9	35.8653	158	19	32.7095
		2,340,000	435,000		21	9	36.5317	158	22	26.0792
		2,336,000	435,000	20.0	21	7	26.4283	158	22	26.6258
	62 /150	2,340,000	430,000		21	9	35.8653	158	19	32.7095

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,344,000	430,000		21	11	45.9669	158	19	32.1197
		2,344,000	435,000		21	11	46.6345	158	22	25.5315
		2,340,000	435,000	20.0	21	9	36.5317	158	22	26.0792
	63 /150	2,328,000	435,000		21	3	06.2199	158	22	27.7154
		2,332,000	435,000		21	5	16.3244	158	22	27.1711
		2,332,000	440,000		21	5	16.9390	158	25	20.4587
		2,328,000	440,000	20.0	21	3	06.8334	158	25	20.9611
	64 /150	2,332,000	435,000		21	5	16.3244	158	22	27.1711
		2,336,000	435,000		21	7	26.4283	158	22	26.6258
		2,336,000	440,000		21	7	27.0441	158	25	19.9553
		2,332,000	440,000	20.0	21	5	16.9390	158	25	20.4587
	65 /150	2,336,000	435,000		21	7	26.4283	158	22	26.6258
		2,340,000	435,000		21	9	36.5317	158	22	26.0792
		2,340,000	440,000		21	9	37.1486	158	25	19.4508
		2,336,000	440,000	20.0	21	7	27.0441	158	25	19.9553
	66 /150	2,324,000	440,000		21	0	56.7272	158	25	21.4624
		2,328,000	440,000		21	3	06.8334	158	25	20.9611
		2,328,000	445,000		21	3	07.3978	158	28	14.2085
		2,324,000	445,000	20.0	21	0	57.2906	158	28	14.6680
	67 /150	2,328,000	440,000		21	3	06.8334	158	25	20.9611
		2,332,000	440,000		21	5	16.9390	158	25	20.4587
		2,332,000	445,000		21	5	17.5045	158	28	13.7480
		2,328,000	445,000	20.0	21	3	07.3978	158	28	14.2085
	68 /150	2,332,000	440,000		21	5	16.9390	158	25	20.4587
		2,336,000	440,000		21	7	27.0441	158	25	19.9553
		2,336,000	445,000		21	7	27.6106	158	28	13.2865
		2,332,000	445,000	20.0	21	5	17.5045	158	28	13.7480
	69 /150	2,336,000	440,000		21	7	27.0441	158	25	19.9553
		2,340,000	440,000		21	9	37.1486	158	25	19.4508
		2,340,000	445,000		21	9	37.7162	158	28	12.8240
		2,336,000	445,000	20.0	21	7	27.6106	158	28	13.2865

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>	
	70	/150	2,324,000	445,000		21	0	57.2906	158	28	14.6680
			2,328,000	445,000		21	3	07.3978	158	28	14.2085
			2,328,000	450,000		21	3	07.9131	158	31	07.4574
			2,324,000	450,000	20.0	21	0	57.8049	158	31	07.8752
	71	/150	2,328,000	445,000		21	3	07.3978	158	28	14.2085
			2,332,000	445,000		21	5	17.5045	158	28	13.7480
			2,332,000	450,000		21	5	18.0208	158	31	07.0388
			2,328,000	450,000	20.0	21	3	07.9131	158	31	07.4574
	72	/150	2,332,000	445,000		21	5	17.5045	158	28	13.7480
			2,336,000	445,000		21	7	27.6106	158	28	13.2865
			2,336,000	450,000		21	7	28.1279	158	31	06.6192
			2,332,000	450,000	20.0	21	5	18.0208	158	31	07.0388
	73	/150	2,336,000	445,000		21	7	27.6106	158	28	13.2865
			2,340,000	445,000		21	9	37.7162	158	28	12.8240
			2,340,000	450,000		21	9	38.2344	158	31	06.1988
			2,336,000	450,000	20.0	21	7	28.1279	158	31	06.6192
	74	/150	2,324,000	450,000		21	0	57.8049	158	31	07.8752
			2,328,000	450,000		21	3	07.9131	158	31	07.4574
			2,328,000	455,000		21	3	08.3794	158	34	00.7077
			2,324,000	455,000	20.0	21	0	58.2703	158	34	01.0837
	75	/150	2,328,000	450,000		21	3	07.9131	158	31	07.4574
			2,332,000	450,000		21	5	18.0208	158	31	07.0388
			2,332,000	455,000		21	5	18.4879	158	34	00.3309
			2,328,000	455,000	20.0	21	3	08.3794	158	34	00.7077
	76	/150	2,332,000	450,000		21	5	18.0208	158	31	07.0388
			2,336,000	450,000		21	7	28.1279	158	31	06.6192
			2,336,000	455,000		21	7	28.5959	158	33	59.9533
			2,332,000	455,000	20.0	21	5	18.4879	158	34	00.3309
C4	77	/150	2,320,000	315,000		20	58	16.6618	157	13	13.7628
			2,324,000	315,000		21	0	26.7121	157	13	12.2215
			2,324,000	320,000		21	0	28.5014	157	16	05.3441

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,320,000	320,000	20.0	20	58	18.4476	157	16	06.8438
	78 /150	2,324,000	315,000		21	0	26.7121	157	13	12.2215
		2,328,000	315,000		21	2	36.7619	157	13	10.6770
		2,328,000	320,000		21	2	38.5545	157	16	03.8412
		2,324,000	320,000	20.0	21	0	28.5014	157	16	05.3441
	79 /150	2,320,000	320,000		20	58	18.4476	157	16	06.8438
		2,324,000	320,000		21	0	28.5014	157	16	05.3441
		2,324,000	325,000		21	0	30.2415	157	18	58.4717
		2,320,000	325,000	20.0	20	58	20.1845	157	18	59.9297
	80 /150	2,324,000	320,000		21	0	28.5014	157	16	05.3441
		2,328,000	320,000		21	2	38.5545	157	16	03.8412
		2,328,000	325,000		21	2	40.2979	157	18	57.0105
		2,324,000	325,000	20.0	21	0	30.2415	157	18	58.4717
	81 /150	2,316,000	325,000		20	56	10.1269	157	19	01.3847
		2,320,000	325,000		20	58	20.1845	157	18	59.9297
		2,320,000	330,000		20	58	21.8724	157	21	53.0205
		2,316,000	330,000	20.0	20	56	11.8117	157	21	54.4340
	82 /150	2,320,000	325,000		20	58	20.1845	157	18	59.9297
		2,324,000	325,000		21	0	30.2415	157	18	58.4717
		2,324,000	330,000		21	0	31.9326	157	21	51.6041
		2,320,000	330,000	20.0	20	58	21.8724	157	21	53.0205
	83 /150	2,316,000	330,000		20	56	11.8117	157	21	54.4340
		2,320,000	330,000		20	58	21.8724	157	21	53.0205
		2,320,000	335,000		20	58	23.5113	157	24	46.1160
		2,316,000	335,000	20.0	20	56	13.4475	157	24	47.4880
C5	84 /150	2,156,000	370,000		19	29	39.7617	157	45	40.3751
		2,160,000	370,000		19	31	49.8665	157	45	39.3840
		2,160,000	375,000		19	31	51.0207	157	48	30.9179
		2,156,000	375,000	20.0	19	29	40.9136	157	48	31.8710
	85 /150	2,156,000	375,000		19	29	40.9136	157	48	31.8710
		2,160,000	375,000		19	31	51.0207	157	48	30.9179

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,160,000	380,000		19	31	52.1296	157	51	22.4552
		2,156,000	380,000	20.0	19	29	42.0203	157	51	23.3702
	86 /150	2,160,000	375,000		19	31	51.0207	157	48	30.9179
		2,164,000	375,000		19	34	01.1273	157	48	29.9628
		2,164,000	380,000		19	34	02.2384	157	51	21.5382
		2,160,000	380,000	20.0	19	31	52.1296	157	51	22.4552
	87 /150	2,164,000	375,000		19	34	01.1273	157	48	29.9628
		2,168,000	375,000		19	36	11.2333	157	48	29.0055
		2,168,000	380,000		19	36	12.3466	157	51	20.6192
		2,164,000	380,000	20.0	19	34	02.2384	157	51	21.5382
	88 /150	2,168,000	375,000		19	36	11.2333	157	48	29.0055
		2,172,000	375,000		19	38	21.3388	157	48	28.0460
		2,172,000	380,000		19	38	22.4544	157	51	19.6981
		2,168,000	380,000	20.0	19	36	12.3466	157	51	20.6192
	89 /150	2,156,000	380,000		19	29	42.0203	157	51	23.3702
		2,160,000	380,000		19	31	52.1296	157	51	22.4552
		2,160,000	385,000		19	31	53.1932	157	54	13.9957
		2,156,000	385,000	20.0	19	29	43.0818	157	54	14.8726
	90 /150	2,160,000	380,000		19	31	52.1296	157	51	22.4552
		2,164,000	380,000		19	34	02.2384	157	51	21.5382
		2,164,000	385,000		19	34	03.3041	157	54	13.1169
		2,160,000	385,000	20.0	19	31	53.1932	157	54	13.9957
	91 /150	2,164,000	380,000		19	34	02.2384	157	51	21.5382
		2,168,000	380,000		19	36	12.3466	157	51	20.6192
		2,168,000	385,000		19	36	13.4145	157	54	12.2361
		2,164,000	385,000	20.0	19	34	03.3041	157	54	13.1169
	92 /150	2,168,000	380,000		19	36	12.3466	157	51	20.6192
		2,172,000	380,000		19	38	22.4544	157	51	19.6981
		2,172,000	385,000		19	38	23.5243	157	54	11.3534
		2,168,000	385,000	20.0	19	36	13.4145	157	54	12.2361
	93 /150	2,156,000	385,000		19	29	43.0818	157	54	14.8726

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,160,000	385,000		19	31	53.1932	157	54	13.9957
		2,160,000	390,000		19	31	54.2115	157	57	05.5392
		2,156,000	390,000	20.0	19	29	44.0980	157	57	06.3780
	94 /150	2,160,000	385,000		19	31	53.1932	157	54	13.9957
		2,164,000	385,000		19	34	03.3041	157	54	13.1169
		2,164,000	390,000		19	34	04.3244	157	57	04.6986
		2,160,000	390,000	20.0	19	31	54.2115	157	57	05.5392
	95 /150	2,164,000	385,000		19	34	03.3041	157	54	13.1169
		2,168,000	385,000		19	36	13.4145	157	54	12.2361
		2,168,000	390,000		19	36	14.4369	157	57	03.8561
		2,164,000	390,000	20.0	19	34	04.3244	157	57	04.6986
	96 /150	2,152,000	390,000		19	27	33.9840	157	57	07.2149
		2,156,000	390,000		19	29	44.0980	157	57	06.3780
		2,156,000	395,000		19	29	45.0691	157	59	57.8863
		2,152,000	395,000	20.0	19	27	34.9532	157	59	58.6852
	97 /150	2,156,000	390,000		19	29	44.0980	157	57	06.3780
		2,160,000	390,000		19	31	54.2115	157	57	05.5392
		2,160,000	395,000		19	31	55.1845	157	59	57.0857
		2,156,000	395,000	20.0	19	29	45.0691	157	59	57.8863
	98 /150	2,160,000	390,000		19	31	54.2115	157	57	05.5392
		2,164,000	390,000		19	34	04.3244	157	57	04.6986
		2,164,000	395,000		19	34	05.2994	157	59	56.2832
		2,160,000	395,000	20.0	19	31	55.1845	157	59	57.0857
	99 /150	2,156,000	395,000		19	29	45.0691	157	59	57.8863
		2,160,000	395,000		19	31	55.1845	157	59	57.0857
		2,160,000	400,000		19	31	56.1123	158	2	48.6349
		2,156,000	400,000	20.0	19	29	45.9950	158	2	49.3975
	100 /150	2,160,000	395,000		19	31	55.1845	157	59	57.0857
		2,164,000	395,000		19	34	05.2994	157	59	56.2832
		2,164,000	400,000		19	34	06.2290	158	2	47.8707
		2,160,000	400,000	20.0	19	31	56.1123	158	2	48.6349

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>	
C6	101	/150	2,172,000	610,000		19	38	24.5487	160	2	56.9883
			2,176,000	610,000		19	40	34.6601	160	2	57.8345
			2,176,000	615,000		19	40	33.6336	160	5	49.5313
			2,172,000	615,000	20.0	19	38	23.5243	160	5	48.6466
	102	/150	2,172,000	615,000		19	38	23.5243	160	5	48.6466
			2,176,000	615,000		19	40	33.6336	160	5	49.5313
			2,176,000	620,000		19	40	32.5615	160	8	41.2250
			2,172,000	620,000	20.0	19	38	22.4544	160	8	40.3019
	103	/150	2,176,000	615,000		19	40	33.6336	160	5	49.5313
			2,180,000	615,000		19	42	43.7424	160	5	50.4179
			2,180,000	620,000		19	42	42.6682	160	8	42.1502
			2,176,000	620,000	20.0	19	40	32.5615	160	8	41.2250
	104	/150	2,180,000	615,000		19	42	43.7424	160	5	50.4179
			2,184,000	615,000		19	44	53.8507	160	5	51.3065
			2,184,000	620,000		19	44	52.7743	160	8	43.0774
			2,180,000	620,000	20.0	19	42	42.6682	160	8	42.1502
	105	/150	2,172,000	620,000		19	38	22.4544	160	8	40.3019
			2,176,000	620,000		19	40	32.5615	160	8	41.2250
			2,176,000	625,000		19	40	31.4438	160	11	32.9155
			2,172,000	625,000	20.0	19	38	21.3388	160	11	31.9540
	106	/150	2,176,000	620,000		19	40	32.5615	160	8	41.2250
			2,180,000	620,000		19	42	42.6682	160	8	42.1502
			2,180,000	625,000		19	42	41.5482	160	11	33.8792
			2,176,000	625,000	20.0	19	40	31.4438	160	11	32.9155
	107	/150	2,180,000	620,000		19	42	42.6682	160	8	42.1502
			2,184,000	620,000		19	44	52.7743	160	8	43.0774
			2,184,000	625,000		19	44	51.6521	160	11	34.8450
			2,180,000	625,000	20.0	19	42	41.5482	160	11	33.8792
108	/150	2,184,000	625,000		19	44	51.6521	160	11	34.8450	
		2,188,000	625,000		19	47	01.7555	160	11	35.8130	
		2,188,000	630,000		19	47	00.5851	160	14	27.6160	

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,184,000	630,000	20.0	19	44	50.4841	160	14	26.6093
	109 /150	2,184,000	630,000		19	44	50.4841	160	14	26.6093
		2,188,000	630,000		19	47	00.5851	160	14	27.6160
		2,188,000	635,000		19	46	59.3689	160	17	19.4155
		2,184,000	635,000	20.0	19	44	49.2702	160	17	18.3702
C7	110 /150	2,156,000	640,000		19	29	37.3224	160	20	02.6062
		2,160,000	640,000		19	31	47.4223	160	20	03.6735
		2,160,000	645,000		19	31	46.1322	160	22	55.1968
		2,156,000	645,000	20.0	19	29	36.0349	160	22	54.0914
	111 /150	2,160,000	640,000		19	31	47.4223	160	20	03.6735
		2,164,000	640,000		19	33	57.5217	160	20	04.7432
		2,164,000	645,000		19	33	56.2290	160	22	56.3046
		2,160,000	645,000	20.0	19	31	46.1322	160	22	55.1968
	112 /150	2,156,000	645,000		19	29	36.0349	160	22	54.0914
		2,160,000	645,000		19	31	46.1322	160	22	55.1968
		2,160,000	650,000		19	31	44.7968	160	25	46.7162
		2,156,000	650,000	20.0	19	29	34.7021	160	25	45.5727
	113 /150	2,160,000	645,000		19	31	46.1322	160	22	55.1968
		2,164,000	645,000		19	33	56.2290	160	22	56.3046
		2,164,000	650,000		19	33	54.8910	160	25	47.8622
		2,160,000	650,000	20.0	19	31	44.7968	160	25	46.7162
	114 /150	2,156,000	645,000		19	29	36.0349	160	22	54.0914
		2,160,000	645,000		19	31	46.1322	160	22	55.1968
		2,160,000	655,000		19	31	43.4161	160	28	38.2316
		2,156,000	655,000	20.0	19	29	33.3242	160	28	37.0500
C8	115 /150	2,636,000	520,000		23	50	06.8848	159	11	46.9894
		2,640,000	520,000		23	52	16.9515	159	11	47.1855
		2,640,000	525,000		23	52	16.6977	159	14	43.9807
		2,636,000	525,000	20.0	23	50	06.6314	159	14	43.7357
	116 /150	2,648,000	520,000		23	56	37.0830	159	11	47.5787
		2,652,000	520,000		23	58	47.1478	159	11	47.7759

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,652,000	525,000		23	58	46.8927	159	14	44.7188
		2,648,000	525,000	20.0	23	56	36.8283	159	14	44.4723
	117 /150	2,620,000	525,000		23	41	26.3604	159	14	42.7603
		2,624,000	525,000		23	43	36.4291	159	14	43.0034
		2,624,000	530,000		23	43	36.1210	159	17	39.6024
		2,620,000	530,000	20.0	23	41	26.0529	159	17	39.3107
	118 /150	2,624,000	525,000		23	43	36.4291	159	14	43.0034
		2,628,000	525,000		23	45	46.4971	159	14	43.2470
		2,628,000	530,000		23	45	46.1885	159	17	39.8947
		2,624,000	530,000	20.0	23	43	36.1210	159	17	39.6024
	119 /150	2,628,000	525,000		23	45	46.4971	159	14	43.2470
		2,632,000	525,000		23	47	56.5646	159	14	43.4911
		2,632,000	530,000		23	47	56.2555	159	17	40.1876
		2,628,000	530,000	20.0	23	45	46.1885	159	17	39.8947
	120 /150	2,632,000	525,000		23	47	56.5646	159	14	43.4911
		2,636,000	525,000		23	50	06.6314	159	14	43.7357
		2,636,000	530,000		23	50	06.3218	159	17	40.4811
		2,632,000	530,000	20.0	23	47	56.2555	159	17	40.1876
	121 /150	2,636,000	525,000		23	50	06.6314	159	14	43.7357
		2,640,000	525,000		23	52	16.6977	159	14	43.9807
		2,640,000	530,000		23	52	16.3875	159	17	40.7752
		2,636,000	530,000	20.0	23	50	06.3218	159	17	40.4811
	122 /150	2,640,000	525,000		23	52	16.6977	159	14	43.9807
		2,644,000	525,000		23	54	26.7633	159	14	44.2263
		2,644,000	530,000		23	54	26.4526	159	17	41.0698
		2,640,000	530,000	20.0	23	52	16.3875	159	17	40.7752
	123 /150	2,644,000	525,000		23	54	26.7633	159	14	44.2263
		2,648,000	525,000		23	56	36.8283	159	14	44.4723
		2,648,000	530,000		23	56	36.5171	159	17	41.3651
		2,644,000	530,000	20.0	23	54	26.4526	159	17	41.0698
	124 /150	2,648,000	525,000		23	56	36.8283	159	14	44.4723

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,652,000	525,000		23	58	46.8927	159	14	44.7188
		2,652,000	530,000		23	58	46.5809	159	17	41.6609
		2,648,000	530,000	20.0	23	56	36.5171	159	17	41.3651
125	/150	2,608,000	530,000		23	34	55.8448	159	17	38.4389
		2,612,000	530,000		23	37	05.9147	159	17	38.7289
		2,612,000	535,000		23	37	05.5525	159	20	35.1815
		2,608,000	535,000	20.0	23	34	55.4832	159	20	34.8431
126	/150	2,612,000	530,000		23	37	05.9147	159	17	38.7289
		2,616,000	530,000		23	39	15.9841	159	17	39.0195
		2,616,000	535,000		23	39	15.6213	159	20	35.5205
		2,612,000	535,000	20.0	23	37	05.5525	159	20	35.1815
127	/150	2,616,000	530,000		23	39	15.9841	159	17	39.0195
		2,620,000	530,000		23	41	26.0529	159	17	39.3107
		2,620,000	535,000		23	41	25.6894	159	20	35.8602
		2,616,000	535,000	20.0	23	39	15.6213	159	20	35.5205
128	/150	2,620,000	530,000		23	41	26.0529	159	17	39.3107
		2,624,000	530,000		23	43	36.1210	159	17	39.6024
		2,624,000	535,000		23	43	35.7569	159	20	36.2005
		2,620,000	535,000	20.0	23	41	25.6894	159	20	35.8602
129	/150	2,624,000	530,000		23	43	36.1210	159	17	39.6024
		2,628,000	530,000		23	45	46.1885	159	17	39.8947
		2,628,000	535,000		23	45	45.8238	159	20	36.5416
		2,624,000	535,000	20.0	23	43	35.7569	159	20	36.2005
130	/150	2,628,000	530,000		23	45	46.1885	159	17	39.8947
		2,632,000	530,000		23	47	56.2555	159	17	40.1876
		2,632,000	535,000		23	47	55.8901	159	20	36.8833
		2,628,000	535,000	20.0	23	45	45.8238	159	20	36.5416
131	/150	2,632,000	530,000		23	47	56.2555	159	17	40.1876
		2,636,000	530,000		23	50	06.3218	159	17	40.4811
		2,636,000	535,000		23	50	05.9558	159	20	37.2257
		2,632,000	535,000	20.0	23	47	55.8901	159	20	36.8833

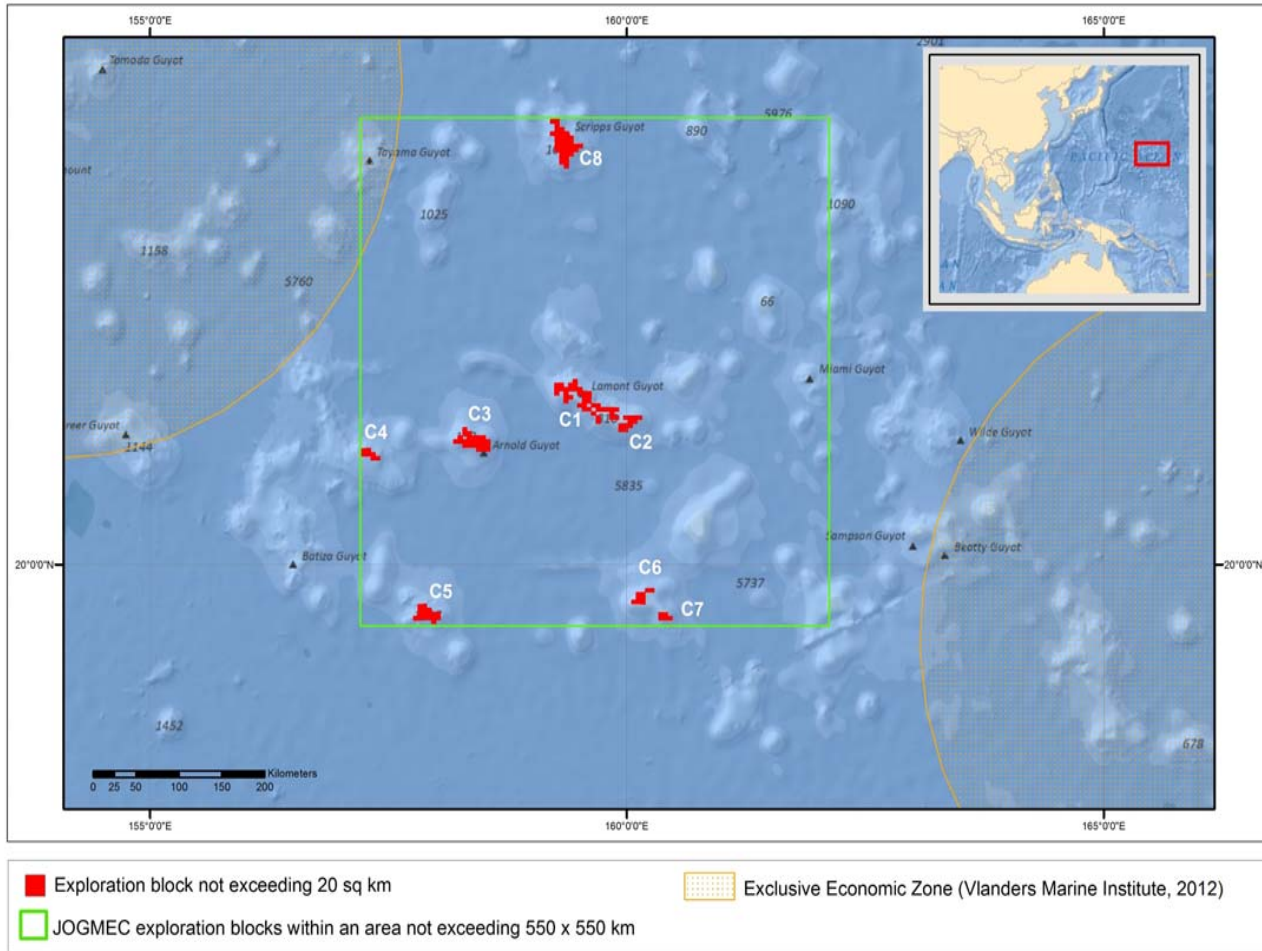
<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>	
	132	/150	2,636,000	530,000		23	50	06.3218	159	17	40.4811
			2,640,000	530,000		23	52	16.3875	159	17	40.7752
			2,640,000	535,000		23	52	16.0209	159	20	37.5687
			2,636,000	535,000	20.0	23	50	05.9558	159	20	37.2257
	133	/150	2,640,000	530,000		23	52	16.3875	159	17	40.7752
			2,644,000	530,000		23	54	26.4526	159	17	41.0698
			2,644,000	535,000		23	54	26.0854	159	20	37.9125
			2,640,000	535,000	20.0	23	52	16.0209	159	20	37.5687
	134	/150	2,604,000	535,000		23	32	45.4132	159	20	34.5055
			2,608,000	535,000		23	34	55.4832	159	20	34.8431
			2,608,000	540,000		23	34	55.0659	159	23	31.2463
			2,604,000	540,000	20.0	23	32	44.9967	159	23	30.8604
	135	/150	2,608,000	535,000		23	34	55.4832	159	20	34.8431
			2,612,000	535,000		23	37	05.5525	159	20	35.1815
			2,612,000	540,000		23	37	05.1345	159	23	31.6329
			2,608,000	540,000	20.0	23	34	55.0659	159	23	31.2463
	136	/150	2,612,000	535,000		23	37	05.5525	159	20	35.1815
			2,616,000	535,000		23	39	15.6213	159	20	35.5205
			2,616,000	540,000		23	39	15.2026	159	23	32.0204
			2,612,000	540,000	20.0	23	37	05.1345	159	23	31.6329
	137	/150	2,616,000	535,000		23	39	15.6213	159	20	35.5205
			2,620,000	535,000		23	41	25.6894	159	20	35.8602
			2,620,000	540,000		23	41	25.2700	159	23	32.4086
			2,616,000	540,000	20.0	23	39	15.2026	159	23	32.0204
	138	/150	2,620,000	535,000		23	41	25.6894	159	20	35.8602
			2,624,000	535,000		23	43	35.7569	159	20	36.2005
			2,624,000	540,000		23	43	35.3368	159	23	32.7976
			2,620,000	540,000	20.0	23	41	25.2700	159	23	32.4086
	139	/150	2,624,000	535,000		23	43	35.7569	159	20	36.2005
			2,628,000	535,000		23	45	45.8238	159	20	36.5416
			2,628,000	540,000		23	45	45.4030	159	23	33.1873

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,624,000	540,000	20.0	23	43	35.3368	159	23	32.7976
140	/150	2,628,000	535,000		23	45	45.8238	159	20	36.5416
		2,632,000	535,000		23	47	55.8901	159	20	36.8833
		2,632,000	540,000		23	47	55.4686	159	23	33.5779
		2,628,000	540,000	20.0	23	45	45.4030	159	23	33.1873
141	/150	2,632,000	535,000		23	47	55.8901	159	20	36.8833
		2,636,000	535,000		23	50	05.9558	159	20	37.2257
		2,636,000	540,000		23	50	05.5336	159	23	33.9692
		2,632,000	540,000	20.0	23	47	55.4686	159	23	33.5779
142	/150	2,636,000	535,000		23	50	05.9558	159	20	37.2257
		2,640,000	535,000		23	52	16.0209	159	20	37.5687
		2,640,000	540,000		23	52	15.5979	159	23	34.3612
		2,636,000	540,000	20.0	23	50	05.5336	159	23	33.9692
143	/150	2,616,000	540,000		23	39	15.2026	159	23	32.0204
		2,620,000	540,000		23	41	25.2700	159	23	32.4086
		2,620,000	545,000		23	41	24.7947	159	26	28.9558
		2,616,000	545,000	20.0	23	39	14.7281	159	26	28.5191
144	/150	2,620,000	540,000		23	41	25.2700	159	23	32.4086
		2,624,000	540,000		23	43	35.3368	159	23	32.7976
		2,624,000	545,000		23	43	34.8607	159	26	29.3934
		2,620,000	545,000	20.0	23	41	24.7947	159	26	28.9558
145	/150	2,624,000	540,000		23	43	35.3368	159	23	32.7976
		2,628,000	540,000		23	45	45.4030	159	23	33.1873
		2,628,000	545,000		23	45	44.9261	159	26	29.8319
		2,624,000	545,000	20.0	23	43	34.8607	159	26	29.3934
146	/150	2,628,000	540,000		23	45	45.4030	159	23	33.1873
		2,632,000	540,000		23	47	55.4686	159	23	33.5779
		2,632,000	545,000		23	47	54.9908	159	26	30.2712
		2,628,000	545,000	20.0	23	45	44.9261	159	26	29.8319
147	/150	2,632,000	540,000		23	47	55.4686	159	23	33.5779
		2,636,000	540,000		23	50	05.5336	159	23	33.9692

<i>Cluster</i>	<i>Block No.</i>	<i>Northing UTM Zone57N</i>	<i>Easting UTM Zone57N</i>	<i>Area (km²)</i>	<i>Lat. N degrees</i>	<i>Lat. N minutes</i>	<i>Lat. N seconds</i>	<i>Long. E degrees</i>	<i>Long. E minutes</i>	<i>Long. E seconds</i>
		2,636,000	545,000		23	50	05.0550	159	26	30.7114
		2,632,000	545,000	20.0	23	47	54.9908	159	26	30.2712
148	/150	2,620,000	545,000		23	41	24.7947	159	26	28.9558
		2,624,000	545,000		23	43	34.8607	159	26	29.3934
		2,624,000	550,000		23	43	34.3285	159	29	25.9879
		2,620,000	550,000	20.0	23	41	24.2634	159	29	25.5017
149	/150	2,624,000	545,000		23	43	34.8607	159	26	29.3934
		2,628,000	545,000		23	45	44.9261	159	26	29.8319
		2,628,000	550,000		23	45	44.3930	159	29	26.4751
		2,624,000	550,000	20.0	23	43	34.3285	159	29	25.9879
150	/150	2,624,000	550,000		23	43	34.3285	159	29	25.9879
		2,628,000	550,000		23	45	44.3930	159	29	26.4751
		2,628,000	555,000		23	45	43.8038	159	32	23.1168
		2,624,000	555,000	20.0	23	43	33.7403	159	32	22.5809

Annex II

Map of the general location of the area under application





Council

Distr.: General
20 March 2013

Original: English

Nineteenth session
Kingston, Jamaica
15-26 July 2013

Proposal for a joint venture operation with the Enterprise

Report by the Interim Director-General of the Enterprise

1. In October 2012, the Secretary-General of the Authority received a proposal from Nautilus Minerals Inc. (Nautilus), a company incorporated in Canada, to enter into negotiations to form a joint venture with the Enterprise for the purpose of developing eight of the reserved area blocks in the Clarion-Clipperton Zone. The blocks in question, which are identified in schedule 1 to the draft heads of agreement set out in the annex to the present report, were contributed by GSR Minerals NV (Belgium), UK Seabed Resources Ltd. (United Kingdom of Great Britain and Northern Ireland), Yuzhmorgeologiya (Russian Federation) and China Ocean Mineral Research and Development Association (COMRA).

2. The terms of the proposal by Nautilus are set out in a draft heads of agreement, which is annexed to the present report. Under the agreement, Nautilus would work with the Enterprise to develop a proposal for a joint venture operation by 2015. Any such proposal would have to be based on sound commercial principles, as required by the 1994 Agreement (General Assembly resolution 48/263, annex). Should the proposal be approved in 2015, the Council may decide to issue a directive for the independent functioning of the Enterprise in accordance with paragraph 2 of the annex to the 1994 Agreement. During that period, Nautilus will carry out, at its own expense and risk, an agreed work programme that will include the following elements:

(a) By 31 December 2013, Nautilus will complete a resource estimate in respect of the reserved areas broadly in compliance with Canadian National Instrument 43-101 using existing publicly available data;¹

(b) Also by the end of 2013, Nautilus will compile relevant environmental, metallurgical, mining and other data into a report to be delivered to the Authority;

(c) By 31 December 2014, Nautilus shall use its best endeavours to complete a preliminary financial model based upon the results of the resource estimate and

¹ Under the Convention and the 1994 Agreement, no prospecting is permitted in reserved areas, so existing data will have to be used for this purpose.



summary report above and the detailed simulation work to be carried out by Nautilus following the completion of pre-feasibility work by Tonga Offshore Mining Ltd. This preliminary financial model shall form the basis for discussion between Nautilus and the Enterprise to develop the joint venture proposal;

(d) During 2015, the parties shall finalize the joint venture proposal which must set out in detail the commercial terms upon which the joint venture shall be formed, including but not limited to the following:

- (i) Participating interests;
- (ii) Financial and technical contributions;
- (iii) Management of the joint venture;
- (iv) Work programme and budget;
- (v) Marketing and sale of joint venture product;

(e) The Interim Director-General of the Enterprise shall present the finalized proposal to the Council in 2015 with a view to the Council issuing a directive at that time for the independent functioning of the Enterprise. Providing the Council issues such a directive, a binding joint venture agreement is to be executed in 2016.

3. The total cost of the work programme described above is estimated at \$550,000, which shall be borne by Nautilus. The heads of agreement includes a provision whereby Nautilus shall provide an annual report on its expenditure incurred. In addition, Nautilus agrees to underwrite the costs incurred by the Enterprise (or the secretariat performing the functions of the Enterprise) through an annual fee to be paid to and administered by the Authority for this purpose.

4. It should be emphasized that the Council is not being asked to approve a joint venture operation at this time. Rather, the Council is being invited to give its approval to the heads of agreement contained in the annex to the present report whereby the terms of a joint venture operation will be negotiated over a two-year period with a view to presentation of a joint venture proposal to the Council in 2015, in accordance with paragraph 2 of the annex to the 1994 Agreement, based on sound commercial principles. Subject to the terms of the proposal being acceptable at that time, the Council would then be in a position to issue a directive for the independent functioning of the Enterprise.

5. The Council is invited to consider the proposal put forward by Nautilus through the Interim Director-General of the Enterprise.

Annex

Business Proposal Heads of Agreement

The International Seabed Authority (**ISA**)

Nautilus Minerals Inc (**Nautilus**)

I. Details

Date

Parties

Name International Seabed Authority

Short form name **ISA**

Place of incorporation

Notice details Address: 14-20 Port Royal Street, Kingston, Jamaica
Telephone: (876) 922 9105
Facsimile: (876) 967 7487
Attention:

Name Nautilus Minerals Inc

Short form name **Nautilus**

Place of incorporation Canada

Notice details Address: Level 7, 303, Coronation Drive, Milton QLD 4064
Telephone: +61 7 3318 5555
Facsimile: +61 7 3318 5500
Attention: Mr. Jonathan Lowe

II. Background

1. Nautilus and its Affiliates intend to commercially explore the ocean floor for gold, copper, silver and zinc deposits. Nautilus and its Affiliates hold various licences and exploration applications, including in the Area.
2. The International Seabed Authority (ISA) is an autonomous international organization established under UNCLOS and the 1994 Agreement through which parties to the Convention shall, in accordance with the regime for the Area established in Part XI of UNCLOS and the 1994 Agreement, organize and control activities in the Area, particularly with a view to administering the resources of the Area.
3. The Enterprise is created only when the ISA Council issues a directive providing for the functioning of the Enterprise independent of the secretariat of the ISA following the approval by the ISA Council of a business proposal for a joint venture based on sound commercial principles (as defined in paragraph 2 of section 2 of the annex to the 1994 Agreement).
4. In accordance with the provisions of article 170 of the UNCLOS and paragraph 1 of section 2 of the annex to the 1994 Agreement, the secretariat of the ISA shall perform the functions of the Enterprise until it begins to operate independently of the secretariat. Such functions include, inter alia, the assessment of approaches to joint venture operations.
5. This Heads of Agreement records the basis upon which Nautilus (or one of its Affiliates) and the secretariat of the ISA, performing the functions of the Enterprise

pursuant to section 2 of the annex to the 1994 Agreement, shall agree a business proposal for the formation of a joint venture between the Enterprise and Nautilus (or one of its Affiliates) in respect of the Reserved Areas (Business Proposal) for the purpose of exploring and developing the Reserved Areas. (Joint Venture)

III. Agreed terms

6. Effective Date: This Heads of Agreement shall be effective and in force from 19 October 2012.

IV. Programme for development of business proposal

7. 2013 Programme

(a) Nautilus shall use its best endeavours to undertake the following by 31 December 2013:

(i) Complete a resource estimate in respect of the Reserved Areas broadly in compliance with Canadian National Instrument 43-101 using existing publicly available data.

(ii) Together with the resource estimate, start to compile relevant environmental, metallurgical, mining and other data into a report to be delivered to the ISA (Resource estimate and summary report).

8. 2014 Programme

(a) Nautilus shall use its best endeavours to complete a preliminary financial model based upon data updated using the results of the Resource Estimate and Summary Report and the detailed simulation work to be completed by Nautilus following Tonga Offshore Mining Limited's completion of pre-feasibility work in accordance with its Contract of Exploration with the ISA, by 31 December 2014.

(b) The preliminary financial model described in (a) above shall form the basis for discussions between Nautilus and the ISA to agree to the Business Proposal.

9. 2015 Programme

(a) The parties shall finalize the Business Proposal which must set out in detail the commercial terms upon which the Joint Venture shall be formed, including but not limited to the following:

(i) Participating interests;

(ii) Financial and technical contributions;

(iii) Management of the Joint Venture;

(iv) Work programme and budget;

(v) Marketing and sale of Joint Venture product.

(b) At the annual session of the ISA Council in the year 2015, the Interim Director-General of the Enterprise will submit the Business Proposal (in accordance with paragraph 2 of section 2 of the annex to the 1994 Agreement) to the ISA

Council with a view to the Council issuing a directive for the independent functioning of the Enterprise.

10. 2016 Programme

(a) Subject to the decision of the ISA Council, by 31 December 2016, Nautilus and the Enterprise shall conclude their negotiations in respect of the final terms of the Joint Venture and shall have executed a binding joint venture agreement.

V. Costs

11. Nautilus shall bear the risk and any and all costs associated with completing the programmes described in clauses 7 to 9, excluding any costs incurred by the ISA in the ordinary course of holding its annual session of the ISA Council.

12. Nautilus' estimate of the costs of completing the programmes described in clauses 7 to 9 is as follows:

<i>Work programme</i>	<i>Approximate cost (United States dollars)</i>
2013	100 000
2014	250 000
2015	200 000

13. Nautilus shall provide the ISA with an annual report outlining the costs incurred in respect of the programmes described in clauses 7 to 9, which report shall be prepared according to the ISA financial expenditure guidelines.

14. Subject to clause VII, any and all costs incurred by Nautilus in connection with the Reserved Areas, undertaking the programmes described in clauses 7 to 9 and developing the Business Proposal, shall be credited toward any financial contribution that Nautilus may be required to make to the Joint Venture.

15. Nautilus shall pay to the ISA an annual fee for the right to explore the Reserved Areas in the sum of US\$ 100,000. The ISA Council shall have the right to review the amount of the fee on an annual basis but it shall not be increased by more than the percentage increase in the ISA annual operating budget for any year.

VI. Communication

16. Nautilus and the ISA will maintain regular dialogue during the programmes described in clause IV to ensure all parties are fully informed and that any issues that might affect the Joint Venture can be addressed prior to the consideration of the Business Proposal by the ISA Council.

VII. Original contractor rights

17. The parties acknowledge and agree that the finalization of the terms of the Joint Venture will trigger an obligation of the Enterprise under paragraph 5 of section 2 of the annex to the 1994 Agreement to offer the original contractor which contributed the Reserved Areas the right of first refusal to enter into a joint venture agreement.

18. In the event the original contractors which contributed the Reserved Areas exercise such right of first refusal the Enterprise must make it a condition of any joint venture agreement executed between the Enterprise with that original contractor that Nautilus and the Enterprise be reimbursed based on cost multiplied by three for the programmes undertaken by Nautilus and the Enterprise respectively as described in clauses IV and V above.

VIII. Commitment to joint venture

19. The ISA agrees to negotiate with Nautilus in good faith, and with priority, to develop the Business Proposal and to form the Joint Venture and shall do all things reasonably necessary, to enable the Joint Venture to be formed in a timely manner.

20. In the event any applications are received by the ISA from any third parties in respect of the Reserved Areas prior to the approval of the Business Proposal by the ISA Council, the ISA agrees to deal with such applications in accordance with the provisions of UNCLOS and the 1994 Agreement.

21. Each party shall ensure that its employees, agents and advisers comply with the undertakings in this clause as if they were the relevant party.

IX. Mutual indemnity

22. To the extent permitted under Legislative Requirements, the ISA releases, holds harmless and indemnifies Nautilus and its Affiliates and their respective officers, servants, agents and employees from and against all claims, losses, damages, costs, expenses and liabilities in respect of loss or damage to any property and in respect of any injury or death to the officers, servants, agents and employees of the ISA and its Affiliates arising directly or indirectly from the performance by Nautilus of its obligations under this Agreement.

23. To the extent permitted under Legislative Requirements, Nautilus releases, holds harmless and indemnifies the ISA and its Affiliates and their respective officers, servants, agents and employees from and against all claims, losses, damages, costs, expenses and liabilities in respect of loss or damage to any property and in respect of any injury or death to the officers, servants, agents and employees of Nautilus and its Affiliates arising directly or indirectly from the performance by ISA of its obligations under this Agreement.

X. Arbitration

(a) Meaning of dispute

24. For purposes of this clause X, “Dispute” means any dispute, disagreement, controversy or claim arising out of or relating to this Agreement, or the interpretation or performance of provisions of this Agreement or the breach, termination or validity thereof, that the parties are unable to resolve by mutual agreement within a reasonable time, other than any dispute that is a question of the interpretation of Part XI and the Annexes relating thereto of the UNCLOS with respect to activities in the Area.

(b) Negotiation

25. If there is a Dispute, senior representatives from Nautilus and the ISA, respectively, must promptly meet and use all reasonable endeavours acting in good faith to resolve the Dispute.

(c) Submission to UNCITRAL arbitration

26. The Parties agree that in accordance with Article 188, paragraph 2, of the UNCLOS any Dispute that is not settled by negotiation under clause X (b) within 10 business days after Nautilus Minerals or the ISA notifies the other of the Dispute will be settled by arbitration under the Arbitration Rules, as at present in force, of the United Nations Commission on International Trade Law (the UNCITRAL Arbitration Rules), subject to such modifications as the parties to the Dispute may agree in writing at the time.

(d) Application of UNCITRAL Arbitration Rules

27. For the purposes of the arbitration of any Dispute under the UNCITRAL Arbitration Rules:

(a) the appointing authority will be the Australian Commercial Dispute Centre which will also administer the arbitration;

(b) an agreed appointee will be appointed as a single arbitrator, but if within thirty (30) days after the receipt by the respondent of the notice of arbitration the parties have not agreed on a single arbitrator, the number of arbitrators will be three;

(c) the place of arbitration will be Sydney, Australia, or such other place as the parties to the Dispute may agree; and

(d) the language to be used in the arbitral proceedings will be English.

(e) Award binding

28. An award in arbitration proceedings under this clause X will be binding on the parties to the Dispute and judgement thereon may be entered in any court having jurisdiction for the purpose.

(f) Cost of arbitration

29. Unless otherwise agreed or provided, the cost of any arbitration procedure will be borne:

(a) equally by the parties to the Dispute where it has been referred jointly by them; or

(b) otherwise, by the unsuccessful party in accordance with the UNCITRAL Arbitration Rules.

(g) Stay of other rights

30. Where a Dispute has been referred to arbitration pursuant to this clause X, no party will be entitled to exercise any rights or election arising in consequence of any alleged default by another party arising out of the subject matter of the Dispute until the Dispute has been resolved by the decision of the arbitrators.

(h) Court proceedings and other relief

31. A party may not commence court proceedings in relation to a Dispute until it has exhausted the procedures in this clause X. No party is prevented from applying to a court at any stage for urgent injunctive or other relief.

XI. Confidential information

(a) Use and disclosure

32. Each party (**Recipient**):

(a) may use Confidential Information of a Disclosing Party only for the purposes of this Agreement; and

(b) must keep confidential all Confidential Information of the other parties (each a Disclosing Party) except:

(i) for disclosures permitted under clause XI (c); and

(ii) subject to clause XI (d), to the extent (if any) the Recipient is required by law or the rules of any stock exchange to disclose any Confidential Information.

(b) Permitted disclosure

33. A Recipient may disclose Confidential Information of a Disclosing Party to persons who:

(a) have a need to know for the purposes of this Agreement (and only to the extent that each has a need to know); and

(b) before disclosure.

(i) in the case of the Recipient's officers and employees, have been directed by the Recipient to keep confidential all Confidential Information of the Disclosing Party; and

(ii) in the case of other persons approved in writing by the Disclosing Party, have agreed in writing with the Recipient to comply with substantially the same obligations in respect of Confidential Information of the Disclosing Party as those imposed on the Recipient under this Agreement.

(c) Recipient's obligations

34. A Recipient must:

(a) ensure that each person to whom it discloses Confidential Information of a Disclosing Party under clause XI(b) complies with a direction given under clause XI(b)(ii); and

(b) notify the Disclosing Party of, and take all steps to prevent or stop, any suspected or actual breach of a direction given under clause XI(b)(ii).

(d) Disclosure by law

35. If a Recipient is required by law or the rules of any stock exchange to disclose any Confidential Information of a Disclosing Party to a third person (including, but not limited to, government) the Recipient must:

(a) before doing so:

(i) notify the Disclosing Party; and

(ii) give the Disclosing Party a reasonable opportunity to take any steps that the Disclosing Party considers necessary to protect the confidentiality of that information; and

(iii) notify the third person that the information is confidential information of the Disclosing Party.

XII. No reliance

(a) No reliance

36. The ISA acknowledges and agrees that it has not relied on:

(a) any representation or warranty, express or implied, by Nautilus Minerals or its Affiliates, including in relation to the viability of the Reserved Areas;

(b) the accuracy, reliability or completeness of information disclosed to it by or on behalf of, Nautilus or its Affiliates; or

(c) any recommendation by Nautilus or its Affiliates on the suitability of participating in the Business Proposal or the Joint Venture.

(b) Own investigations

37. Each party acknowledges and agrees that it enters into this Agreement and the transactions contemplated by it on the basis of its own independent investigation and assessment and that it has had the opportunity to make and has made reasonable enquiries and has satisfied itself in relation to matters arising from those investigations and, to the maximum extent permitted by law, each party and its Affiliates, officers and employees disclaim and release each other from all liability in relation to those matters.

XIII. Miscellaneous

(a) Capacity and status

38. Each party warrants, at the date of execution of this Agreement, that:

(a) it is duly organized, validly existing and in good standing under the laws of its place of incorporation;

(b) it has the capacity to enter into and perform its obligations under this Agreement and that all corporate and other internal actions required to authorize it to enter into and perform its obligations under this Agreement have been or will be properly taken;

(c) its execution, delivery and performance of this Agreement have been duly authorized by all required actions of its governing authority or owners and do not and will not:

(i) violate any law, rule, regulation, order or decree applicable to it; or

(ii) violate its constitution or organisational documents; and

(d) it will not breach any other agreement or arrangement by entering into or performing its obligations under this Agreement and this Agreement when signed will have been duly executed by it and will be valid and binding upon it in accordance with its terms.

(b) Alterations

39. This Agreement may be altered only in writing signed by each party.

(c) Assignment

(a) Nautilus shall be entitled to assign, transfer or novate the Agreement, any part of it, or any benefit or interest in or under it, to any of its co-venturers or an Affiliate.

(b) Nautilus shall be entitled to assign the Agreement, any part of it, or any benefit or interest in or under it, to any third party, provided such third party is capable of performing the obligations under the Agreement or otherwise with the written consent of the ISA which shall not be unreasonably withheld.

(c) The ISA undertakes that, in the event of any assignment described above, it will promptly execute a formal assignment of interest in the Agreement to the relevant party, to be effective upon the written assumption by the assignee of all obligations of Nautilus under the Agreement.

(d) Costs

40. Subject to clause V, each party must pay its own costs of negotiating, preparing and executing this Agreement, and any other agreement required by this Agreement.

(e) Stamp duty

41. Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Agreement must be paid by Nautilus.

(f) Survival

42. Any obligation which by its nature is intended to survive termination, survives termination of this Agreement.

(g) Counterparts

43. This Agreement may be executed in counterparts. All executed counterparts constitute one document.

(h) No merger

44. The rights and obligations of the parties under this Agreement do not merge on completion of any transaction contemplated by this Agreement.

(i) Entire agreement

45. This Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

(j) Further action

46. Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Agreement and any transactions contemplated by it.

(k) Severability

47. A term or part of a term of this Agreement that is illegal or unenforceable may be severed from this Agreement and the remaining terms or parts of the term of this document continue in force.

(l) Waiver

48. A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

(m) Announcements

49. A public announcement in connection with this Agreement or any transaction contemplated by it must be approved by each party before it is made, except if required by law or a regulatory body (including a relevant stock exchange).

(n) Governing law and jurisdiction

50. This document is governed by the laws of England and each party submits to the non-exclusive jurisdiction of the courts of England.

51. In accordance with Article 188 of the UNCLOS any dispute, disagreement, controversy or claim arising out of or relating to this Agreement that is a question of the interpretation of Part XI and the Annexes relating thereto of the UNCLOS with

respect to activities in the Area shall be referred to the Seabed Disputes Chamber for a ruling.

XIV. Defined terms and interpretation

(a) Defined terms

52. In this Agreement including all of its schedules, the following terms have the following meanings unless the context otherwise requires:

- (i) **Affiliate** or affiliated means, in relation to a party:
 - a. a related body corporate of the party;
 - b. a company in which the party beneficially owns 50 per cent or more of the issued shares;
 - c. a trust of which the party is the beneficiary and from which the party has received 50 per cent or more of the distributions from that trust in the previous three years;
 - d. a trust of which a related body corporate of the party is the responsible entity, trustee, manager or investment adviser of the trust;
 - e. a limited partnership whose general partner is a related body corporate of the party;
 - f. a general partnership all of whose general partners are related bodies corporate of the party;
 - g. if the party is a limited partnership, general partnership or a trust, a custodian of an asset or assets of the limited partnership, general partnership or trust; or
 - h. if the party is an individual, the spouse, former spouse, mother, father, brother, sister or child over the age of 18 of the party.
- (ii) **Agreement** means this Heads of Agreement, including all schedules to it.
- (iii) **1994 Agreement** means the Agreement relating to the implementation of Part XI of UNCLOS.
- (iv) **Area** means the seabed and ocean floor and subsoil thereof beyond the limits of national jurisdiction which are controlled by the ISA.
- (v) **Authorities** means all Government bodies, instrumentalities, boards or other public authorities, having jurisdiction over Services.
- (vi) **Business day** means a day that is not a Saturday, Sunday, bank holiday or public holiday in either Brisbane, Australia or England.
- (vii) **Confidential Information** of a party (**Disclosing Party**) means all information:
 - a. treated by the Disclosing Party as confidential; and

b. disclosed by the Disclosing Party to another party or of which another party becomes aware, whether before or after the date of this Agreement, except information;

c. another party creates (whether alone or jointly with any third person) independently of the Disclosing Party; or

d. that is public knowledge (otherwise than as a result of a breach of confidentiality by another party or any of its permitted disclosees).

(viii) **Control** means the ownership, directly or indirectly, of more than 50 per cent of the voting rights in a legal entity.

(ix) **day** means a calendar day.

(x) **ISA** means the International Seabed Authority.

(xi) **Legislative requirements** includes all acts, ordinances, regulations, subordinate legislation, by-laws, orders, awards, certificates, licences, consents, permits and Approvals of any applicable jurisdiction.

(xii) **month** means a calendar month.

(xii) **Nautilus** means Nautilus Minerals Inc.

(xiii) **Recipient** has the meaning given in clause XI (a) of this Agreement.

(xiv) **Related company** means any subsidiary of that company and, where the plural is used means all of them.

(xv) **Reserved Areas** means the reserved areas described in Schedule 1 hereto.

(xvi) **Seabed Disputes Chamber** means the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea established under Article 186 of the UNCLOS.

(xvii) **UNCLOS** means the United Nations Convention on the Law of the Sea 1982.

(b) Interpretation

53. In this Agreement, including all annexures, schedules and exhibits, except where the context otherwise requires:

(i) the singular includes the plural and vice versa, and a gender includes other genders;

(ii) another grammatical form of a defined word or expression has a corresponding meaning;

(iii) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Agreement, and a reference to this Agreement includes any schedule or annexure;

(iv) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

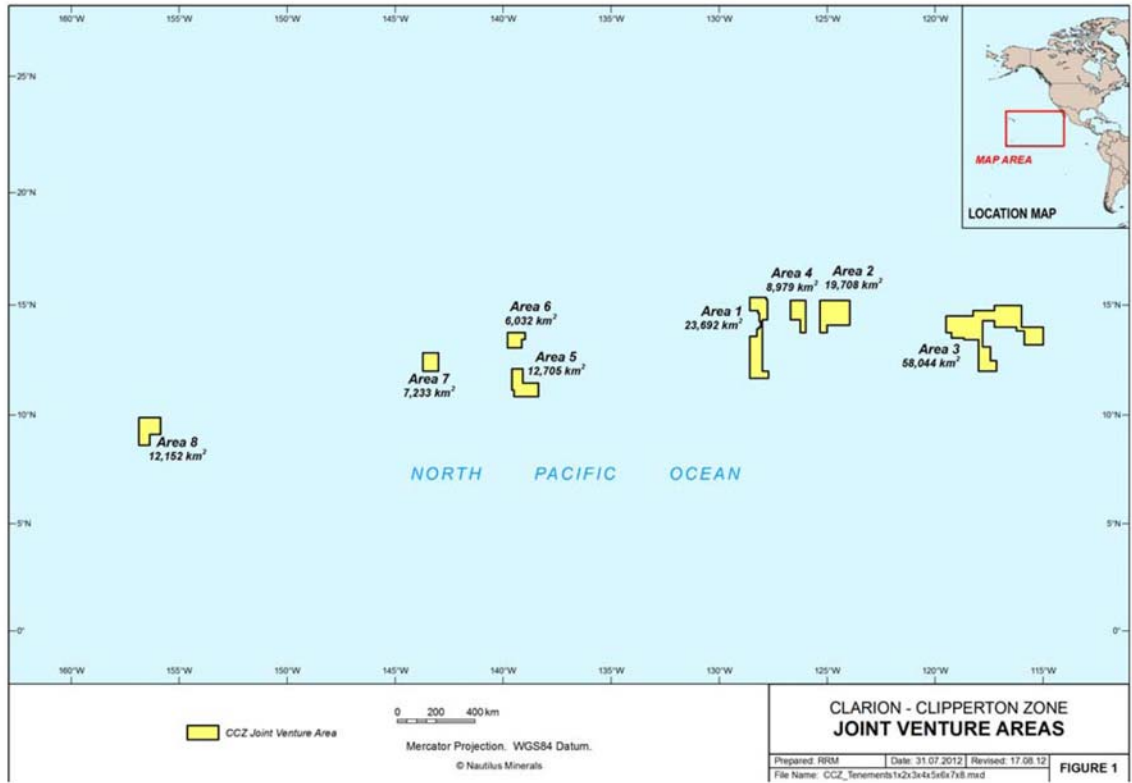
(v) a reference to **\$US, USD, dollar** or **\$** is to United States currency;

-
- (vi) a reference to **€**, **EUR** or **Euro** is to the currency of those members of the European Union that are part of the Eurozone;
 - (vii) a reference to time is local time in respect of the relevant area of operations;
 - (viii) a reference to a party is to a party to this document, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
 - (viii) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
 - (ix) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (x) a word or expression defined in the *Corporations Act 2001* (Cth) has the meaning given to it in the *Corporations Act 2001* (Cth);
 - (xi) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
 - (xii) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
 - (xiii) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
 - (xiv) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
 - (xv) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

(b) Headings

54. Headings are for ease of reference only and do not affect interpretation.

XV. Schedule 1-reserved areas



(a) Clarion-Clipperton Zone — Area 1

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering the entire area of ISA reserved area *GTEC A1* in the Clarion Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

	128.5833 W	15.3333 N (the point of commencement)
then to	127.8333 W	15.3333 N
then to	127.8333 W	15.2500 N
then to	127.7667 W	15.2500 N
then to	127.7667 W	14.3333 N
then to	128.0000 W	14.3333 N
then to	128.0000 W	12.0000 N
then to	127.7167 W	12.0000 N
then to	127.7167 W	11.6667 N
then to	128.5833 W	11.6667 N
then to	128.5833 W	13.5760 N
then to	128.2500 W	13.5760 N
then to	128.2500 W	13.9167 N
then to	128.1667 W	13.9167 N
then to	128.1667 W	14.0000 N

then to 128.0833 W 14.0000 N
 then to 128.0833 W 14.2500 N
 then to 128.1522 W 14.2500 N
 then to 128.1522 W 14.6250 N
 then to 128.2083 W 14.6250 N
 then to 128.2083 W 14.7500 N
 then to 128.5833 W 14.7500 N
 then to 128.5833 W 15.3333 N being the point of commencement
 Total area of this reserved area is **23,692 km²**

(b) Clarion-Clipperton Zone — Area 2

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved area **GTEC A5** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

125.3330 W 15.2000 N (the point of commencement)
 then to 123.9520 W 15.2000 N
 then to 123.9520 W 14.0833 N
 then to 125.0000 W 14.0833 N
 then to 125.0000 W 13.7500 N
 then to 125.3333 W 13.7500 N
 then to 125.3330 W 15.2000 N being the point of commencement
 Total area of this reserved area is **19,708 km²**

(c) Clarion-Clipperton Zone — Area 3

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved area **UK Seabed Resources Ltd. A** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

119.5000 W 14.5000 N (the point of commencement)
 then to 118.2500 W 14.5000 N
 then to 118.2500 W 14.7500 N
 then to 117.2500 W 14.7500 N
 then to 117.2500 W 14.9667 N
 then to 116.0000 W 14.9667 N
 then to 116.0000 W 14.0000 N
 then to 115.0000 W 14.0000 N
 then to 115.0000 W 13.2000 N
 then to 115.8700 W 13.2000 N
 then to 115.8700 W 13.8200 N
 then to 116.2400 W 13.8200 N
 then to 116.2400 W 14.0000 N
 then to 117.2600 W 14.0000 N
 then to 117.2600 W 14.2800 N

then to 117.8000 W 14.2800 N
 then to 117.8000 W 13.1000 N
 then to 117.4400 W 13.1000 N
 then to 117.4400 W 12.4700 N
 then to 117.1600 W 12.4700 N
 then to 117.1600 W 12.0000 N
 then to 118.0000 W 12.0000 N
 then to 118.0000 W 13.4333 N
 then to 118.6667 W 13.4333 N
 then to 118.6667 W 13.5000 N
 then to 119.2500 W 13.5000 N
 then to 119.2500 W 13.7500 N
 then to 119.5000 W 13.7500 N
 then to 119.5000 W 14.5000 N being the point of commencement
 Total area of this reserved area is **58,043 km²**

(d) Clarion-Clipperton Zone — Area 4

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved area **GTEC A3** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

126.7000 W 15.1996 N (the point of commencement)
 then to 126.0000 W 15.2000 N
 then to 126.0000 W 13.7500 N
 then to 126.2500 W 13.7500 N
 then to 126.2500 W 14.3333 N
 then to 126.7000 W 14.3333 N
 then to 126.7000 W 15.1996 N being the point of commencement
 Total area of this reserved area is **8,979 km²**

(e) Clarion-Clipperton Zone — Area 5

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved areas **YUZHMOGEOLOGIA 11 & COMRA 6** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

139.6000 W 12.1000 N (the point of commencement)
 then to 139.1000 W 12.1000 N
 then to 139.1000 W 11.4500 N
 then to 138.3740 W 11.4500 N
 then to 138.3740 W 10.8330 N
 then to 139.5000 W 10.8333 N
 then to 139.5000 W 11.1250 N
 then to 139.6000 W 11.1250 N
 then to 139.6000 W 12.1000 N being the point of commencement
 Total area of this reserved area is **12,705 km²**

(f) Clarion-Clipperton Zone — Area 6

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved areas **YUZHMOERGEOLGIA 10 & 11** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

	139.8000 W	13.7500 N (the point of commencement)
then to	138.9800 W	13.7500 N
then to	138.9800 W	13.4500 N
then to	139.1400 W	13.4500 N
then to	139.1400 W	13.0600 N
then to	139.8000 W	13.0600 N
then to	139.8000 W	13.7500 N being the point of commencement

Total area of this reserved area is **6,032 km²**

(g) Clarion-Clipperton Zone — Area 7

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved area **YUZHMOERGEOLGIA 10** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

	143.7210 W	12.8333 N (the point of commencement)
then to	143.0000 W	12.8333 N
then to	143.0000 W	12.0000 N
then to	143.7210 W	12.0000 N
then to	143.7210 W	12.8333 N being the point of commencement

Total area of this reserved area is **7,233 km²**

(h) Clarion-Clipperton Zone — Area 8

Boundary description in Longitude/Latitude coordinates (decimal degrees, WGS84 Datum)

All that area of seafloor covering part of the ISA reserved area **COMRA 1** in the Clarion-Clipperton Zone of the North Pacific Ocean, bounded by a line commencing at the northwest corner at:

	156.8750 W	9.8750 N (the point of commencement)
then to	155.8783 W	9.8750 N
then to	155.8750 W	9.1250 N
then to	156.3750 W	9.1250 N
then to	156.3750 W	8.6250 N
then to	156.8750 W	8.6250 N
then to	156.8750 W	9.8750 N being the point of commencement

Total area of this reserved area is **12,152 km²**

Total area covered by Schedule 1 = 148,544 km²

XVI. Signing page

Signed for Nautilus Minerals Inc. by an authorized officer in the presence of

Signature of officer

Signature of witness

Name of officer (print)

Name of witness (print)

Office held

Signed for the International Seabed Authority by an authorized officer in the presence of

Signature of officer

Signature of witness

Name of officer (print)

Name of witness (print)

Office held



Council

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Kingston, Jamaica
15-26 July 2013

Towards the development of a regulatory framework for polymetallic nodule exploitation in the Area

Note by the Secretariat¹

1. After decades of being “on hold”, there is renewed interest in the potential for commercial exploitation of deep seabed polymetallic nodules. This new interest is largely the result of the following five factors:

- (a) A dramatic increase in the demand for metal;
- (b) An equally dramatic rise in metal prices;
- (c) The high profitability of mining sector companies;
- (d) A decline in the tonnage and grade of land-based nickel, copper and cobalt sulphide deposits;
- (e) Technological advances in deep seabed mining and processing.

Equally important is the impact of Papua New Guinea granting the first deep-seabed mining licence, in its territorial Bismarck Sea, to Nautilus Minerals Inc. of Canada. This has demonstrated that the private sector, and the financial institutions that support it, believe that deep seabed mining can be commercially viable.

2. In addition to the exploration contracts with the initial seven pioneer investors in 2001 and 2002, a second contract with Germany was signed in 2006. During its seventeenth annual session, in 2011, the Council of the International Seabed Authority approved the workplans of Nauru Ocean Resources Inc., sponsored by Nauru, and Tonga Offshore Mining Limited, sponsored by Tonga, for exploration for polymetallic nodules; and the workplans of the China Ocean Minerals Resources Research and Development Association (COMRA), and the Ministry of Natural Resources and the Environment of the Russian Federation, for polymetallic

¹ The present document is the executive summary of a report prepared for the secretariat by a consultant entitled “Towards the development of a regulatory framework for polymetallic nodule exploitation in the Area” and published as International Seabed Authority Technical Study 11.



sulphides, in the international deep seabed (see documents ISBA/17/C/2, C/3, C/4 and C/5).

3. At the eighteenth annual meeting in 2012, an additional five applications were approved, bringing the number of active exploration contracts issued by the Authority to 17, compared to only 8 in 2010. The five new applications were made by UK Seabed Resources Ltd. (sponsored by the Government of the United Kingdom of Great Britain and Northern Ireland); Marawa Research and Exploration Ltd. (a State enterprise of Kiribati); G-TECH Sea Mineral Resources NV (sponsored by the Government of Belgium and the Government of the Republic of Korea) for manganese nodules, and the Institut français de recherche pour l'exploitation de la mer (sponsored by the Government of France) for polymetallic sulphides. In July 2012, the Authority received applications from COMRA and the Japan Oil, Gas and Metals National Corporation for exploration of cobalt-rich ferromanganese crusts.

I. Exploitation framework

4. In recognition of these issues, and because the first contracts for polymetallic nodules exploration will expire in 2016, the Council of the International Seabed Authority requested during its seventeenth session that the Secretary-General prepare a workplan for the formulation of regulations for the exploitation of polymetallic nodules in the Area. This formulation is guided by article 17 of annex III, "Rules, regulations and procedures of the Authority", which provides that the Authority "shall adopt and uniformly apply" regulations. Article 3, paragraph 5, of annex III of the Convention provides that the regulatory relationship between the Authority and an operator shall be in the form of a contract obtained by approval of a plan of work.

5. Land-based regulatory regimes generally operate through a licensing process that in some jurisdictions is in lieu of contracts or in addition to contracts for the reasons discussed below. This discussion will mainly refer to a licensing procedure and the Authority may wish to consider adopting a licensing procedure in addition to the approval of plans of work as a contract as part of its regulatory authority. In any case, in complying with this request, the Authority faces the challenge of developing an exploitation framework that ensures that the exploitation of polymetallic nodules will (a) benefit mankind as a whole (including future generations) and (b) foster commercially viable and sustainable exploitation (including reasonable economic returns) of the Area's mineral resources.

II. Exploitation

6. Based on available deep seabed nodule information and experience gained from relevant land-based mineral developments, nodule exploitation and resource recovery can be expected to proceed sequentially from:

- (a) Relatively small but high-grade nodule areas with a rapid payback; to
- (b) A limited, but significant, number of large and high-grade nodule occurrences; and to

(c) Similar sized deposits but of relatively low grade. It is very important that this model be progressively modified and monitored. A “whole of the deposit” approach to nodule exploitation should be required that includes:

- (i) A comprehensive resource and reserve assessment of the proposed mining area;
- (ii) The adoption of a sequential mining plan that maximizes reserve recovery, utilization and metal recovery;
- (iii) Provision for periodic review and updating of the mining plan;
- (iv) Performance guarantees and “failure to perform” penalties, with the latter escalating over time to discourage behaviour inconsistent with approved mining plans, including the impermissible “high grading” of the deposit, which is an all too frequent practice involving only mining the highest grade areas to maximize profits and minimize costs over the shortest period possible.

III. Regulatory regime

7. The approach to the development of a regulatory framework for polymetallic nodules proceeds with an analysis of the factors that differentiate the regulation of deep ocean mining from its land-based counterparts. Some of the major issues of land-based regulation will translate to the regulation of polymetallic nodules exploitation. However, some issues (including the existing status of exploration, environmental issues, unique technical and logistical issues, the absence of traditional mine site communities and the relative strength and stability of the Authority as the regulator) will significantly differ and serve to change the focus, form and substance of the regulatory regime, compared to that of a land-based regulatory regime. Some differences will result from shifts in the risks inherent in exploiting polymetallic nodules under the regime of the Convention, compared to those under land-based operations. The differences also provide insight into how the relative components of a polymetallic nodule regulatory regime should be configured, and their relative “weighting”. A predominantly statutory framework is suggested, to be developed along with a limited standardized contract to detail terms that are specific to sites, contractors and sponsoring States, based on the regulatory concerns and issues mentioned above.

8. It should be noted that the present study does not deal with the specifics of an environmental regime for the exploitation of polymetallic nodules, as those issues are the subject of a parallel activity within the Authority, but it does specify key environmental components that will have to be developed and included in an overall exploitation framework. For example, environmental data will continue to be collected as part of an environmental monitoring plan during exploitation that will look at the environmental impact of exploitation, which is different to collecting environmental baseline data during limited sampling exploration. This will also require the analysis of all the environmental data collected to date to aid in understanding the cumulative environmental impact of all aspects of exploitation. In addition, analysis of the data collected in the environmental monitoring programmes during exploitation will provide important feedback to (and perhaps inform modification of) the environmental monitoring plans and systems.

9. The factors that differentiate polymetallic nodule exploitation from land-based operations under single sovereign control (or more accurately, in modern times, under a hierarchical system of various national, provincial and local controls), and the inherent shifts in risk will also guide the substantive development of the regulations and steps in the licensing process. Most importantly, these differences and shifts in risk lead to the conclusion that a “staged” or “phased” licensing system for polymetallic nodules exploitation be developed. It is suggested that, prior to the expiration of an exploration licence, the contractor (if interested in proceeding to the mining phase) be required to first apply for a provisional mining licence based upon preparation and submission of a prefeasibility study and workplans to undertake a detailed bankable feasibility study based upon a pilot polymetallic nodule mining operation in the contract area. The suggested validity of a preliminary mining licence is three years. The application for a provisional mining licence would include, inter alia:

- (a) The technical, fiscal and environmental qualifications of the proposed operator;
- (b) Approved funding;
- (c) A prefeasibility study based on the contractor’s previous exploration, transportation, processing and testing data, and analysis, including an environmental impact assessment based on the contractor’s work during the exploration stage;
- (d) Plans of work for the term of the provisional mining licence, including, inter alia:
 - (i) Plans for undertaking a detailed feasibility study based on a pilot commercial site;
 - (ii) Expenditure schedules;
 - (iii) Development schedules;
 - (iv) Mining methods;
 - (v) Production estimates for the pilot site during the term of the provisional licence and a tenured mining licence;
 - (vi) Environmental management plans, including closure and rehabilitation;
 - (vii) Transportation and logistical specifics (including accident prevention) for the operation;
- (e) Performance assurances and guarantees;
- (f) Host and/or sponsoring Government specifics;
- (g) Training and corporate social responsibility;
- (h) Size and area of concession.

10. The exact requirements of a prefeasibility study are included as a point of recommended future work.

11. Using information contained in the application for a provisional mining licence, including a prefeasibility study and environmental impact assessment, the International Seabed Authority would be able (based on a recommendation to develop an assessment methodology as future work) to determine whether the

technical, environmental and economic analysis and conclusions reached would support the granting of a provisional mining licence to undertake a pilot commercial operation. If the pilot commercial operation is successful and a full detailed bankable feasibility study, including a full environmental assessment, indicates that a full-scale mining operation could be mounted and funded, the contractor could apply for a “tenured” mining licence. An application for such a licence would include the data, information, analysis and conclusions of the detailed bankable feasibility study and full environmental impact assessment and proposed workplans. This, in turn, would provide data, information and analysis allowing the Authority to determine (again, based upon a recommendation to develop an assessment methodology as future work) whether a full-scale mining operation could be undertaken in a manner that was acceptable and environmentally minimally invasive.

It is suggested that an application for a tenured mining licence include and be conditional upon:

- (a) Successful completion of the pilot commercial study under the provisional licence;
- (b) Approval by the Authority of a detailed bankable feasibility study and full environmental impact study;
- (c) The technical, fiscal and environmental qualifications of the proposed operator;
- (d) Approved funding for the operation;
- (e) Plans of work for the term of the tenured mining licence, including, inter alia:
 - (i) Expenditure schedules;
 - (ii) Development schedules;
 - (iii) Mining methods;
 - (iv) Production estimates for the term of the tenured mining licence;
 - (v) Environmental management plans, including closure and rehabilitation;
 - (vi) Transportation and logistics specifics (including accident prevention) for the operation;
 - (f) Performance assurances and guarantees;
 - (g) Host and/or sponsoring Government specifics;
 - (h) Training and corporate social responsibility;
 - (i) Size and area of concession.

12. In summary, a staged or phased licensing process, including the requirement of a prefeasibility study for a provisional licence, would allow the International Seabed Authority to make an intermediate decision as to whether or not to allow a pilot project to fully demonstrate viability and safety, and the provisional licence would provide an important measure of control and power to claw back the project should unforeseeable problems arise, without having to suspend or terminate a full-scale mining project.

13. Other licensing options considered include such types of exploitation licensing as production-sharing and contracts of work, and auctions for some blocks. The trade implications of the regulatory regime are briefly discussed and will be an interesting aspect to consider in developing the regulatory regime.

14. In developing a legal framework and its constituent components and functions, emphasis is placed on finding the optimum fiscal balance to provide sufficient profitability, while identifying the threshold standards for environmental and mine health and safety. The development of the regulatory system will also help to determine whether polymetallic nodule exploitation can provide sufficient returns to benefit mankind as a whole, and respond to real and perceived environmental concerns, before full-scale mining can commence for polymetallic nodules and other resources in the deep ocean.

IV. Fiscal regime

15. While the fiscal framework for nodule exploitation is reasonably clear and consistent, it is not easily implemented and does not lend itself to definitive analysis. Three issues are particularly problematic: the setting of fiscal rates based on comparable land-based minerals; the problem of identifying tax and cost accounting codes on which fiscal calculations can be made; and the concept that a simple system can be developed that does not burden the Authority or mining investors. The overarching issue is that a royalty-based fiscal regime is faced with a number of fundamental, but in some cases incompatible, objectives. For example, a high degree of incompatibility exists between the objective of achieving economic efficiency and that of administrative efficiency. In terms of decreasing administrative efficiency, the most common royalties would be ranked as follows:

- (a) Unit-based royalties based on units of volume or weight;
- (b) Ad valorem royalties based on value of sales;
- (c) Hybrid royalties;
- (d) Profit-based royalties.

In contrast, in terms of economic efficiency, the ranking would be reversed. The selection of an appropriate royalty system is invariably a compromise between these objectives. The choice faced by the Authority will be influenced by the size and diversity of the mining operations and the strength of the regulatory regime, which together will determine the degree of administrative complexity that can be accommodated without undue delay.

16. In addition, because exploitation will not be a public enterprise, questions immediately emerge about how to appropriately divide profit and risk. These, in turn, raise difficult resource rent questions about capturing windfall profits and rents in the name of social justice. Both environmental destruction and the division of rent must somehow be accommodated in the eventual fiscal package.

V. Future markets, future prices and future development

17. Nickel, copper, cobalt and manganese markets, prices and resource development are inescapably linked to global economic growth and the supply of, and demand for, these commodities. Present markets for nickel, copper, cobalt and manganese are demand-driven, in large part by China and other Asian countries, and global supply is adequate to meet demand. For the intermediate term of three to seven years, however, the demand for nickel and copper is expected to severely test the market's capacity to respond because of both decreasing deposit grades and the time required to bring new capacity on line. For the longer term of seven to ten years, it is anticipated that the demand for nickel, copper and possibly cobalt and manganese may exceed supply unless significant new land-based deposits are discovered, or alternative sources, such as the deep seabed polymetallic nodules of the Area, are exploited.

VI. Corporate social responsibility

18. It is proposed that the International Seabed Authority, with inputs from industry and developing nations, consider the development of a hybrid social business model for industry that explicitly sets an expectation that corporate social responsibility for operations in the Area will simultaneously pursue two objectives, namely, (a) specific positive social impacts and returns and (b) specific baseline financial returns. The hybrid social business model is a significant modification of the traditional business model, which only incorporated general levels of corporate social responsibility. In this respect, it differs from the more pure social business model of Yunus (2010) and others that focused primarily on non-profit industries.

19. In terms of addressing the "lost benefits" issue, the hybrid social business model may be of particular interest to the Authority, as follows:

(a) First and foremost, the concept explicitly addresses the issue of "dual challenge", in that the corporation will fund/assist specific programmes that will be of value to all humankind, for example, the sustainable development of deep seabed resources to preserve the marine environment and to reduce poverty, while meeting the return on investment requirements of investors;

(b) Secondly, and more specific to the Authority, the hybrid social business model is directly applicable to supporting the extant International Seabed Authority Endowment Fund for Collaborative Marine Scientific Research on the International Seabed programme;²

(c) From a market perspective, a hybrid social business model company programme has significant appeal to many potential investors and shareholders (particularly diversified portfolio investors) who wish to invest in socially responsible corporations.

20. The linkage of hybrid social business and marine scientific research with issues directly relevant to the Area and with developing nations' local, national and

² See article by Michael Lodge entitled "Collaborative Marine Scientific Research on the International Seabed" in *Ocean Sovereignty*, Vol. 3, No. 1, 2008 (www.isa.org.jm/files/documents/EN/efund/JOT-article.pdf).

coastal management activities represents a win-win opportunity for the Authority, industry and developing nations and it is strongly recommended that the Authority address the issue as part of the regulatory and fiscal regime for polymetallic nodule exploitation.

VII. Conclusion and recommendations

21. The potential for polymetallic nodules, polymetallic sulphide and cobalt-rich manganese crust exploitation within the Area is arguably higher now than at any other time in history. This impending reality requires that the Authority, in its capacity as, essentially, the “Mining Ministry of the Area”, quickly prepare to meet this rapidly evolving challenge. Doing so requires the development of a strategic framework that allows the Authority to have in place the necessary mandates, organizational capacities (technical and administrative), policies and regulations (implementing rules and regulations) and capacities (fiscal, manpower and specialties). The following is an attempt to broadly identify the major organizational, fiscal and research recommendations that must be addressed, over the next three to five years, as part of an overall strategic plan to ensure the ability of the Authority to meet the challenge.

A. Organizational

22. It is recommended that the International Seabed Authority consider the development of an internal mining inspectorate with the specific responsibilities of maintaining oversight and compliance with all exploration and exploitation licence activities. This would specifically include a mining registry, a compliance office, a data and archive centre and an inspector-general’s office. There are many different administrative models, but for efficiency, capacity and security, a separate operating unit would be advisable. Such a responsible agency does not presently exist within the Authority, which, in accordance with the evolutionary approach to its establishment reflected in the 1994 Agreement, has been principally set up as an international organization that provides meeting services to member States and expert bodies. However the present high level of interest, coupled with the need for many operators to apply for exploitation licences by 2016, indicates a critical need to begin detailed discussions for the funding, planning and implementation of such an “administrative agency” capacity within the Authority in the near future. In addressing this need it is recommended that the Authority undertake a comparative analysis of representative administrative agencies as a basis for the development of a similar capacity within the Authority. Such capacity would need to include transparent funding mechanisms, whether through cost-recovery or an alternative basis, secure data management and analysis, maintenance of a mining claims registry to international standards (ISO 4001) and financial and accounting capacity.

23. It is also recommended that past and present environmental rules, regulations and requirements be incorporated with and within the evolving exploitation frameworks for polymetallic nodules and other metal resources within the Area. This is logically a Legal and Technical Commission function but there needs to be transparent engagement with the deep-sea mining industry and other stakeholders in this process. The real concern is that:

(a) The process not be viewed as an ad hoc activity but rather, as a critical component of whatever “responsible agency” ensues;

(b) Working groups and committees serve as a defined interface for environmental regulations for both prospecting and exploitation;

(c) There be a competent body providing continuity across differing resources (polymetallic nodules, polymetallic sulphides and cobalt-rich crusts);

(d) The process identify and address environmental issues as they might arise;

(e) The process become a permanent part of the “responsible agency”. More importantly, it is argued that it would benefit the Authority if industry members were to recognize that there was a formal, continuing and identified group monitoring their activities.

24. It is recommended that the Authority undertake a study specific to the development of a set of unified and common operating procedures, as is done within most on-land mining ministries and agencies, for the evaluation, licensing and monitoring of polymetallic nodules, cobalt-rich manganese crusts and polymetallic sulphides prospecting, exploration and exploitation.

B. Fiscal

25. It should be ensured that whatever resource rent process is employed is simple, equitable, transparent, defensible and responsive to change.

26. Monitoring should be carried out to ensure that the Authority receives its fair share of resource rents after deductions and that host country commercial policies do not give an unfair advantage to the commercial exploiter of the resources.

27. The “transactional” part of the mineral-processing portion of the “mine-to-market” chain should be monitored, to ensure that all transactions are “arm’s length” and closely reflect prevailing market prices for metals. This will be particularly critical with respect to any royalty-based resource rent capture scheme that is ultimately adopted.

C. Research and study

28. It is recommended that over the next three to five years an overall framework of activities be developed for the Authority in conjunction with potential polymetallic nodule developers and member countries to establish the internal structure and capacity of the Authority to manage polymetallic nodule exploitation in the Area.

29. A component analysis of a tax-like infrastructure (incorporating rules, procedures and administrative staff, audits, legal decisions, etc.) should be conducted for determining project profits and ensuring that optimum resource development and financial flows are achieved.

30. A cost-benefit analysis should be undertaken to determine the sensitivity levels for fees and costs associated with polymetallic nodules exploitation.

31. It is recommended that an evaluation be undertaken by tax professionals with international experience and knowledge of the special characteristics of mining and of the issues, framework and applicability of business tax code for polymetallic nodules development within the Area.

32. Framework studies specific to the following areas of polymetallic nodule exploitation activities should be undertaken:

- (a) Monitoring and compliance;
- (b) Resource recovery, utilization and valuation;
- (c) Creation of implementing rules and regulations for legal regime;
- (d) Structure of an environmental mining plan.

33. It is recommended that definitional meetings be conducted to reach agreement on the structure and requirements for:

- (a) Pilot mining;
 - (b) Prefeasibility study metrics;
 - (c) Classification of resources and reserves specific to seabed mining.
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Considerations relating to a proposal by Nautilus Minerals Inc. for a joint venture operation with the Enterprise

Report by the Secretary-General

I. Introduction

1. The Council has before it a proposal by Nautilus Minerals Inc. (Nautilus), a company incorporated in Canada, to enter into negotiations to form a joint venture with the Enterprise for the purpose of developing eight of the reserved area blocks in the Clarion-Clipperton Zone. The terms of the proposal by Nautilus are set out in a draft heads of agreement, which is annexed to the report on the proposal by the Interim Director-General of the Enterprise (ISBA/19/C/4).

2. Under the proposed agreement, Nautilus would work with the Enterprise to develop a proposal for a joint venture operation over a period of three years, commencing in 2013. A full proposal for a joint venture operation would be presented to the Council in 2015. As required by the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (General Assembly resolution 48/263, annex), any such proposal would have to be based on sound commercial principles. Should the proposal be approved in 2015, the Council may decide to issue a directive for the independent functioning of the Enterprise in accordance with paragraph 2 of the annex to the 1994 Agreement. It should be emphasized that, at this point, no binding commitments have been made by the secretariat and the secretariat itself takes no position on the substance of the joint venture proposal, which is entirely a matter for the Council to consider.

3. The purpose of the present report is to provide the Council with the necessary background to the relevant provisions of the Convention and the 1994 Agreement relating to the initial operations of the Enterprise and to identify some of the most important legal issues relating to the commencement of operations by the Enterprise. The report also sets out some considerations with regard to the functions of the secretariat during the period prior to the independent functioning of the



Enterprise, should the Council decide to proceed with the proposal put forward by Nautilus.

II. Legal status of the Enterprise

4. The present section of the report presents a review of the relevant provisions of the Convention and the 1994 Agreement and analyses some of the issues associated with the implementation of those provisions.

5. The Enterprise is established by article 170 and annex IV of the Convention. It is the organ of the Authority which is to carry out activities in the Area directly, as well as the transporting, processing and marketing of minerals recovered from the Area. While the Enterprise is to act in accordance with the general policies of the Assembly and the directives of the Council, it is autonomous in the conduct of its operations, which are to be directed by a Governing Board composed of 15 members elected by the Assembly. The Enterprise will also have a Director-General, elected by the Assembly on the recommendation of the Council and the nomination of the Governing Board, who will be its Chief Executive Officer and legal representative.

6. The provisions of the Convention relating to the Enterprise were radically affected by section 2 of the annex to the 1994 Agreement, according to which the functions of the Enterprise are to be performed by the secretariat of the Authority until such time as it begins to operate independently of the secretariat. The 1994 Agreement establishes a number of conditions that must be satisfied before the Enterprise may operate as an independent entity. Furthermore, the 1994 Agreement provides that the Enterprise is to conduct its initial deep seabed mining operations through joint ventures. Article 170 and annex IV of the Convention are to be interpreted and applied in accordance with section 2 of the annex to the 1994 Agreement, which provides that, upon the approval of a plan of work for exploitation by an entity other than the Enterprise, or upon receipt by the Council of an application for a joint venture operation with the Enterprise, the Council is to take up the issue of the functioning of the Enterprise independently of the secretariat of the Authority.

7. Two observations may be made in relation to these provisions. First, it may be observed that only the Council has power to issue a directive for the independent functioning of the Enterprise. Such a directive is to be issued only if joint venture operations with the Enterprise accord with sound commercial principles.

8. Only two potential trigger events would require the Council to take up the issue. They are:

(a) Approval of a plan of work for exploitation (by any qualified entity, for any mineral resource and whether in a joint venture or not); or

(b) An application for a joint venture operation with the Enterprise.

9. In the latter case, there is no requirement that the joint venture involve a specific proposal to apply for a plan of work, nor is there any stipulation that the joint venture proposal must include exploitation. A proposal to apply for a plan of work for exploration in a joint venture with the Enterprise would be sufficient to trigger this clause. Theoretically, a proposal to commence any form of joint venture

within the competence of the Enterprise as defined in annex IV to the Convention would also be enough (for example, a proposal for a joint venture marketing operation).¹

10. Upon either of the above events taking place, the Council is required to take up the issue of the independent functioning of the Enterprise. It is not required to come to a decision, except that, if joint venture operations with the Enterprise accord with sound commercial principles, it is to issue a directive providing for such independent functioning. It is not clear whether this provision refers to joint venture operations in general, or to a specific joint venture proposal.² A reasonable interpretation may be that, where the trigger event is a proposal for a joint venture, the Council should consider whether that particular joint venture proposal accords with sound commercial principles. If it does, then the Council is to issue an appropriate directive.

11. Second, it may be observed that the 1994 Agreement contains no guidance as to the form and content of the directive to be issued by the Council. Presumably, however, such a directive would have to be made with reference to annex IV to the Convention and could refer to such matters as, for example, the timescale for implementation of annex IV, the procedures for election of the Governing Board and Director-General and the initial funding of the Enterprise. One question that perhaps arises is the extent to which the directive may be general in nature, or must relate to the specific joint venture proposal in question. In other words, does the Council approve a specific joint venture proposal only, or does its directive simply “launch” the Enterprise into a formal existence, independent of the secretariat, whereupon the Governing Board would review the joint venture proposal further and take an independent decision on the matter. While both interpretations are possible, it is suggested that the latter is to be preferred on the basis that the Enterprise is intended to operate as an autonomous entity. This would also imply (consistent with paragraph 4 of section 2 of the annex to the 1994 Agreement) that any application for approval of a plan of work for exploration or exploitation by the Enterprise in a joint venture operation would need to be made separately, in accordance with the applicable regulations.

III. Governance arrangements

12. An important issue for the Council to consider, should it decide to authorize the opening of negotiations on a potential joint venture operation, is the question of

¹ On the other hand, it is unclear whether an election to offer an equity interest in a future joint venture arrangement with the Enterprise, which is available to applicants for plans of work for exploration for polymetallic sulphides and cobalt-rich ferromanganese crusts under regulations 16 and 19 of the applicable regulations (ISBA/16/A/12/Rev.1 and ISBA/18/A/11, respectively), requires the Council to take a decision relating to the operation of the Enterprise.

² E. D. Brown is of the opinion that the meaning of this provision is not altogether clear. He raised the question as to whether it is open to the Council, following approval of a plan of work for exploitation for an entity other than the Enterprise, to make a general determination that “joint venture operations with the Enterprise accord with sound commercial principles” or whether such a determination may be made only after receipt of an actual application for a specific joint venture operation with the Enterprise. E. D. Brown, *Sea-Bed Energy and Minerals: the International Legal Regime*, vol. 2, *Sea-Bed Mining* (The Hague, Kluwer Law International, 2001), p. 325.

the governance arrangements that would apply during the period prior to the independent functioning of the Enterprise (the interim period).

13. In order to preserve the notional independence of the Enterprise and to avoid any potential conflict of interest for the Secretary-General, the 1994 Agreement provides that the functions of the secretariat with regard to the Enterprise are to be performed under the oversight of an Interim Director-General, who is to be appointed by the Secretary-General from within the staff.³ In practice, however, such independence is difficult to achieve, given the very small size and limited capacity of the secretariat. In particular, since the staff member so appointed reports and is accountable to the Secretary-General, there is a potential for conflict of interest.

14. In the light of these considerations, and notwithstanding the provisions of the 1994 Agreement, the Secretary-General takes the view that it would not be appropriate for the secretariat to act on behalf of the Enterprise in any negotiations with Nautilus. In particular, it appears difficult, given the current size and capacity of the secretariat, to do this in a way that preserves the independent character of the Secretary-General and the secretariat, while at the same time ensuring that a credible business proposal could be researched, analysed and placed before the Council in 2015. There are also further potential conflicts of interest with regard to the secretariat's responsibilities in relation to existing and potential contractors and the proposed joint venture partner.

15. It is suggested that, should the Council wish to proceed with the proposal, it may also wish to consider an alternative model for governance of the Enterprise during the interim period, consistent with the Convention and the 1994 Agreement. Such an alternative model would need to allow for the provision of independent legal and financial advice to the Council through the Interim Director-General of the Enterprise, or his or her representative.

16. Two alternative models could be considered. The first possible option would be to increase the size and capacity of the secretariat to establish an independent unit within the secretariat under the leadership of the Interim Director-General of the Enterprise. Such a unit would require, at a minimum, legal, financial and technical expertise. Given that there can be no certainty that the Enterprise will be brought into existence in 2015, the Council may well consider that this option would be unnecessarily costly and premature. It may also not be in keeping with the evolutionary approach called for in the 1994 Agreement.

17. An alternative, and more cost-effective, option would be to authorize the Interim Director-General to appoint from outside the secretariat a special representative and such other technical and legal advisers as may be necessary (for example, consultants and legal firms), who will be independent of the secretariat of the Authority, and of Nautilus, for the purposes of conducting negotiations on behalf of the Enterprise between now and 2015. The special representative should be an eminent person with appropriate experience and qualifications. He or she would report directly to the Council through the Interim Director-General of the Enterprise, and not to the Secretary-General. This type of mechanism would also ensure that the

³ In February 2013, at the time of writing of the present report, the Interim Director-General of the Enterprise was the Principal Legal Officer of the Authority, who subsequently retired on 28 February 2013. As at March 2013, no new appointment had been made.

Secretary-General and secretariat avoid any potential conflict of interest and are thus able to provide impartial advice and support to members of the Council.

18. To further ensure transparency and accountability, it is suggested that the Council may also wish to consider requiring the special representative to report on a regular basis, for example, every six months, to a representative group of members of the Council (for example, the Presidency and Bureau) to review the progress of joint venture negotiations.

19. It is recommended that whatever governance mechanism is selected should have no financial or budgetary implications for the secretariat or for member States. In this regard, the Council will note that Nautilus has proposed to underwrite the costs incurred by the Enterprise (or the secretariat performing the functions of the Enterprise) through an annual fee of \$100,000 to be paid to and administered by the Authority for this purpose. The Council will need to consider whether this amount would be sufficient to fund the sort of governance arrangements described above.

IV. Implications for the reserved areas

20. The Council may note that acceptance of the proposal by Nautilus would have implications for future access to the reserved area blocks covered by the proposal, whether by the contractors which originally contributed the areas in question, or any other qualified entity.

21. In the case of the contractors which originally contributed the reserved areas in question, pursuant to paragraph 5 of section 2 of the annex to the 1994 Agreement and regulation 17 (4) of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18, annex), a contractor which has contributed a particular area to the Authority as a reserved area has the right of first refusal to enter into a joint venture arrangement with the Enterprise for exploration and exploitation of that area. This requirement would need to be taken into account in the context of any ongoing negotiation with Nautilus, or further development of the current joint venture proposal.

22. The situation is more complex with regard to applications by other qualified entities. Under article 9 of annex III to the Convention, the Enterprise is to be given an opportunity to decide whether it intends to carry out activities in each reserved area. At the same time, however, any State party which is a developing State or any natural or juridical person sponsored by it and effectively controlled by it or by any other developing State which is a qualified applicant may notify the Authority that it wishes to submit a plan of work with respect to a reserved area. Such a plan of work may be considered if the Enterprise decides that it does not intend to carry out activities in the reserved area in question.

23. Regulation 17 (2) of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area establishes procedures for the implementation of article 9 of annex III and sets time limits for the Enterprise. It states that an application by a developing State for a reserved area may be submitted at any time after such an area becomes available following a decision by the Enterprise that it does not intend to carry out activities in that area or where the Enterprise has not, within six months of the notification by the Secretary-General, either taken a decision on whether it intends to carry out activities in that area or notified the

Secretary-General in writing that it is engaged in discussions regarding a potential joint venture. In the latter instance, the Enterprise is to have one year from the date of such notification in which to decide whether to conduct activities in that area.⁴

24. Should the Council decide to accept the proposal put forward by Nautilus, it would also need to note the impact of the provisions set out above on the reserved areas in question and in particular the effect of the time limit of one year within which the Enterprise must come to a decision following a notification that an application is ready to be submitted.

V. Conclusion

25. The Council has been invited to consider the proposal put forward by Nautilus through the Interim Director-General of the Enterprise. While neither the Secretary-General, nor the secretariat, wishes to express any position with regard to the content of the proposal, it is recommended that the Council take a decision on the matter during its nineteenth session in order not to unnecessarily block access by other qualified applicants to the reserved areas covered by the proposal.

26. Should the Council decide to proceed with the negotiation of a joint venture operation, it is recommended that, in the light of the lack of capacity within the existing secretariat structure, the Council provide clear direction on an appropriate interim management or governance structure for the Enterprise.

27. It is further recommended that the Council consider the cost implications of the proposal and in particular how an interim governance structure may be funded.

⁴ In accordance with regulation 17 (2), the Council will note that two entities sponsored by developing States (Singapore and Fiji) notified the Secretary-General (on 22 February and 26 February 2013, respectively) of their intention to submit applications for approval of plans of work for exploration in respect of two of the reserved areas included in the present proposal.



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Proposed amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

Note by the secretariat

I. Introduction

1. At its meeting in 2011, the Council of the International Seabed Authority endorsed the recommendation of the Legal and Technical Commission to amend the current Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (Nodules Regulations), as approved by the Assembly of the International Seabed Authority on 13 July 2000, in order to bring them into line with the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (Sulphides Regulations), as approved by the Assembly on 7 May 2010.

2. The Commission, having had insufficient time during its meeting in 2012 to consider the amendment of the Nodules Regulations, took up the matter at its meeting in February 2013. To facilitate the consideration by the Commission of the proposed amendments, the secretariat prepared an informal document (ISBA/18/LTC/CRP.1) showing the amendments that would be necessary to align the Nodules Regulations with the Sulphides Regulations. An explanatory note was also made available to the Commission (ISBA/18/LTC/5).

3. Following deliberations, the Commission agreed on the amendments necessary to align the Nodules Regulations with the Sulphides Regulations and decided to submit them to the Council for consideration at its meeting in July 2013. The amended Nodules Regulations, as adopted by the Commission and proposed to the Council for adoption, are contained in document ISBA/19/C/WP.1.¹

¹ To facilitate the review by the Council, the secretariat has also prepared an informal document (ISBA/19/C/CRP.1, available in English only) highlighting all proposed amendments, including some minor and consequential revisions.



II. Further alignment of regulation 19

4. The Council will recall that, in 2012, following intensive deliberations, it adopted a detailed regulation on the fee for processing applications for approval of plans of work for exploration for cobalt-rich ferromanganese crusts (regulation 21 of the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/A/11, annex)). The changes made in the Cobalt-crusts Regulations are not reflected in regulation 19 of the amended Nodules Regulations as adopted by the Commission. The Council may therefore wish to consider whether it is necessary to further align regulation 19 of the Nodules Regulations with regulation 21 of the Cobalt-crusts Regulations. The secretariat has prepared a possible text for consideration by the Council, which is contained in annex I to the present note.

5. A further matter for the Council to note is that, as a result of the decision made in relation to the Cobalt-crusts Regulations, the corresponding fee provision in the Sulphides Regulations is now inconsistent with both the Nodules Regulations and the Cobalt-crusts Regulations. The Council may therefore wish to request the Legal and Technical Commission to consider this matter and make a recommendation for the consideration of the Council in 2014.

III. Entry into force and effect of amendments on existing and new contracts

6. Any amendments to the existing Nodules Regulations would enter into force on a provisional basis on the date of adoption by the Council, unless the Council specifies a different date. They would then enter into force on the date of their approval by the Assembly.

7. The adoption of amendments to the Nodules Regulations would also have implications for existing and new contracts with the Authority. In the case of existing contracts for exploration, section 24.2 of the Standard Clauses (annex 4 to the Nodules Regulations) states that the contract may be revised by agreement between the Contractor and the Authority to facilitate the application of any rules, regulations and procedures adopted by the Authority subsequent to the entry into force of the contract. This suggests that, following adoption of the amended Nodules Regulations, it would be necessary for the Secretary-General to consult each of the existing contractors with a view to making necessary revisions to the standard terms of contracts.

8. In cases in which applications have been submitted prior to entry into force of amendments but contracts have not been concluded, the Council, when provisionally adopting the amended Nodules Regulations, may wish to request the Secretary-General and the applicant to consult prior to the signature of the contract with a view to incorporating any necessary revisions into the contract.

IV. Recommendation

9. The Council is invited to consider and adopt the amended Nodules Regulations, as proposed by the Legal and Technical Commission in document ISBA/19/C/WP.1, with the additional amendment proposed in annex I to the present note. A draft decision for the consideration of the Council is set out in annex II to the present note.

Annex I

Suggested amendment to regulation 19 of the amended Nodules Regulations adopted by the Commission

1. The fee for processing an application for approval of a plan of work for exploration for polymetallic nodules shall be **a fixed amount of 500,000 United States dollars or its equivalent in a freely convertible currency, to be paid in full** at the time of **the submission of** an application.
2. **If the administrative costs incurred by the Authority in processing an application are less than the fixed amount indicated in paragraph 1 above, the Authority shall refund the difference to the applicant. If the administrative costs incurred by the Authority in processing an application are more than the fixed amount indicated in paragraph 1 above, the applicant shall pay the difference to the Authority, provided that any additional amount to be paid by the applicant shall not exceed 10 per cent of the fixed fee referred to in paragraph 1.**
3. **Taking into account any criteria established for this purpose by the Finance Committee, the Secretary-General shall determine the amount of such differences as indicated in paragraph 2 above and notify the applicant of its amount. The notification shall include a statement of the expenditure incurred by the Authority. The amount due shall be paid by the applicant or reimbursed by the Authority within three months of the signing of the contract referred to in regulation 23 below.**
4. **The fixed amount referred to in paragraph 1 above shall be reviewed on a regular basis by the Council in order to ensure that it covers the expected administrative costs of processing applications and to avoid the need for applicants to pay additional amounts in accordance with paragraph 2 above.**

Annex II

Draft decision of the Council of the International Seabed Authority relating to amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area and related matters

The Council of the International Seabed Authority,

1. *Adopts* the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area as contained in the annex to the present decision;

2. *Decides* to apply the amended Regulations provisionally from the date of their adoption by the Council, pending their approval by the Assembly of the International Seabed Authority;

3. *Requests* the Secretary-General, in the case of a pending application for approval of a plan of work for polymetallic nodules submitted prior to the entry into force of the amendments to the Regulations, to consult the applicant prior to the signature of the contract for exploration with a view to incorporating any necessary revisions into the standard terms of contract;

4. *Requests* the Legal and Technical Commission of the Authority to make a recommendation for consideration by the Council at its twentieth session to bring regulation 21 of the Regulations on Prospecting and Exploration for Polymetallic Sulphides^a into line with regulation 21 of the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area.^b

^a ISBA/16/A/12/Rev.1.

^b ISBA/18/A/11.



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Status of contracts for exploration

Report of the Secretary-General

1. As at 29 April 2013, the International Seabed Authority has concluded 12 contracts for exploration for polymetallic nodules and 2 contracts for exploration for polymetallic sulphides, including 8 contracts which were signed between 2001 and 2010. The present report provides members of the Council with information on the status of contracts for exploration following the approval of nine plans of work by the Council, on the recommendation of the Legal and Technical Commission during the seventeenth and eighteenth sessions of the Authority. At the seventeenth session, the Council approved applications by Nauru Ocean Resources Inc. (NORI), Tonga Offshore Mining Limited (TOML), China Ocean Mineral Resources Research and Development Association (COMRA) and the Government of the Russian Federation. At the eighteenth session, the Council approved applications by the Government of the Republic of Korea, the Institut français de recherche pour l'exploitation de la mer (IFREMER), UK Seabed Resources Ltd. (UKSRL), Marawa Research and Exploration Ltd. and G-TEC Sea Mineral Resources NV (GSR).

2. Following approval by the Council, each plan of work is to be prepared in the form of a contract incorporating the standard clauses set out in the applicable regulations. Each contract is signed by the Secretary-General on behalf of the Authority and by the designated representative of the contractor.

3. A contract with COMRA was signed in Beijing on 18 November 2011. Contracts with NORI and TOML were signed in Kingston on 22 July 2011 and 11 January 2012, respectively. Contracts with the Government of the Russian Federation and GSR were signed on 29 October 2012 in Moscow and on 14 January 2013 in New York City, respectively. A contract with UKSRL was signed on 4 February 2013 in London and on 8 February 2013 in Kingston. Members of the Authority were notified of the signature of the above-mentioned contracts by means of press releases posted on the Authority's website. At the time of reporting, contracts with other applicants were under preparation.



4. With the exception of COMRA, all applicants elected to pay a fixed fee at the time of submitting their application. As permitted under the regulations then in force, COMRA elected to pay a fixed fee of \$50,000 at the time of the submission of its application and an annual fee based on the number of blocks retained thereafter. Under that formula, the first annual fee of \$50,000 became due on 18 November 2012 and was duly paid.
5. Each contractor is required to propose a programme for the training of nationals of developing States. The training programme, as agreed with the Authority, is incorporated into the contract as schedule 3. In this regard, training programmes have been agreed with NORI, TOML, COMRA, the Government of the Russian Federation, GSR and UKSRL and have been incorporated into the relevant contracts. The training programme has also been agreed with the Government of the Republic of Korea and will form part of the contract to be signed.
6. Progress made on the implementation of training programmes as well as suggestions for the recommendations of the Commission on the design and implementation of such programmes are the subject of a separate report. At its February meeting, the Commission agreed to consider this matter further at its next meeting, in July.
7. Each contractor is required to submit an annual report on its programme of activities by 31 March. NORI submitted its first annual report in 2012. In the case of COMRA, the contract was signed in November 2011, and it was agreed that since COMRA did not intend to commence its programme of activities until 2012, the first annual report would be submitted in 2013 and would cover the period from signature through the end of 2012. This has been duly submitted. For the same reason, an identical agreement was made with the Government of the Russian Federation following the signature of its contract for exploration.
8. Prior to the commencement of its programme of activities under the contract, each contractor is required to submit to the Secretary-General a contingency plan to respond effectively to incidents arising from its activities in the exploration area.
9. The Council is invited to take note of the present report.

Annex**Status of contracts for exploration for polymetallic nodules and for polymetallic sulphides****A. Contracts for exploration for polymetallic nodules**

<i>Contractor</i>	<i>Date of entry into force of contract</i>	<i>Sponsoring State</i>	<i>General location of the exploration area under contract</i>	<i>Date of expiry of contract</i>
Interoceanmetal Joint Organization	29 March 2001	Bulgaria, Cuba, Czech Republic, Poland, Russian Federation and Slovakia	Clarion-Clipperton Fracture Zone	28 March 2016
Yuzhmorgeologiya	29 March 2001	Russian Federation	Clarion-Clipperton Fracture Zone	28 March 2016
Government of the Republic of Korea	27 April 2001		Clarion-Clipperton Fracture Zone	26 April 2016
China Ocean Mineral Resources Research and Development Association	22 May 2001	China	Clarion-Clipperton Fracture Zone	21 May 2016
Deep Ocean Resources Development Co. Ltd.	20 June 2001	Japan	Clarion-Clipperton Fracture Zone	19 June 2016
Institut français de recherche pour l'exploitation de la mer	20 June 2001	France	Clarion-Clipperton Fracture Zone	19 June 2016
Government of India	25 March 2002		Indian Ocean	24 March 2017
Federal Institute for Geosciences and Natural Resources of Germany	19 July 2006	Germany	Clarion-Clipperton Fracture Zone	18 July 2021
Nauru Ocean Resources Inc.	22 July 2011	Nauru	Clarion-Clipperton Fracture Zone	21 July 2026
Tonga Offshore Mining Limited	11 January 2012	Tonga	Clarion-Clipperton Fracture Zone	10 January 2027
Marawa Research and Exploration Ltd.	To be signed	Kiribati	Clarion-Clipperton Fracture Zone	
UK Seabed Resources Ltd.	8 February 2013	United Kingdom of Great Britain and Northern Ireland	Clarion-Clipperton Fracture Zone	7 February 2028
G-TEC Sea Mineral Resources NV	14 January 2013	Belgium	Clarion-Clipperton Fracture Zone	13 January 2028

B. Contracts for exploration for polymetallic sulphides

<i>Contractor</i>	<i>Date of entry into force of contract</i>	<i>Sponsoring State</i>	<i>General location of the exploration area under contract</i>	<i>Date of expiry of contract</i>
China Ocean Mineral Resources Research and Development Association	18 November 2011	China	Southwest Indian Ridge	17 November 2026
Government of the Russian Federation	29 October 2012		Mid-Atlantic Ridge	28 October 2027
Government of the Republic of Korea	To be signed			
Institut français de recherche pour l'exploitation de la mer	To be signed	France	Mid-Atlantic Ridge	



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Periodic review of the implementation of the plans of work for exploration for polymetallic nodules in the Area

Report of the Secretary-General

I. Introduction

1. The present report is intended to provide the Council with information on the status and outcome of the periodic reviews of the current contracts for exploration for polymetallic nodules, in accordance with regulation 28 of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area.

2. In accordance with the Regulations, each application for approval of a plan of work for exploration must contain a general description and a schedule of the proposed exploration programme. This includes the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration, and a schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period (regulation 18, paras. (a) and (f)). Upon approval of the application, the five-year programme of activities is incorporated into each contract for exploration as a schedule to the contract and, in accordance with standard clause 4 of the contract (section 4 of annex 4 to the Regulations), the contractor is contractually bound to commence exploration in accordance with the time schedule stipulated in the programme of activities and shall adhere to such time periods or any modification thereto. Standard clause 4.2 further provides that:

The Contractor shall carry out the programme of activities set out in schedule 2 hereto. In carrying out such activities the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed review thereof, in actual and direct exploration expenditures.

3. The programme of activities may be adjusted at any time by mutual agreement between the contractor and the Authority in accordance with good mining industry practice and taking into account market conditions. Regulation 28, however,



provides a specific mechanism whereby contractors may adjust their programmes of activities at five-year intervals through a periodic review process undertaken jointly between the Secretary-General and each contractor. In this regard, standard clause 4.4 provides that, not later than 90 days prior to the expiration of each five-year period from the date on which the contract enters into force, the contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures, making such adjustments, as necessary, to its previous programme of activities. The revised programme of activities will then be incorporated into the contract. In accordance with standard clause 24.3, this is done in writing through an instrument (in the form of an exchange of letters) signed by the Secretary-General and the authorized representative of the contractor. Pursuant to regulation 28, the Secretary-General is required to report on the review to the Legal and Technical Commission and to the Council.

4. For six of the current contractors (Yuzhmorgeologiya, the Interoceanmetal Joint Organization, the Government of the Republic of Korea, the China Ocean Mineral Resources Research and Development Association, the Deep Ocean Resources Development Co. Ltd. and the Institut français de recherche pour l'exploitation de la mer), whose contracts were issued in 2001, the second five-year period ended in 2011. In the case of the Federal Institute for Geosciences and Natural Resources of Germany, the contract for which was issued in 2006, the first five-year programme of activities expired in 2011. For the Government of India, in respect of which the contract was issued in 2002, the second five-year period ended in 2012.

II. Periodic review process

5. The Secretary-General began the periodic review process in October 2010 by inviting all the contractors to submit, in addition to their annual reports, a comprehensive report of the exploration work carried out to date and data and results obtained, including those data not yet supplied to the Authority. The contractors were also invited to provide a comprehensive breakdown of expenditure incurred during the five-year period under review, in the format recommended by the Legal and Technical Commission in its 2009 recommendations for the guidance of contractors for the reporting of actual and direct exploration expenditures as required under section 10 of annex 4 to the Regulations (see ISBA/15/LTC/7). The contractors were further invited to submit their proposed programmes of activities and associated statements of minimum expenditure for the subsequent five-year period. The contractors submitted the relevant information on the dates set out in the annex to the present report.

6. The reports received from the contractors were placed before the Legal and Technical Commission during the Authority's seventeenth session, in 2011. The Commission considered the information provided in the context of its review of the annual reports on the activities of each contractor. With regard to the implementation by the contractors of their plans of work, the Commission expressed its concern over the lack of raw data associated with resource assessment and environment baseline studies. It noted that the lack of such data was an impediment to the assessment of activities in the Area by the Authority, such as the creation of a

regional environmental management plan. The Commission made a number of recommendations in this respect, which were subsequently taken up by the Council and are reflected in document ISBA/17/C/20. With regard to financial expenditure, the Commission noted significant variations in reported financial expenditure between the contractors. It also reiterated the difficulty in making any evaluation of actual and direct exploration expenditure when the contractors had not followed the relevant recommendations for guidance. It also recommended that the programme of activities for the next five years for the six contractors entering the final five-year contract period should include an economic pre-feasibility study providing an indication of the level of returns that could be generated for any investment in the exploitation of nodules. Lastly, it suggested that the secretariat should organize a meeting with contractors in which a specific provision would be included in the agenda to include financial appraisal as a component of future reporting.

7. Between November 2011 and October 2012, the Secretary-General, or his representative, sought to meet each contractor bilaterally to discuss the implementation of the plan of work in more detail, as envisaged in the Regulations. Meetings with representatives of the China Ocean Mineral Resources Research and Development Association, the Deep Ocean Resources Development Co. Ltd. and the Government of the Republic of Korea were held during official visits to those contractors, and meetings with the Federal Institute for Geosciences and Natural Resources of Germany and the Interoceanmetal Joint Organization were held in Kingston. An informal meeting with representatives of France, the sponsoring State of the Institut français de recherche pour l'exploitation de la mer, was held in New York and a bilateral meeting with Yuzhmorgeologiya was held in Moscow in October 2012. These meetings were useful in developing a better understanding of each contractor's exploration programmes, strategic objectives and achievements. They also provided an opportunity for the Secretary-General to convey to the contractors in more detail the concerns of the Legal and Technical Commission and the Council, in particular with regard to such issues as the provision of environmental baseline data and the future pace of activities in the Area, and for the contractors to respond to those concerns. The Secretary-General also received briefings from the contractors on the status of development of mining and processing technology.

8. It may be noted that, in January 2012, in response to the recommendation by the Legal and Technical Commission and the decision of the Council contained in document ISBA/17/C/20, the Secretary-General convened a meeting with the contractors to facilitate an exchange of views on data protocols and standardization. A separate report on the outcomes of that meeting was presented to the Legal and Technical Commission in 2012 (see ISBA/18/LTC/3).

9. Following the bilateral meetings outlined above, the periodic reviews were concluded through exchanges of letters, as shown in the annex to the present report.

10. As at the time the present report was compiled, the periodic review of the contract of the Government of India had not been concluded. The Government of India had submitted a proposed programme of activities in April 2012, to which a response had been provided by the Secretary-General on 4 April 2013, taking into account the discussions in the Legal and Technical Commission during the eighteenth session. It is envisaged that bilateral consultations will take place prior to the nineteenth session, so that the periodic review process can be concluded.

III. Considerations for the future work of the contractors

11. Some general comments may be made with regard to the implementation of plans of work for exploration by the contractors. As noted by the Legal and Technical Commission, the quality of information provided by the contractors in annual reports to the Authority has improved considerably over recent years, with most contractors now following the standardized format and structure for annual reports recommended by the Commission in 2002. In general terms, the contractors have also improved their financial reporting so that it is more transparent and complies with the recommendations for guidance issued by the Commission in 2009. Furthermore, as a result of the meeting with the contractors held in January 2012, the secretariat has received more raw environmental data from them and measures are being taken (subject to the availability of budgetary resources) to ensure that these data are analysed, evaluated and standardized, so as to facilitate the development of environmental baselines for the next phase of seabed mining.

12. It must be noted, however, that seven of the current contractors are now, or will soon be, embarking on the final phase of their initial exploration programmes. Contracts for exploration are issued for a period of 15 years, which is considered sufficient to explore an area, identify a first-generation mine site, develop an environmental baseline, test and evaluate mining technology and prepare an assessment of the environmental impact of such technology, with a view to proceeding to exploitation. Although some contractors have made some progress with the development of mining and processing technology, there is little evidence of any sense of urgency or commercial development. Most programmes continue to be prolonged scientific research campaigns, without any commercial viability. For example, during the period, one contractor plans to undertake only one cruise, which will consist mainly of evaluating environmental data. Only three contractors propose to conduct an economic pre-feasibility study that is useful in preparing for the exploitation phase. To date, no contractor has informed the Authority that it has decided to proceed to conduct test mining to evaluate the commercial and environmental risks associated with the mining and processing systems.

13. For the most part, as organizations sponsored and funded directly or indirectly by Governments through public funding, the current contractors have been engaged in providing scientific and technical support for marine mineral development in the same way as national geological surveys operate in undertaking baseline investigations of the terrestrial environment. The objective of these surveys is to lay the foundation for commercial exploitation of mineral resources by reducing the technical risk inherent in the evolution of a mineral project from prospecting into production. In this regard, it is notable that some of the contractors have also undertaken extensive pilot plant testing of marine minerals to determine optimum hydrometallurgical and pyrometallurgical extraction of the key metals, notably copper and nickel. Logically, the next step would be to encourage private-sector investment in the exploitation of marine mineral deposits and to undertake a preliminary economic evaluation of the feasibility of proceeding to exploitation, in addition to increasing the pace of activity related to the testing of collector systems.

IV. Recommendation

14. The Council is invited to take note of the status of exploration work being carried out by the contractors identified herein and to note the periodic reviews of seven plans of work for exploration and the pending periodic review of the plan of work for exploration by the Government of India.

Annex

Status of reviews as at 10 May 2013

<i>Contractor</i>	<i>Date of entry into force of contract</i>	<i>Date of expiry of five-year programme of activities</i>	<i>Date of submission of proposed programme of activities</i>	<i>Date of contract revision</i>
Interoceanmetal Joint Organization	29 March 2001	29 March 2011	4 April 2011	25 May 2012
Yuzhmoregeologiya	29 March 2001	29 March 2011	5 April 2011	28 March 2012
Government of the Republic of Korea	27 April 2001	27 April 2011	6 April 2011	5 April 2012
China Ocean Mineral Resources Research and Development Association	22 May 2001	22 May 2011	28 March 2011	7 June 2012
Deep Ocean Resources Development Co. Ltd.	20 June 2001	20 June 2011	29 April 2011	24 February 2012
Institut français de recherche pour l'exploitation de la mer	20 June 2001	20 June 2011	6 June 2011	30 May 2013
Federal Institute for Geosciences and Natural Resources of Germany	19 July 2006	19 July 2011	6 April 2011	5 June 2012
Government of India	25 March 2002	25 March 2012	3 April 2012	Pending



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Laws, regulations and administrative measures adopted by sponsoring States and other members of the International Seabed Authority with respect to the activities in the Area

Report of the Secretary-General

1. At the seventeenth session of the International Seabed Authority, in 2011, the Council of the Authority requested the Secretary-General to prepare a report on the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area and invited sponsoring States and other members of the Authority, as appropriate, to provide information on, or texts of, relevant national laws, regulations and administrative measures to the secretariat of the Authority (see ISBA/17/C/20, para. 3).
2. At the eighteenth session of the Authority, in 2012, and in response to that request, the Secretary-General presented to the Council a report on the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area (ISBA/18/C/8 and Add.1).
3. In his report, the Secretary-General noted that article 153, paragraph 4, of the 1982 United Nations Convention on the Law of the Sea states that the obligation of sponsoring States in accordance with article 139 of the Convention entails taking all measures necessary to ensure compliance by the sponsored contractor. He also noted that annex III, article 4, paragraph 4, of the Convention makes it clear that such sponsoring States' responsibility to ensure applies within their legal systems and therefore requires sponsoring States to adopt laws and regulations and to take administrative measures which are, within the framework of their legal systems, reasonably appropriate for securing compliance by persons under their jurisdiction.
4. In its advisory opinion dated 1 February 2011 on the responsibilities and obligations of States sponsoring persons and entities with respect to activities in the Area,¹ the Seabed Disputes Chamber of the International Tribunal for the Law of the

¹ Available from www.itlos.org/fileadmin/itlos/documents/cases/case_no_17/adv_op_010211.pdf.



Sea affirmed that the Convention requires the sponsoring State within its legal system to adopt laws and regulations and to take administrative measures that have two distinct functions, namely, to ensure compliance by the contractor with its obligations and to exempt the sponsoring State from liability. While the scope and extent of these laws and regulations and administrative measures depend on the legal system of the sponsoring State, they may include the establishment of enforcement mechanisms for active supervision of the activities of the sponsored contractor and provide for coordination between the activities of the sponsoring State and those of the Authority. Laws and regulations and administrative measures should be in force at all times that a contract with the Authority is in force. While the existence of such laws and regulations and administrative measures is not a condition for concluding a contract with the Authority, it is a necessary requirement for compliance with the obligation of due diligence of the sponsoring State and for its exemption from liability. As regards the protection of the marine environment, in particular, the laws and regulations and administrative measures of the sponsoring State cannot be less stringent than those adopted by the Authority or less effective than international rules, regulations and procedures.

5. At the eighteenth session of the Authority, in 2012, the Council requested the Secretary-General to update, on an annual basis, the study of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to activities in the Area and to invite, for that purpose, sponsoring States and other members of the Authority to provide texts of relevant national laws, regulations and administrative measures to the secretariat of the Authority (see ISBA/18/C/21, para. 4). Accordingly, on 6 February 2013, the secretariat circulated a note verbale inviting sponsoring States and other members of the Authority to submit to it, by 31 March 2013, texts of their relevant national laws, regulations and administrative measures.

6. As of 22 May 2013, the following countries had provided such information or texts, as requested: China, the Cook Islands, the Czech Republic, France, Germany, Guyana, Japan, Mexico, Nauru, the Netherlands, New Zealand, Oman, the Republic of Korea, Tonga, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Zambia. A submission had also been received from the South Pacific Commission on behalf of the Pacific Islands region. A summary list of the information provided appears in the annex to the present report. In response to the suggestion made by a number of delegations at the eighteenth session of the Authority, regularly updated information on and, where applicable, texts of such national laws, regulations and administrative measures, as submitted by members of the Authority, will be made available on the Authority's website.²

² See www.isa.org.jm/en/mcode/Natleg.

Annex

List of the legislation

I. General

United Nations Convention on the Law of the Sea, Montego Bay, 10 December 1982. In force 16 November 1994. United Nations *Treaty Series*, vol. 1833, No. 1-31363, p. 397; 21 *International Legal Materials* 1261 (1982).

Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982. In force 28 July 1994. General Assembly resolution 48/263; 33 *International Legal Materials* 1309 (1994); United Nations *Treaty Series*, vol. 1836, No. 1-31364, p. 42.

Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. Adopted 13 July 2000 (ISBA/6/A/18 dated 4 October 2000). Also reproduced in *Selected Decisions* 6, pp. 31-68.

Regulations on prospecting and exploration for polymetallic sulphides in the Area. Adopted 7 May 2010 (ISBA/16/A/12/Rev.1 dated 15 November 2010). Also reproduced in *Selected Decisions* 16, pp. 35-75.

Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area. Adopted 27 July 2012 (ISBA/18/A/11 dated 22 October 2012).

II. National legislation

China

Mineral Resources Law of the People's Republic of China. Adopted at the 15th meeting of the Standing Committee of the Sixth National People's Congress on 19 March 1986. Revised in accordance with the Decision of the Standing Committee of the National People's Congress on Revising the Mineral Resources Law of the People's Republic of China adopted at the 21st meeting of the Standing Committee of the Eighth National People's Congress on 29 August 1996.

Rules for Implementation of the Mineral Resources Law of the People's Republic of China. Promulgated by Decree No. 152 of the State Council of the People's Republic of China on 26 March 1994. Effective as of the date of promulgation.

Marine Environmental Protection Law of the People's Republic of China. Adopted at the twenty-fourth session of the Standing Committee of the Fifth National People's Congress on 23 August 1982. Effective as of 1 March 1983. Revised at the thirteenth session of the Standing Committee of the Ninth National People's Congress on 25 December 1999.

Administrative Regulation on the Prevention and Treatment of the Pollution and Damage to the Marine Environment by Marine Engineering Construction Projects. Adopted at the 148th executive meeting of the State Council on 30 August 2006. In force as of 1 November 2006.

Cook Islands

Seabed Minerals Act 2009.

Model Seabed Minerals Agreement of April 2011.

Czech Republic

Prospecting, Exploration for and Exploitation of Mineral Resources from the Seabed beyond Limits of National Jurisdiction. Act No. 158/2000 of 18 May 2000.

France

Note verbale dated 22 March 2013 from the Embassy of France in Jamaica.

Germany

Seabed Mining Act of 6 June 1995 (the Act). Amended by article 74 of the Act of 8 December 2010 (*Federal Law Gazette I*, p. 1864).

Federal Maritime Responsibilities Act of 26 July 2002 (*Federal Law Gazette I*, p. 2876). Amended by article 4 of the Act of 2 June 2008 (*Federal Law Gazette 2008 II*, p. 520).

Guyana

Maritime Zones Act 2010 — Act No. 18 of 2010. In force as of 18 September 2010.

Japan

Mining Act. Adopted 20 December 1950. Amended 22 July 2011.

Mexico

Report on the laws, regulations and administrative measures of Mexico on underwater mining. Submitted by the Embassy of Mexico in Jamaica on 21 December 2011.

Guide for the presentation of environmental impact statements for the mining sector and analysis of gaps and omissions in the conservation of marine biodiversity in Mexican oceans, coasts and islands of the Ministry of the Environment and Natural Resources of Mexico. Submitted by the Embassy of Mexico in Jamaica on 21 December 2011.

General Law on Ecological Balance and the Protection of the Environment. *Official Gazette*, 28 January 1988. Reform and update of 4 June 2012.

Regulations of the General Law on Ecological Balance and the Protection of the Environment on Environmental Impact Assessment. *Official Gazette*, 30 May 2000. Reform and update of 26 April 2012.

Mining Law. *Official Gazette*, 26 June 1992. Amended 28 April 2005.

National environmental policy for the sustainable development of Mexico's oceans and coasts: strategies for their conservation and sustainable use (see A/61/372, annex).

Nauru

See Pacific Islands region.

Netherlands

Note verbale dated 26 March 2013 from the Permanent Mission of the Netherlands.

New Zealand

United Nations Convention on the Law of the Sea Act 1996.

Oman

Royal Decree No. 2011/8 regulating oil and gas exploration; and Royal Decree No. 2003/27 and Ministerial Decree No. 2011/77 regulating mineral exploration (Regulations of the Mining Act).

Pacific Islands region

Pacific-ACP States Regional Legislative and Regulatory Framework for Deep Sea Minerals Exploration and Exploitation. Secretariat of the Pacific Community-European Union Deep Sea Minerals Project, 18 April 2012.

Republic of Korea

Note verbale dated 2 April 2013 from the Permanent Mission of the Republic of Korea.

Tonga

See Pacific Islands region.

United Kingdom of Great Britain and Northern Ireland

Deep Sea Mining (Temporary Provisions) Act 1981 (Isle of Man) Order 2000, No. 1112. In operation on 1 May 2000.

Zambia

Environmental Protection and Pollution Control Act (No. 12 of 1990); and (Amendment) Act 1999 (No. 12 of 1999) — Cap 204 of the Law of Zambia.

III. Reciprocating States legislation

France. Law on the Exploration and Exploitation of Mineral Resources on the Deep Sea-bed 1981, Law No. 81-1135 of 23 December 1981.

Germany. Act on Interim Regulation of Deep Seabed Mining 1980, dated 16 August 1980 (English translation) (1981). *International Legal Materials*, XX, p. 393.

Italy. Regulations on the Exploration and Exploitation of the Mineral Resources of the Deep Seabed, Law No. 41 of 20 February 1985.

Japan. Law on Interim Measures for Deep Sea-bed Mining, 1982. *International Legal Materials*, 22 (1) (1983), pp. 102-122.

New Zealand. Continental Shelf Act 1964.

Union of Soviet Socialist Republics. [Edict on] Provisional Measures to Regulate the Activity of Soviet Enterprises relating to the Exploration and Exploitation of Mineral Resources of Sea-bed Areas beyond the Limits of the Continental Shelf, 17 April 1982.

United Kingdom. Deep Sea Mining (Temporary Provisions) Act, 1981. 1981, chapter 53, 28 July 1981.

United Kingdom. Deep Sea Mining (Exploration Licences) (Applications) Regulations 1982, No. 58. Effective 25 January 1982.

United Kingdom. Deep Sea Mining (Exploration Licences) Regulations 1984, No. 1230. In operation on 3 September 1984.

United States. Deep Seabed Hard Mineral Resources Act, 1980. Public Law 96-283, 28 June 1980, 94 Stat. 553 (30 U.S.C. 1401 et seq.), as amended to 1 July 2000.

IV. National legislation of an observer State

United States of America

Deep Seabed Hard Mineral Resources Act, 1980. Public Law 96-283, 28 June 1980, 94 Stat. 553 (30 U.S.C. 1401 et seq.), as amended to 1 July 2000.

Deep Seabed Mining Regulations Affecting Pre-enactment Explorers. 45 Fed. Reg. 226 (20 November 1980), pp. 76661-76663.

Deep Seabed Mining Regulations for Exploration Licenses 1980. 46 Fed. Reg. 45896 (15 September 1981); 15 Code of Federal Regulations, Part 970.

Deep Seabed Mining Regulations for Commercial Recovery Permits, 54 Fed. Reg. 525 (6 January 1989); 15 Code of Federal Regulations, Part 971.

Guidelines for Obtaining Minerals other than Oil, Gas and Sulphur on the Outer Continental Shelf of the United States Department of the Interior, Minerals Management Service (MMS) (Public Law 103-426, enacted 31 October 1994; 108 Stat. 4371). OCS Report. MMS 99-0070 (December 1999).



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Decision of the Council relating to an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by the China Ocean Mineral Resources Research and Development Association

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 27 July 2012, the China Ocean Mineral Resources Research and Development Association (COMRA) submitted to the Secretary-General an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts in the Area,¹ in accordance with the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area,²

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,³ the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention⁴ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for exploration for*

¹ See ISBA/19/LTC/5.

² ISBA/18/A/11.

³ General Assembly resolution 48/263, annex.

⁴ United Nations, *Treaty Series*, vol. 1833, No. 31363.



cobalt-rich ferromanganese crusts submitted by COMRA transmitted to the Council,⁵ in particular, paragraphs 26 to 29 thereof;

2. *Approves* the plan of work for exploration for cobalt-rich ferromanganese crusts submitted by COMRA;

3. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for cobalt-rich ferromanganese crusts in the form of a contract between the Authority and COMRA in accordance with the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area.²

*188th meeting
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⁵ ISBA/19/C/2.



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Summary report of the Chair of the Legal and Technical Commission on the work of the Commission during the nineteenth session of the International Seabed Authority

I. Introduction

1. The Legal and Technical Commission held two sessions during the nineteenth session. The first session was held from 4 to 8 February 2013; the Commission commenced its second session on 8 July 2013, one week in advance of the meetings of the Council and Assembly, and continued its work until 15 July. In total, the Commission held 22 formal meetings and worked informally during the weekends.

2. On 4 February 2013 the Commission adopted its agenda for the nineteenth session (ISBA/19/LTC/1). On the same day, the Commission elected Russell Howorth (Fiji) as Chair and Christian Reichert (Germany) as Vice-Chair.

3. The following members of the Commission participated in the meetings: David Billett, Harald Brekke, Winifred Broadbelt, Georgy Cherkashov, Domenico da Empoli, Laleta Davis-Mattis, Kaiser De Souza, Elva Escobar, Russell Howorth, Kiseong Hyeong, Elie Jarmache, Emmanuel Kalngui, Eusebio Lopera, Pedro Madureira, Hussein Mubarak, Nobuyuki Okamoto, Mario Oyarzábal, Andrzej Przybycin, Christian Reichert, Cristian Rodrigo, Maruthadu Sudhakar and Haiqi Zhang. The following members were unable to attend the session in February: Domenico Da Empoli, Emmanuel Kalngui, Hussein Mubarak, Cristian Rodrigo and Maruthadu Sudhakar. The following member was unable to attend the session in July: Haiqi Zhang. The following members were unable to attend both sessions: Adesina Adegbe, Farhan Al-Farhan and Aleksander Čičerov. Following past practice, Victor Enrique Marzari also participated in the meetings of the Commission prior to his formal election by the Council on 16 July 2013 for the remainder of the term of office of Mario Oyarzábal who resigned from the Commission after the session in February.



II. Activities of contractors

A. Status of contracts for exploration

4. The Commission was provided with information on the status of the contracts for exploration for polymetallic nodules and for polymetallic sulphides, including on the progress made in respect of each of the plans of work for exploration that were approved by the Council at the seventeenth and eighteenth sessions of the Authority. The Commission took note of the information and of the consequential increase in its workload related to the review of contractors' annual reports. Noting that three contracts for exploration were pending signature, the Commission suggested that the pending contractors could be guided by the newly issued recommendations for the guidance of contractors and sponsoring States relating to training programmes under plans of work for exploration (see para. 15 below).

B. Consideration of the annual reports of contractors

5. In the light of the increased number of annual reports of contractors, the Commission decided that it was necessary to streamline its working procedures, and adopted a decision to this effect at the February meeting. The decision is contained in annex I to the present report.

6. In accordance with the decision made by the Commission in February, the annual reports of the contractors were made available to members of the Commission through a secure website. The secretariat, with the assistance of a consultant, undertook a technical evaluation of the reports, including a detailed analysis of the contractors' activities, which assisted the work of the Commission.

7. The Commission considered and reviewed 11 annual reports during its July meeting. It divided itself into four working groups on (a) environmental matters, (b) legal and financial matters, (c) training and (d) technical matters, in order to undertake a detailed examination of the annual reports, on which the Commission provided a report to the Secretary-General. General comments for the Council on the contractors' annual reports are contained in annex II to the present report.

8. The Commission considered and concluded that the regulatory framework for activities in the Area needs to be informed by a series of key milestones against which progress can be measured, each with a minimum threshold level that must be achieved and approved before a first generation mining licence can be awarded. This should be reflected in the final five-year programme of activities for each contractor, and supported by a supplementary implementation plan that provides details of progress towards the required targets. Until such a framework is put in place, it is difficult for the Commission to place in context the detailed information contained in the annual reports and to make an objective assessment of the contractors' overall compliance with their obligations in the conduct and reporting of the contractors' activities over the duration of their contract.

9. The data gathered individually and collectively by contractors throughout the exploration phase are the appropriate evidence for that proposed regulatory framework. The management, assembly, display and availability of data, information and knowledge is fundamental to the credibility of the Authority and its ability to cooperate broadly with other agencies. The review of annual reports has

highlighted that current arrangements within the Authority for collecting and managing data are likely to jeopardize future data access and use. Data-handling obligations will increase with the involvement of more contractors and requirements for sharing and mapping data layers. Without a clear data management strategy, the argument for contractors to collect data in the first place is significantly reduced. Currently, the completeness of data submission, including metadata and cruise reports, is unsatisfactory. Furthermore, in terms of internal procedures, including data-handling processes and verification, the Authority lacks a centralized application that adequately displays data and allows interrogation. Data-handling arrangements should be properly documented and quality controlled so that comparable datasets are available for use by relevant stakeholders.

C. Information on the periodic review of implementation of the plan of work for exploration for polymetallic nodules by the Government of India

10. The Commission was informed that the periodic review of the implementation of the plan of work for exploration for polymetallic nodules by the Government of India has yet to be completed. The contractor had submitted a proposal for its final five-year programme of activities and the Secretary-General had responded to the proposal with comments, including information provided by the Commission. The Commission was informed that the Secretary-General would hold further consultations with the contractor, with a view to concluding the periodic review as soon as possible.

D. Recommendations for the guidance of contractors relating to the implementation of training obligations

11. The Commission recalled that, in 2012, in its general comments regarding training programmes, it had recommended that such programmes should be created and specifically described in applications for approval of plans of work. The Commission also noted that it would be helpful to draw up recommendations for the guidance of contractors in devising and implementing training programmes.

12. In response, the secretariat had provided a document (ISBA/19/LTC/7) containing background on the training requirements in the Convention, the 1994 Agreement and the Regulations. The document concluded that several issues need to be considered with regard to the design and implementation of training programmes, and it was therefore proposed that a set of guidelines be established to address those issues. A set of draft recommendations in this respect was submitted to the Commission under document symbol ISBA/19/LTC/CRP.7. Following an initial discussion of the issues, the Commission requested the secretariat to provide it with further information and a revised version of document ISBA/19/LTC/CRP.7.

13. A report entitled “Review of training and capacity-building obligations of exploration contractors with the International Seabed Authority” (“training report”) prepared by an external expert, together with a revised version of the draft recommendations for guidance (ISBA/19/LTC/CRP.7/Rev.1), were presented to the Commission for its consideration at the July meeting. A total of 23 recommendations were put forward respectively for the short term and medium

to longer-term implementation of the training and capacity-building obligations of exploration contractors, including the recommendation that the Commission adopt as soon as possible interim recommendations for guidance for contractors on the implementation of training programmes.

14. In its discussions on the training report, the Commission noted with concern that over the past 20 years, only 26 traineeships had been provided. The Commission recognized the necessity of standardizing the number of traineeships provided by the contractors. While the training programmes should develop as wide a range as possible of skill development, each exploration cruise should include, in principle, a training component and a minimum of one training place for each cruise, at least for one berth at sea. Considering the significance of training and capacity-building in respect of deep-sea mineral exploration to the developing States and the need to strengthen the training programme, the Commission recommended that a position should be established in the secretariat for managing the training programmes. The Commission also noted that recent advances in information and communications technology have provided new opportunities for training.

15. Following its review of ISBA/19/LTC/CRP.7/Rev.1, the Commission agreed to adopt it as an interim document for advising the contractor to implement its training obligation and assisting the Secretary-General in negotiating with the contractor on training programmes. The Commission also decided to keep the matter under review.

E. Selection of candidates for training

16. The Commission was informed that a total of eight training places had been made available in 2013 by the China Ocean Mineral Resources Research and Development Association (COMRA), Tonga Offshore Mining Limited (TOML) and the Federal Institute for Geosciences and Natural Resources of the Federal Republic of Germany (BGR), pursuant to their contracts for exploration with the Authority. As at 30 June 2013, the secretariat had received a total of 45 applications from 19 different members of the Authority for those training opportunities.

17. After detailed consideration of all the applications received, and based on the criteria of academic qualifications, age and language skills, professional experience, their reasons for seeking training and how the training would benefit the nominating Government, and giving due consideration to the need for equitable geographical representation, the Commission recommended eight candidates and eight alternates for training. The details of the training programme and the selection process applied by the Commission, as well as the names of the recommended candidates, are contained in document ISBA/19/LTC/13.

III. Environmental implications of activities in the Area

18. As agreed at the eighteenth session, the Commission resumed consideration at its February meeting of the draft recommendations for the guidance of contractors in the assessment of possible environmental impacts arising from exploration for marine minerals in the Area, including polymetallic sulphides. In considering the draft, the Commission took into account comments received from contractors, as

well as a subgroup of environmental experts from the Commission who had worked on the draft during the intersessional period. Following its deliberations, the Commission adopted the recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area (ISBA/19/LTC/8).

IV. Regulatory activities of the Authority

A. Proposed amendments to the regulations on prospecting and exploration of polymetallic nodules in the Area

19. The Commission recalled that it had been requested by the Council to amend the nodules regulations (adopted in 2000) in order to bring them into line with the sulphides regulations (adopted in 2010). In response to that request, the secretariat had prepared a document containing proposed amendments in order to align the text of the nodules regulations with that of the sulphides regulations. The Commission further recalled that the matter had been on its agenda in 2012 but that there had been insufficient time to consider the issue, which had been made a priority for 2013.

20. Following deliberations, the Commission agreed on amendments to the Regulations on prospecting and exploration for polymetallic nodules in the Area in order to align them with the Regulations on prospecting and exploration for polymetallic sulphides in the Area. The amended nodules regulations, as adopted by the Commission and proposed to the Council for adoption, are contained in document ISBA/19/C/WP.1.

21. The Commission also held a general discussion on the issue of monopolization of activities in the Area. It noted that in recent years new models of business arrangements had begun to emerge that required the attention of the Commission. It was considered that in the light of current developments, including the requirement for the alignment of the regulations, the Commission's work on this matter should be prioritized and that the Council may also wish to give further consideration to the potential for monopolistic behaviour in relation to polymetallic nodules.

B. Issue relating to proposed regulations for exploitation of polymetallic nodules in the Area

22. The Commission held a brief discussion on issues relating to proposed regulations for exploitation of polymetallic nodules in the Area. Members of the Commission acknowledged the work done by the secretariat in producing International Seabed Authority Technical Study No. 11 and noted that the final version of the study took into account some of the preliminary comments made by members of the Commission on the initial draft prepared by the consultants. There was insufficient time during the meeting for a full discussion of the recommendations contained in the report. In general, however, the Commission considered that the proposed strategic plan set out in chapter 10 of the report provided a useful indication as to how the Authority could proceed to develop the regulatory framework. In particular, the Commission endorsed the suggestion to prepare background studies and conduct a stakeholder survey as preliminary

measures that would allow the Commission to begin its detailed work on the regulations.

23. In July, the Commission also noted the areas of specific research and study suggested in the report and identified a number of studies that could usefully be undertaken prior to the next meeting, subject to the availability of resources. These included: a comparative study of regulatory regimes based on licences and concessions, a study of reporting mechanisms and a study of mechanisms for penalties for non-compliance. A request was made for further development of the concept of a transitional regime between exploration and exploitation. It was also suggested that the secretariat provide a draft stakeholder survey for review by the Commission at its next meeting. Members of the Commission strongly recommended that, in order to advance work on the exploitation regulations, the larger part of the next meeting of the Commission should be dedicated to this issue.

V. Other matters

24. Members of the Commission drew attention to the provisions of article 163, paragraph 8, of the Convention and rule 11 of the rules of procedure of the Commission relating to financial interests in activities relating to exploration and exploitation in the Area. The Commission requested the secretariat to provide it at the next meeting with clarification and guidance as to the scope and interpretation of those provisions.

VI. Applications for approval of plans of work for exploration in the Area

25. The Commission considered six applications for approval of plans of work for exploration in the order in which they had been received, as follows:

<i>Applicant</i>	<i>Sponsoring State</i>	<i>Date of application</i>	<i>Resource</i>
China Ocean Mineral Resources Research and Development Association (COMRA)	China	27 July 2012	Cobalt-rich crusts
Japan Oil, Gas and Metals National Corporation (JOGMEC)	Japan	3 August 2012	Cobalt-rich crusts
Ministry of Natural Resources and Environment of the Russian Federation		6 February 2013	Cobalt-rich crusts
UK Seabed Resources Ltd. (UKSRL)	United Kingdom	8 February 2013	Polymetallic nodules
Government of India		26 March 2013	Polymetallic sulphides
Ocean Mineral Singapore Pty Ltd. (OMS)	Singapore	19 April 2013	Polymetallic nodules (reserved area)

26. At the February meeting, the Commission considered and made recommendations to the Council in respect of the applications for plans of work for exploration for cobalt-rich ferromanganese crusts as submitted by COMRA and JOGMEC. The report and recommendations of the Commission are contained in documents ISBA/19/C/2 and ISBA/19/C/3.

27. At the July meeting, the Commission heard presentations of four applications submitted by the Ministry of Natural Resources and Environment of the Russian Federation, UKSRL, the Government of India and OMS, respectively. The Commission then gave preliminary consideration to each of the applications in turn in closed sessions. The Commission also submitted a list of questions to each applicant, based on its initial consideration. Responses to the questions submitted by the Commission were received from each applicant.

28. The Commission was not able to achieve consensus in recommending the approval of the plan of work submitted by the Ministry of Natural Resources and Environment of the Russian Federation due to the formal objection of one member of the Commission. The objection was based on reservation concerning the data supplied by the applicant and the methodology applied by the technical working group for calculating the commercial value of the two areas identified in the application (regulation 12.4, ISBA/18/A/11).

29. The Commission did not have time to complete its consideration of the remaining three applications by UK Seabed Resources Ltd., the Government of India and Ocean Mineral Singapore Pte. Ltd. (being considered in that order). The Commission therefore decided to defer consideration of all four applications, to be taken up as a matter of priority at its next meeting.

VII. Conclusion

30. The Commission emphasized that it had been unable to complete its agenda and that it had been possible only to give superficial consideration to several issues. While there had been substantial improvements in working practices, including the possibility of secure remote access to essential data and information, the Commission was still faced with an overwhelming workload. In particular, the Commission noted that it was required to give careful consideration to each new application for approval of a plan of work for exploration and that that aspect of its work could not be rushed.

31. The additional time allocated to the Commission in 2013 had enabled it to make progress on a number of important matters, including the issuance of recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for mineral resources in the area; selection of candidates and recommendations for the guidance of contractors and sponsoring States on the implementation of training programmes; the alignment of the nodules regulations with the sulphides regulations; and the review of the annual reports of contractors. The Commission had also considered six new applications for approval of plans of work for exploration and had completed its recommendations in respect of two of those applications.

32. Notwithstanding the above-mentioned progress, the Commission recalled that there were still many other outstanding matters that it had not had time to consider,

including a number of items that the Council had specifically requested the Commission to consider. These included:

- (a) Draft regulations for exploitation;
- (b) Standardization of data and format of the annual reports of the contractors;
- (c) Review of the environmental management plan for the Clarion-Clipperton Zone (due in 2014);
- (d) Analysis of regulation 11.2 of the nodules regulations and regulation 11.2 of the sulphides regulations and regulation 11.2 of the crusts regulations (“effective control”);
- (e) Recommendations for criteria for the implementation of regulation 23, paragraph 7, of the sulphides and crusts regulations relating to monopolization of activities in the Area;
- (f) Guidance on mechanisms of compensation for damage when neither the contractor nor the sponsoring State is responsible;
- (g) Guidance on implementation of monitoring programmes and provision for a staff of inspectors.

33. In the light of these circumstances, the Commission recommended that it continue to hold two meetings in 2014, with full services for both meetings. In that regard, the Commission noted that the provision of full conference services in 2013 had ensured the active participation of almost the full membership of the Commission at the meetings in February and July. The first meeting, to be held early in 2014, would be devoted to completing consideration of the outstanding applications and the consideration of issues relating to the exploitation code.

Annex I

Decision by the Legal and Technical Commission relating to the methodology for review of annual reports of contractors

1. The Commission recalled its concerns expressed to the Council at the eighteenth session in 2012 in regard to the growing workload of the Commission both now and in the foreseeable future and in particular, in regard to its ability to satisfactorily undertake the review of the annual reports of contractors. The Commission was pleased to note the positive support received from members of the Council, including the decision to hold an additional meeting of the Commission in 2013. Given the anticipated growth in the overall work of the Commission, it was noted that two meetings of the Commission in each year would be needed at least for the next several years.

2. In order to streamline and improve the efficiency of its procedures relating to the review of annual reports of contractors, the Commission decided to implement the following working procedures, at least provisionally for 2013, with a view to reporting further to the Council:

(a) The Commission will, as far as possible, designate the members of any technical working groups entrusted with reviewing the annual reports at its first meeting each year, so that the members of the working groups can prepare their work in advance;

(b) Taking into account the fact that annual reports of contractors are due to be submitted no later than 31 March each year, the Commission requested the secretariat to examine the possibility of making the annual reports of contractors accessible, through a secure website or similar mechanism, to designated members of the Commission in advance of the July meeting of the Commission. In that regard, the Commission took note of the measures and procedures established by the Secretary-General for the classification and secure handling of confidential data and information entrusted to the Authority;

(c) The Commission also recommended that the Secretary-General write to contractors to remind them of the obligation to submit annual reports and data in the format recommended by the Commission by 31 March 2013 and highlighting the importance of timely submission of reports to the efficiency of the Commission's work;

(d) The Commission also requested the secretariat to review its internal operating procedures to ensure that annual reports, and the data that they contain, are processed efficiently when they are received by the secretariat and that a full and complete preliminary technical evaluation of the annual reports is placed before the Commission for its consideration. This should also include a report by the secretariat on the data submitted by contractors, which should be entered into the relevant databases maintained by the Authority and made available for the members of the Commission to review;

(e) The Commission emphasized the value of periodic analyses of the progress of exploration activities setting each annual report within the context of the progressive work being completed by each contractor during the licence period, in particular for environmental baseline data and resource assessment data, and

encouraged the secretariat to continue to prepare such analyses for its review and consideration;

(f) The Commission decided that, in reporting to the Secretary-General and to the Council on its review of the 2013 annual reports of contractors, it would, on a provisional basis, follow the format proposed in document ISBA/19/LTC/CRP.6, subject to such modifications as may be necessary.

3. The Commission noted with appreciation the support of the secretariat for the adoption of the approach outlined above.

Annex II

General comments on annual reports of contractors and on their five-year programme of activities

A. General comments on annual reports of contractors

1. The Commission expressed its satisfaction to the secretariat for the creation of a secure website where annual reports of contractors had been made available to the Commission, and encouraged the development of the site by including additional information and documents, such as applications and contracts.

2. All 11 contractors submitted their annual activity reports for the 2012 period in a timely manner. Six additional contracts have either been signed during 2013 or are currently in the final stages of negotiation, and thus the first reports from those contractors will be forthcoming in subsequent years. Six more applications are currently being considered. It should be noted that some 17 annual reports will need to be considered in 2014 and possibly 23 or more from 2015.

3. All the reports submitted for 2012 follow the general template prescribed by the Commission (ISBA/8/LTC/2). All contractors have followed the general headings but the level of detail is highly variable and there remain significant inconsistencies in the quality of the reports. More specifically:

(a) Explicit presentation of the objectives is highly variable, making it difficult for the Commission to assess progress in implementing the programme of work;

(b) In previous evaluations of annual reports by the Commission, it was recommended that bulleted summaries of the key conclusions be included for each of the activity areas within the report, providing a clear focus for the evaluation process. This practice has been adopted in the more comprehensive reports, and should be standard across all reports;

(c) Some contractors have made explicit the continuity of the present year's work with previous work, and set it in the context of future work, but this is not universal. This inconsistency is compounded by differences in the level of detail and planning set out in the five-year programmes;

(d) Contractors must adopt the structure and format of the template, even if there is no reporting on particular items;

(e) The Commission invites the secretariat to request the contractors to comply with the data submission requirements related with exploration work, as stated in document ISBA/18/C/20.

4. The evaluation process provides the Authority with a useful overview of progress. However, it is a largely subjective exercise, and no formal criteria are available against which to judge the acceptability of a contractor's report or to measure their progress. It is recommended that a series of key "contractor milestones" with an appropriate threshold level, be devised in each activity area, by which progress can be measured. These should be included as part of the workplan of new applications in order that they can be incorporated into future contracts.

5. The rolling summary of annual achievements provided by one contractor is seen as good practice, and assists the transparency of the annual evaluation process. In cases in which contractors have provided a forward look of activities for the following year, this has also proved to be a useful contribution to the evaluation process. It is recommended that all contractors provide an overview of the following year's planned activities in their annual reports.

6. It is clear that the emphasis of effort on the different aspects of the contractors' activities is extremely variable, as is the pace at which each contractor is proceeding. Some contractors are focusing their efforts on developing mining technologies, while others are focused on environmental studies or exploration, but few are approaching all aspects of the required work with sufficient diligence and commitment.

7. It is a concern that the current system for evaluating contractors' annual reports relies heavily upon the corporate memory of the Commission members, due to time constraints. This has implications for the consistency of the Commission's feedback to contractors.

8. Based on regulation 26 of the nodules regulations, it is recommended that an advice be prepared stating the requirements for applying for an extension of the contract. In addition, the advice should include possible implications for the Authority and the contractor of such an extension.

9. Collaboration on work programme implementation between contractors should be encouraged.

B. General comments relating to the five-year programmes of activities of contractors

10. The five-year programmes of activities appear to contain different levels of expectation for different contractors. Minimum requirements should be set for all contractors, including a more explicit breakdown of activities against which the contractors should report.

11. In addition to the programme of activities for the final five-year period, a supplementary implementation plan providing details of progress against each contractor's timeline would be useful. Contractors should provide a detailed account of how they plan to achieve the thresholds, as described in point 6, in identifying a first-generation mine site, finalizing baseline environmental data, developing a mining system prototype and setting in place processing arrangements by the end of their respective contracts. Contractors should be mindful of data and information to be submitted on expiration of the contract, in line with section 11 of annex 4 to the Regulations.



Council

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Kingston, Jamaica
15-26 July 2013

Decision of the Council relating to an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts by Japan Oil, Gas and Metals National Corporation

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 3 August 2012, Japan Oil, Gas and Metals National Corporation (JOGMEC) submitted to the Secretary-General an application for approval of a plan of work for exploration for cobalt-rich ferromanganese crusts in the Area,¹ in accordance with the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area,²

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,³ the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention⁴ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note* of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for exploration for

¹ See ISBA/19/LTC/4.

² ISBA/18/A/11.

³ General Assembly resolution 48/263, annex.

⁴ United Nations, *Treaty Series*, vol. 1833, No. 31363.



cobalt-rich ferromanganese crusts submitted by JOGMEC transmitted to the Council,⁵ in particular, paragraphs 27 to 30 thereof;

2. *Approves* the plan of work for exploration for cobalt-rich ferromanganese crusts submitted by JOGMEC;

3. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for cobalt-rich ferromanganese crusts in the form of a contract between the Authority and JOGMEC in accordance with the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area.²

*188th meeting
19 July 2013*

⁵ ISBA/19/C/3.



Council

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23 July 2013

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Kingston, Jamaica
15-26 July 2013

Decision of the Council relating to financial and budgetary matters

The Council of the International Seabed Authority,

Taking into account the recommendations of the Finance Committee,¹

Recommends that the Assembly of the International Seabed Authority:

- (a) Adopt the draft decision contained in the annex which would, inter alia, amend the Regulations on prospecting and exploration in order to institute a fixed overhead charge that will cover the expenditures related to the administration and supervision of contracts between the Authority and contractors;
- (b) Appoint KPMG as independent auditor for 2013 and 2014;
- (c) Urge the members of the Authority to pay their assessed contributions to the budget on time and in full;
- (d) Appeal to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and request the Secretary-General, at his discretion, to continue his efforts to recover those amounts;
- (e) Strongly encourage members to make voluntary contributions to the Endowment Fund and Voluntary Trust Fund of the Authority.

¹ ISBA/19/A/7-ISBA/19/C/11.



Annex

Draft decision of the Assembly of the International Seabed Authority concerning overhead charges for the administration and supervision of exploration contracts

The Assembly of the International Seabed Authority,

Taking into account the recommendations of the Finance Committee² and the decision of the Council,³

Taking into account also section 8 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea,⁴

Recalling the decision adopted by the Council on 26 July 2012 relating to the status of fees paid for the processing of applications for approval of plans of work for exploration and related matters,⁵

1. *Decides* to institute a fixed overhead charge of \$47,000 (or such sum as may be fixed in accordance with paragraph 5 below) to be payable annually, in accordance with the present decision, by each contractor in respect of each of its contracts with the Authority to cover the costs of the administration and supervision of the contract and of reviewing its annual report provided in accordance with the contract;

2. *Also decides* to amend the standard clauses for exploration contracts⁶ by the addition of sections 10.5 and 10.6, as set out in the annex to the present decision, which shall apply to contracts entered into by the Authority as a result of applications made after the date of adoption of the present decision;

3. *Requests* the Secretary-General, in the case of an application for approval of a plan of work submitted prior to the date of adoption of the present decision, to consult with the applicant prior to signature of the contract for exploration, with a view to incorporating the clauses set out in the annex to the present decision;

4. *Urges* the Secretary-General to consult as soon as possible with all contractors whose contracts were entered into as a result of applications made before the date of adoption of the present decision, with a view to renegotiating those contracts, in accordance with section 24.2 of the standard clauses for exploration contract, in order to include the provisions set out in the annex to the present decision;

5. *Decides* that the Council, upon the recommendation of the Finance Committee, shall review the amount of the overhead charge every two years to ensure that it continues to reflect the costs actually and reasonably incurred by the

² ISBA/19/A/7-ISBA/19/C/11.

³ ISBA/19/C/16.

⁴ See General Assembly resolution 48/263, annex.

⁵ ISBA/18/C/29.

⁶ Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18), annex 4; Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (ISBA/16/A/12/Rev.1), annex 4; and Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/A/11), annex 4.

Authority and may in particular consider, in due course, whether to substitute a variable sum for each contract which is dependent upon the level of administrative costs actually and reasonably incurred by the Authority in relation to that contract;

6. *Also decides*, subject to the present decision, that such expenditures shall be treated as actual and direct exploration expenditures as referred to in section 10.2 (c) of the standard clauses for exploration contracts contained in annex 4 to the Regulations;

7. *Further decides* that the overhead charges shall be classed as miscellaneous income for credit to the general administrative fund;

8. *Requests* the Secretary-General to report annually on the implementation of all aspects of the present decision.

Annex

10.5 The contractor shall pay at the time of submission of the annual report an annual overhead charge of \$47,000 (or such sum as may be fixed in accordance with section 10.6 hereof) to cover the Authority's costs of the administration and supervision of this contract and of reviewing the reports submitted in accordance with section 10.1 hereof.

10.6 The amount of the annual overhead charge may be revised by the Authority to reflect its costs actually and reasonably incurred.

*192nd meeting
23 July 2013*



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Decision of the Council of the International Seabed Authority relating to amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area and related matters

The Council of the International Seabed Authority,

1. *Adopts* the amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area as contained in the annex to the present document;
2. *Decides* to apply the amended Regulations provisionally from the date of their adoption by the Council, pending their approval by the Assembly of the International Seabed Authority;
3. *Requests* the Secretary-General, in the case of a pending application for approval of a plan of work for polymetallic nodules submitted prior to the entry into force of the amendments to the Regulations, to consult the applicant prior to the signature of the contract for exploration, with a view to incorporating any necessary revisions into the standard terms of contract;
4. *Requests* the Legal and Technical Commission of the Authority to make a recommendation for consideration by the Council at its twentieth session to bring regulation 21 of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area¹ into line with regulation 21 of the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area;²
5. *Decides that*, pending the receipt of the recommendation of the Legal and Technical Commission referred to in paragraph 4, regulation 21 (1) (b) of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area shall not apply;

¹ ISBA/16/A/12/Rev.1.

² ISBA/18/A/11.



6. *Further requests* the Legal and Technical Commission to review the provisions of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area, the Regulations on Prospecting and Exploration for Polymetallic Sulphides and the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area relating to the monopolization of activities in the Area and the option of offering an equity interest in a joint venture arrangement with a view to possibly aligning all three sets of regulations in this respect and to make a recommendation thereon for consideration by the Council at its twentieth session.

190th meeting
22 July 2013

Annex

Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

Preamble

In accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Convention”), the seabed and ocean floor and the subsoil thereof beyond the limits of national jurisdiction, as well as its resources, are the common heritage of mankind, the exploration and exploitation of which shall be carried out for the benefit of mankind as a whole, on whose behalf the International Seabed Authority acts. The objective of this set of Regulations is to provide for prospecting and exploration for polymetallic nodules.

Part I Introduction

Regulation 1 Use of terms and scope

1. Terms used in the Convention shall have the same meaning in these Regulations.
2. In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Agreement”), the provisions of the Agreement and Part XI of the Convention shall be interpreted and applied together as a single instrument. These Regulations and references in these Regulations to the Convention are to be interpreted and applied accordingly.
3. For the purposes of these Regulations:
 - (a) “Exploitation” means the recovery for commercial purposes of polymetallic nodules in the Area and the extraction of minerals therefrom, including the construction and operation of mining, processing and transportation systems, for the production and marketing of metals;
 - (b) “Exploration” means the searching for deposits of polymetallic nodules in the Area with exclusive rights, the analysis of such deposits, the use and testing of recovery systems and equipment, processing facilities and transportation systems and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in exploitation;
 - (c) “Marine environment” includes the physical, chemical, geological and biological components, conditions and factors which interact and determine the productivity, state, condition and quality of the marine ecosystem, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof;

(d) “Polymetallic nodules” means one of the resources of the Area consisting of any deposit or accretion of nodules, on or just below the surface of the deep seabed, which contain manganese, nickel, cobalt and copper;

(e) “Prospecting” means the search for deposits of polymetallic nodules in the Area, including estimation of the composition, sizes and distributions of deposits of polymetallic nodules and their economic values, without any exclusive rights;

(f) “Serious harm to the marine environment” means any effect from activities in the Area on the marine environment which represents a significant adverse change in the marine environment determined according to the rules, regulations and procedures adopted by the Authority on the basis of internationally recognized standards and practices.

4. These Regulations shall not in any way affect the freedom of scientific research, pursuant to article 87 of the Convention, or the right to conduct marine scientific research in the Area pursuant to articles 143 and 256 of the Convention. Nothing in these Regulations shall be construed in such a way as to restrict the exercise by States of the freedom of the high seas as reflected in article 87 of the Convention.

5. These Regulations may be supplemented by further rules, regulations and procedures, in particular on the protection and preservation of the marine environment. These Regulations shall be subject to the provisions of the Convention and the Agreement and other rules of international law not incompatible with the Convention.

Part II

Prospecting

Regulation 2

Prospecting

1. Prospecting shall be conducted in accordance with the Convention and these Regulations and may commence only after the prospector has been informed by the Secretary-General that its notification has been recorded pursuant to regulation 4 (2).

2. Prospectors and the Authority shall apply a precautionary approach, as reflected in principle 15 of the Rio Declaration on Environment and Development.³ Prospecting shall not be undertaken if substantial evidence indicates the risk of serious harm to the marine environment.

3. Prospecting shall not be undertaken in an area covered by an approved plan of work for exploration for polymetallic nodules or in a reserved area; nor may there be prospecting in an area which the Council has disapproved for exploitation because of the risk of serious harm to the marine environment.

4. Prospecting shall not confer on the prospector any rights with respect to resources. A prospector may, however, recover a reasonable quantity of minerals, being the quantity necessary for testing and not for commercial use.

³ *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigendum), vol. I, *Resolutions adopted by the Conference*, resolution 1, annex I.

5. There shall be no time limit on prospecting, except that prospecting in a particular area shall cease upon written notification to the prospector by the Secretary-General that a plan of work for exploration has been approved with regard to that area.

6. Prospecting may be conducted simultaneously by more than one prospector in the same area or areas.

Regulation 3

Notification of prospecting

1. A proposed prospector shall notify the Authority of its intention to engage in prospecting.

2. Each notification of prospecting shall be in the form prescribed in annex I to these Regulations, shall be addressed to the Secretary-General and shall conform to the requirements of these Regulations.

3. Each notification shall be submitted:

- (a) In the case of a State, by the authority designated for that purpose by it;
- (b) In the case of an entity, by its designated representative;
- (c) In the case of the Enterprise, by its competent authority.

4. Each notification shall be in one of the languages of the Authority and shall contain:

(a) The name, nationality and address of the proposed prospector and its designated representative;

(b) The coordinates of the broad area or areas within which prospecting is to be conducted, in accordance with the most recent generally accepted international standard used by the Authority;

(c) A general description of the prospecting programme, including the proposed date of commencement and its approximate duration;

(d) A satisfactory written undertaking that the proposed prospector will:

(i) Comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:

a. Cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and

b. Protection and preservation of the marine environment;

(ii) Accept verification by the Authority of compliance therewith; and

(iii) Make available to the Authority, as far as practicable, such data as may be relevant to the protection and preservation of the marine environment.

Regulation 4
Consideration of notifications

1. The Secretary-General shall acknowledge in writing receipt of each notification submitted under regulation 3, specifying the date of receipt.
2. The Secretary-General shall review and act on the notification within 45 days of its receipt. If the notification conforms with the requirements of the Convention and these Regulations, the Secretary-General shall record the particulars of the notification in a register maintained for that purpose and shall inform the prospector in writing that the notification has been so recorded.
3. The Secretary-General shall, within 45 days of receipt of the notification, inform the proposed prospector in writing if the notification includes any part of an area included in an approved plan of work for exploration or exploitation of any category of resources, or any part of a reserved area, or any part of an area which has been disapproved by the Council for exploitation because of the risk of serious harm to the marine environment, or if the written undertaking is not satisfactory, and shall provide the proposed prospector with a written statement of reasons. In such cases, the proposed prospector may, within 90 days, submit an amended notification. The Secretary-General shall, within 45 days, review and act upon such amended notification.
4. A prospector shall inform the Secretary-General in writing of any change in the information contained in the notification.
5. The Secretary-General shall not release any particulars contained in the notification except with the written consent of the prospector. The Secretary-General shall, however, from time to time inform all members of the Authority of the identity of prospectors and the general areas in which prospecting is being conducted.

Regulation 5
Protection and preservation of the marine environment during prospecting

1. Each prospector shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from prospecting, as far as reasonably possible, applying a precautionary approach and best environmental practices. In particular, each prospector shall minimize or eliminate:
 - (a) Adverse environmental impacts from prospecting; and
 - (b) Actual or potential conflicts or interference with existing or planned marine scientific research activities, in accordance with the relevant future guidelines in this regard.
2. Prospectors shall cooperate with the Authority in the establishment and implementation of programmes for monitoring and evaluating the potential impacts of the exploration for and exploitation of polymetallic nodules on the marine environment.
3. A prospector shall immediately notify the Secretary-General in writing, using the most effective means, of any incident arising from prospecting which has caused, is causing or poses a threat of serious harm to the marine environment.

Upon receipt of such notification the Secretary-General shall act in a manner consistent with regulation 33.

Regulation 6
Annual report

1. A prospector shall, within 90 days of the end of each calendar year, submit a report to the Authority on the status of prospecting. Such reports shall be submitted by the Secretary-General to the Legal and Technical Commission. Each such report shall contain:

(a) A general description of the status of prospecting and of the results obtained;

(b) Information on compliance with the undertakings referred to in regulation 3 (4) (d); and

(c) Information on adherence to the relevant guidelines in this regard.

2. If the prospector intends to claim expenditures for prospecting as part of the development costs incurred prior to the commencement of commercial production, the prospector shall submit an annual statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct expenditures incurred by the prospector in carrying out prospecting.

Regulation 7
Confidentiality of data and information from prospecting contained in the annual report

1. The Secretary-General shall ensure the confidentiality of all data and information contained in the reports submitted under regulation 6 applying mutatis mutandis the provisions of regulations 36 and 37, provided that data and information relating to the protection and preservation of the marine environment, in particular those from environmental monitoring programmes, shall not be considered confidential. The prospector may request that such data not be disclosed for up to three years following the date of their submission.

2. The Secretary-General may, at any time, with the consent of the prospector concerned, release data and information relating to prospecting in an area in respect of which a notification has been submitted. If, after having made reasonable efforts for at least two years, the Secretary-General determines that the prospector no longer exists or cannot be located, the Secretary-General may release such data and information.

Regulation 8
Objects of an archaeological or historical nature

A prospector shall immediately notify the Secretary-General in writing of any finding in the Area of an object of actual or potential archaeological or historical nature and its location. The Secretary-General shall transmit such information to the Director General of the United Nations Educational, Scientific and Cultural Organization.

Part III

Applications for approval of plans of work for exploration in the form of contracts

Section 1

General provisions

Regulation 9

General

Subject to the provisions of the Convention, the following may apply to the Authority for approval of plans of work for exploration:

- (a) The Enterprise, on its own behalf or in a joint arrangement;
- (b) States parties, State enterprises or natural or juridical persons which possess the nationality of States or are effectively controlled by them or their nationals, when sponsored by such States, or any group of the foregoing which meets the requirements of these Regulations.

Section 2

Content of applications

Regulation 10

Form of applications

1. Each application for approval of a plan of work for exploration shall be in the form prescribed in annex II to these Regulations, shall be addressed to the Secretary-General and shall conform to the requirements of these Regulations.
2. Each application shall be submitted:
 - (a) In the case of a State, by the authority designated for that purpose by it;
 - (b) In the case of an entity, by its designated representative or the authority designated for that purpose by the sponsoring State or States; and
 - (c) In the case of the Enterprise, by its competent authority.
3. Each application by a State enterprise or one of the entities referred to in regulation 9 (b) shall also contain:
 - (a) Sufficient information to determine the nationality of the applicant or the identity of the State or States by which, or by whose nationals, the applicant is effectively controlled; and
 - (b) The principal place of business or domicile and, if applicable, place of registration of the applicant.
4. Each application submitted by a partnership or consortium of entities shall contain the required information in respect of each member of the partnership or consortium.

Regulation 11
Certificate of sponsorship

1. Each application by a State enterprise or one of the entities referred to in regulation 9 (b) shall be accompanied by a certificate of sponsorship issued by the State of which it is a national or by which or by whose nationals it is effectively controlled. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, each State involved shall issue a certificate of sponsorship.
2. Where the applicant has the nationality of one State but is effectively controlled by another State or its nationals, each State involved shall issue a certificate of sponsorship.
3. Each certificate of sponsorship shall be duly signed on behalf of the State by which it is submitted and shall contain:
 - (a) The name of the applicant;
 - (b) The name of the sponsoring State;
 - (c) A statement that the applicant is:
 - (i) A national of the sponsoring State; or
 - (ii) Subject to the effective control of the sponsoring State or its nationals;
 - (d) A statement by the sponsoring State that it sponsors the applicant;
 - (e) The date of deposit by the sponsoring State of its instrument of ratification of, or accession or succession to, the Convention;
 - (f) A declaration that the sponsoring State assumes responsibility in accordance with articles 139 and 153 (4) of the Convention and article 4 (4) of annex III to the Convention.
4. States or entities in a joint arrangement with the Enterprise shall also comply with this regulation.

Regulation 12
Financial and technical capabilities

1. Each application for approval of a plan of work for exploration shall contain specific and sufficient information to enable the Council to determine whether the applicant is financially and technically capable of carrying out the proposed plan of work for exploration and of fulfilling its financial obligations to the Authority.
2. An application for approval of a plan of work for exploration submitted on behalf of a State or entity, or any component of such entity, referred to in paragraph 1 (a) (ii) or (iii) of resolution II, other than a registered pioneer investor, which has already undertaken substantial activities in the Area prior to the entry into force of the Convention, or its successor in interest, shall be considered to have met the financial and technical qualifications necessary for approval of a plan of work for exploration if the sponsoring State or States certify that the applicant has expended an amount equivalent to at least 30 million United States dollars in research and exploration activities and has expended no less than 10 per cent of that amount in

the location, survey and evaluation of the area referred to in the plan of work for exploration.

3. An application for approval of a plan of work for exploration by the Enterprise shall include a statement by its competent authority certifying that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.

4. An application for approval of a plan of work for exploration by a State or a State enterprise, other than a registered pioneer investor or an entity referred to in paragraph 1 (a) (ii) or (iii) of resolution II, shall include a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.

5. An application for approval of a plan of work for exploration by an entity, other than a registered pioneer investor or an entity referred to in paragraph 1 (a) (ii) or (iii) of resolution II, shall include copies of its audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants.

6. If the applicant is a newly organized entity and a certified balance sheet is not available, the application shall include a pro forma balance sheet certified by an appropriate official of the applicant.

7. If the applicant is a subsidiary of another entity, the application shall include copies of such financial statements of that entity and a statement from that entity, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, that the applicant will have the financial resources to carry out the plan of work for exploration.

8. If the applicant is controlled by a State or a State enterprise, the application shall include a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the plan of work for exploration.

9. Where an applicant seeking approval of a plan of work for exploration intends to finance the proposed plan of work for exploration by borrowings, its application shall include the amount of such borrowings, the repayment period and the interest rate.

10. Except as provided for in paragraph 2, each application shall include:

(a) A general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work for exploration;

(b) A general description of the equipment and methods expected to be used in carrying out the proposed plan of work for exploration and other relevant non proprietary information about the characteristics of such technology; and

(c) A general description of the applicant's financial and technical capability to respond to any incident or activity which causes serious harm to the marine environment.

11. Where the applicant is a partnership or consortium of entities in a joint arrangement, each member of the partnership or consortium shall provide the information required by this regulation.

Regulation 13

Previous contracts with the Authority

Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium, has previously been awarded any contract with the Authority, the application shall include:

- (a) The date of the previous contract or contracts;
- (b) The date, reference number and title of each report submitted to the Authority in connection with the contract or contracts; and
- (c) The date of termination of the contract or contracts, if applicable.

Regulation 14

Undertakings

Each applicant, including the Enterprise, shall, as part of its application for approval of a plan of work for exploration, provide a written undertaking to the Authority that it will:

- (a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the organs of the Authority and the terms of its contracts with the Authority;
- (b) Accept control by the Authority of activities in the Area, as authorized by the Convention; and
- (c) Provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.

Regulation 15

Total area covered by the application

Each application for approval of a plan of work for exploration shall define the boundaries of the area under application by a list of coordinates in accordance with the most recent generally accepted international standard used by the Authority. Applications other than those under regulation 17 shall cover a total area, which need not be a single continuous area, sufficiently large and of sufficient estimated commercial value to allow two mining operations. The applicant shall indicate the coordinates dividing the area into two parts of equal estimated commercial value. The area to be allocated to the applicant shall be subject to the provisions of regulation 25.

Regulation 16

Data and information to be submitted before the designation of a reserved area

1. Each application shall contain sufficient data and information, as prescribed in section II of annex II to these Regulations, with respect to the area under application

to enable the Council, on the recommendation of the Legal and Technical Commission, to designate a reserved area based on the estimated commercial value of each part. Such data and information shall consist of data available to the applicant with respect to both parts of the area under application, including the data used to determine their commercial value.

2. The Council, on the basis of the data and information submitted by the applicant pursuant to section II of annex II to these Regulations, if found satisfactory, and taking into account the recommendation of the Legal and Technical Commission, shall designate the part of the area under application which is to be a reserved area. The area so designated shall become a reserved area as soon as the plan of work for exploration for the non-reserved area is approved and the contract is signed. If the Council determines that additional information, consistent with these Regulations and annex II, is needed to designate the reserved area, it shall refer the matter back to the Commission for further consideration, specifying the additional information required.

3. Once the plan of work for exploration is approved and a contract has been issued, the data and information transferred to the Authority by the applicant in respect of the reserved area may be disclosed by the Authority in accordance with article 14 (3) of annex III to the Convention.

Regulation 17

Applications for approval of plans of work with respect to a reserved area

1. Any State which is a developing State or any natural or juridical person sponsored by it and effectively controlled by it or by any other developing State, or any group of the foregoing, may notify the Authority that it wishes to submit a plan of work for exploration with respect to a reserved area. The Secretary-General shall forward such notification to the Enterprise, which shall inform the Secretary-General in writing within six months whether or not it intends to carry out activities in that area. If the Enterprise intends to carry out activities in that area, it shall, pursuant to paragraph 4, also inform in writing the contractor whose application for approval of a plan of work for exploration originally included that area.

2. An application for approval of a plan of work for exploration in respect of a reserved area may be submitted at any time after such an area becomes available following a decision by the Enterprise that it does not intend to carry out activities in that area or where the Enterprise has not, within six months of the notification by the Secretary-General, either taken a decision on whether it intends to carry out activities in that area or notified the Secretary-General in writing that it is engaged in discussions regarding a potential joint venture. In the latter instance, the Enterprise shall have one year from the date of such notification in which to decide whether to conduct activities in that area.

3. If the Enterprise or a developing State or one of the entities referred to in paragraph 1 does not submit an application for approval of a plan of work for exploration for activities in a reserved area within 15 years of the commencement by the Enterprise of its functions independent of the Secretariat of the Authority or within 15 years of the date on which that area is reserved for the Authority, whichever is the later, the contractor whose application for approval of a plan of work for exploration originally included that area shall be entitled to apply for a

plan of work for exploration for that area provided it offers in good faith to include the Enterprise as a joint-venture partner.

4. A contractor has the right of first refusal to enter into a joint venture arrangement with the Enterprise for exploration of the area which was included in its application for approval of a plan of work for exploration and which was designated by the Council as a reserved area.

Regulation 18

Data and information to be submitted for approval of the plan of work for exploration

Each applicant shall submit, with a view to receiving approval of the plan of work for exploration in the form of a contract, the following information:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with these Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact, including, but not restricted to, the impact on biodiversity, of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 12 (1); and

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

Section 3

Fees

Regulation 19

Fee for applications

1. The fee for processing an application for approval of a plan of work for exploration for polymetallic nodules shall be a fixed amount of 500,000 United States dollars or its equivalent in a freely convertible currency, to be paid in full at the time of the submission of an application.

2. If the administrative costs incurred by the Authority in processing an application are less than the fixed amount indicated in paragraph 1 above, the Authority shall refund the difference to the applicant. If the administrative costs

incurred by the Authority in processing an application are more than the fixed amount indicated in paragraph 1 above, the applicant shall pay the difference to the Authority, provided that any additional amount to be paid by the applicant shall not exceed 10 per cent of the fixed fee referred to in paragraph 1.

3. Taking into account any criteria established for this purpose by the Finance Committee, the Secretary-General shall determine the amount of such differences as indicated in paragraph 2 above and notify the applicant of its amount. The notification shall include a statement of the expenditure incurred by the Authority. The amount due shall be paid by the applicant or reimbursed by the Authority within three months of the signing of the contract referred to in regulation 23 below.

4. The fixed amount referred to in paragraph 1 above shall be reviewed on a regular basis by the Council in order to ensure that it covers the expected administrative costs of processing applications and to avoid the need for applicants to pay additional amounts in accordance with paragraph 2 above.

Section 4

Processing of applications

Regulation 20

Receipt, acknowledgement and safe custody of applications

1. The Secretary-General shall:

(a) Acknowledge in writing within 30 days receipt of every application for approval of a plan of work for exploration submitted under this Part, specifying the date of receipt;

(b) Place the application together with the attachments and annexes thereto in safe custody and ensure the confidentiality of all confidential data and information contained in the application; and

(c) Notify the members of the Authority of the receipt of such application and circulate to them information of a general nature which is not confidential regarding the application.

Regulation 21

Consideration by the Legal and Technical Commission

1. Upon receipt of an application for approval of a plan of work for exploration, the Secretary-General shall notify the members of the Legal and Technical Commission and place consideration of the application as an item on the agenda for the next meeting of the Commission. The Commission shall consider only applications in respect of which notification and information has been circulated by the Secretary-General in accordance with regulation 20 (c) at least 30 days prior to the commencement of the meeting of the Commission at which they are to be considered.

2. The Commission shall examine applications in the order in which they are received.

3. The Commission shall determine if the applicant:

(a) Has complied with the provisions of these Regulations;

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- (b) Has given the undertakings and assurances specified in regulation 14;
- (c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration and has provided details as to its ability to comply promptly with emergency orders; and
- (d) Has satisfactorily discharged its obligations in relation to any previous contract with the Authority.
4. The Commission shall, in accordance with the requirements set forth in these Regulations and its procedures, determine whether the proposed plan of work for exploration will:
- (a) Provide for effective protection of human health and safety;
- (b) Provide for effective protection and preservation of the marine environment including, but not restricted to, the impact on biodiversity;
- (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.
5. If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.
6. The Commission shall not recommend approval of the plan of work for exploration if part or all of the area covered by the proposed plan of work for exploration is included in:
- (a) A plan of work for exploration approved by the Council for polymetallic nodules; or
- (b) A plan of work approved by the Council for exploration for or exploitation of other resources if the proposed plan of work for exploration for polymetallic nodules might cause undue interference with activities under such approved plan of work for other resources; or
- (c) An area disapproved for exploitation by the Council in cases where substantial evidence indicates the risk of serious harm to the marine environment; or
- (d) If the proposed plan of work for exploration has been submitted or sponsored by a State that already holds:
- (i) Plans of work for exploration and exploitation or exploitation only in non-reserved areas that, together with either part of the area covered by the application, exceed in size 30 per cent of a circular area of 400,000 square kilometres surrounding the centre of either part of the area covered by the proposed plan of work;
- (ii) Plans of work for exploration and exploitation or exploitation only in non-reserved areas which, taken together, constitute 2 per cent of that part of the Area which is not reserved or disapproved for exploitation pursuant to article 162 (2) (x) of the Convention.
7. Except in the case of applications by the Enterprise, on its own behalf or in a joint venture, and applications under regulation 17, the Commission shall not

recommend approval of the plan of work for exploration if part or all of the area covered by the proposed plan of work for exploration is included in a reserved area or an area designated by the Council to be a reserved area.

8. If the Commission finds that an application does not comply with these Regulations, it shall notify the applicant in writing, through the Secretary-General, indicating the reasons. The applicant may, within 45 days of such notification, amend its application. If the Commission after further consideration is of the view that it should not recommend approval of the plan of work for exploration, it shall so inform the applicant and provide the applicant with a further opportunity to make representations within 30 days of such information. The Commission shall consider any such representations made by the applicant in preparing its report and recommendation to the Council.

9. In considering a proposed plan of work for exploration, the Commission shall have regard to the principles, policies and objectives relating to activities in the Area as provided for in Part XI and annex III of the Convention and the Agreement.

10. The Commission shall consider applications expeditiously and shall submit its report and recommendations to the Council on the designation of the areas and on the plan of work for exploration at the first possible opportunity, taking into account the schedule of meetings of the Authority.

11. In discharging its duties, the Commission shall apply these Regulations and the rules, regulations and procedures of the Authority in a uniform and non-discriminatory manner.

Regulation 22

Consideration and approval of plans of work for exploration by the Council

The Council shall consider the reports and recommendations of the Commission relating to approval of plans of work for exploration in accordance with paragraphs 11 and 12 of section 3 of the annex to the Agreement.

Part IV

Contracts for exploration

Regulation 23

The contract

1. After a plan of work for exploration has been approved by the Council, it shall be prepared in the form of a contract between the Authority and the applicant as prescribed in annex III to these Regulations. Each contract shall incorporate the standard clauses set out in annex IV in effect at the date of entry into force of the contract.

2. The contract shall be signed by the Secretary-General on behalf of the Authority and by the applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each contract.

3. In accordance with the principle of non-discrimination, a contract with a State or entity or any component of such entity referred to in paragraph 6 (a) (i) of section 1 of the annex to the Agreement shall include arrangements that shall be similar to and no less favourable than those agreed with any registered pioneer investor. If any

of the States or entities or any components of such entities referred to in paragraph 6 (a) (i) of section 1 of the annex to the Agreement are granted more favourable arrangements, the Council shall make similar and no less favourable arrangements with regard to the rights and obligations assumed by the registered pioneer investors, provided that such arrangements do not affect or prejudice the interests of the Authority.

Regulation 24

Rights of the contractor

1. The contractor shall have the exclusive right to explore an area covered by a plan of work for exploration in respect of polymetallic nodules. The Authority shall ensure that no other entity operates in the same area for other resources in a manner that might interfere with the operations of the contractor.
2. A contractor who has an approved plan of work for exploration only shall have a preference and a priority among applicants submitting plans of work for exploitation of the same area and resources. Such preference or priority may be withdrawn by the Council if the contractor has failed to comply with the requirements of its approved plan of work for exploration within the time period specified in a written notice or notices from the Council to the contractor indicating which requirements have not been complied with by the contractor. The time period specified in any such notice shall not be unreasonable. The contractor shall be accorded a reasonable opportunity to be heard before the withdrawal of such preference or priority becomes final. The Council shall provide the reasons for its proposed withdrawal of preference or priority and shall consider any contractor's response. The decision of the Council shall take account of that response and shall be based on substantial evidence.
3. A withdrawal of preference or priority shall not become effective until the contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

Regulation 25

Size of area and relinquishment

1. The total area allocated to the contractor under the contract shall not exceed 150,000 square kilometres. The contractor shall relinquish portions of the area allocated to it to revert to the Area. By the end of the third year from the date of the contract, the contractor shall have relinquished 20 per cent of the area allocated to it; by the end of the fifth year from the date of the contract, the contractor shall have relinquished an additional 10 per cent of the area allocated to it; and, after eight years from the date of the contract, the contractor shall have relinquished an additional 20 per cent of the area allocated to it, or such larger amount as would exceed the exploitation area decided upon by the Authority, provided that a contractor shall not be required to relinquish any portion of such area when the total area allocated to it does not exceed 75,000 square kilometres.
2. The Council may, at the request of the contractor, and on the recommendation of the Commission, in exceptional circumstances, defer the schedule of relinquishment. Such exceptional circumstances shall be determined by the Council and shall include, inter alia, consideration of prevailing economic circumstances or

other unforeseen exceptional circumstances arising in connection with the operational activities of the contractor.

Regulation 26

Duration of contracts

1. A plan of work for exploration shall be approved for a period of 15 years. Upon expiration of a plan of work for exploration, the contractor shall apply for a plan of work for exploitation unless the contractor has already done so, has obtained an extension for the plan of work for exploration or decides to renounce its rights in the area covered by the plan of work for exploration.

2. Not later than six months before the expiration of a plan of work for exploration, a contractor may apply for extensions for the plan of work for exploration for periods of not more than five years each. Such extensions shall be approved by the Council, on the recommendation of the Commission, if the contractor has made efforts in good faith to comply with the requirements of the plan of work but for reasons beyond the contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

Regulation 27

Training

Pursuant to article 15 of annex III to the Convention, each contract shall include as a schedule a practical programme for the training of personnel of the Authority and developing States and drawn up by the contractor in cooperation with the Authority and the sponsoring State or States. Training programmes shall focus on training in the conduct of exploration, and shall provide for full participation by such personnel in all activities covered by the contract. Such training programmes may be revised and developed from time to time as necessary by mutual agreement.

Regulation 28

Periodic review of the implementation of the plan of work for exploration

1. The contractor and the Secretary-General shall jointly undertake a periodic review of the implementation of the plan of work for exploration at intervals of five years. The Secretary-General may request the contractor to submit such additional data and information as may be necessary for the purposes of the review.

2. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, making such adjustments to its previous programme of activities as are necessary.

3. The Secretary-General shall report on the review to the Commission and to the Council. The Secretary-General shall indicate in the report whether any observations transmitted to him by States parties to the Convention concerning the manner in which the contractor has discharged its obligations under these Regulations relating to the protection and preservation of the marine environment were taken into account in the review.

Regulation 29
Termination of sponsorship

1. Each contractor shall have the required sponsorship throughout the period of the contract.
2. If a State terminates its sponsorship it shall promptly notify the Secretary-General in writing. The sponsoring State should also inform the Secretary-General of the reasons for terminating its sponsorship. Termination of sponsorship shall take effect six months after the date of receipt of the notification by the Secretary-General, unless the notification specifies a later date.
3. In the event of termination of sponsorship the contractor shall, within the period referred to in paragraph 2, obtain another sponsor. Such sponsor shall submit a certificate of sponsorship in accordance with regulation 11. Failure to obtain a sponsor within the required period shall result in the termination of the contract.
4. A sponsoring State shall not be discharged by reason of the termination of its sponsorship from any obligations accrued while it was a sponsoring State, nor shall such termination affect any legal rights and obligations created during such sponsorship.
5. The Secretary-General shall notify the members of the Authority of the termination or change of sponsorship.

Regulation 30
Responsibility and liability

Responsibility and liability of the contractor and of the Authority shall be in accordance with the Convention. The contractor shall continue to have responsibility for any damage arising out of wrongful acts in the conduct of its operations, in particular damage to the marine environment, after the completion of the exploration phase.

Part V
Protection and preservation of the marine environment**Regulation 31**
Protection and preservation of the marine environment

1. The Authority shall, in accordance with the Convention and the Agreement, establish and keep under periodic review environmental rules, regulations and procedures to ensure effective protection for the marine environment from harmful effects which may arise from activities in the Area.
2. In order to ensure effective protection for the marine environment from harmful effects which may arise from activities in the Area, the Authority and sponsoring States shall apply a precautionary approach, as reflected in principle 15 of the Rio Declaration, and best environmental practices.
3. The Legal and Technical Commission shall make recommendations to the Council on the implementation of paragraphs 1 and 2 above.
4. The Commission shall develop and implement procedures for determining, on the basis of the best available scientific and technical information, including

information provided pursuant to regulation 18, whether proposed exploration activities in the Area would have serious harmful effects on vulnerable marine ecosystems and ensure that, if it is determined that certain proposed exploration activities would have serious harmful effects on vulnerable marine ecosystems, those activities are managed to prevent such effects or not authorized to proceed.

5. Pursuant to article 145 of the Convention and paragraph 2 of this regulation, each contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from its activities in the Area as far as reasonably possible, applying a precautionary approach and best environmental practices.

6. Contractors, sponsoring States and other interested States or entities shall cooperate with the Authority in the establishment and implementation of programmes for monitoring and evaluating the impacts of deep seabed mining on the marine environment. When required by the Council, such programmes shall include proposals for areas to be set aside and used exclusively as impact reference zones and preservation reference zones. "Impact reference zones" means areas to be used for assessing the effect of activities in the Area on the marine environment and which are representative of the environmental characteristics of the Area. "Preservation reference zones" means areas in which no mining shall occur to ensure representative and stable biota of the seabed in order to assess any changes in the biodiversity of the marine environment.

Regulation 32

Environmental baselines and monitoring

1. Each contract shall require the contractor to gather environmental baseline data and to establish environmental baselines, taking into account any recommendations issued by the Legal and Technical Commission pursuant to regulation 39, against which to assess the likely effects of its programme of activities under the plan of work for exploration on the marine environment and a programme to monitor and report on such effects. The recommendations issued by the Commission may, inter alia, list those exploration activities which may be considered to have no potential for causing harmful effects on the marine environment. The contractor shall cooperate with the Authority and the sponsoring State or States in the establishment and implementation of such monitoring programme.

2. The contractor shall report annually in writing to the Secretary-General on the implementation and results of the monitoring programme referred to in paragraph 1 and shall submit data and information, taking into account any recommendations issued by the Commission pursuant to regulation 39. The Secretary-General shall transmit such reports to the Commission for its consideration pursuant to article 165 of the Convention.

Regulation 33

Emergency orders

1. A contractor shall promptly report to the Secretary-General in writing, using the most effective means, any incident arising from activities which have caused, are causing or pose a threat of serious harm to the marine environment.

2. When the Secretary-General has been notified by a contractor or otherwise becomes aware of an incident resulting from or caused by a contractor's activities in the Area that has caused, is causing or poses a threat of serious harm to the marine environment, the Secretary-General shall cause a general notification of the incident to be issued, shall notify in writing the contractor and the sponsoring State or States, and shall report immediately to the Legal and Technical Commission, to the Council and to all other members of the Authority. A copy of the report shall be circulated to competent international organizations and to concerned subregional, regional and global organizations and bodies. The Secretary-General shall monitor developments with respect to all such incidents and shall report on them as appropriate to the Commission, the Council and all other members of the Authority.

3. Pending any action by the Council, the Secretary-General shall take such immediate measures of a temporary nature as are practical and reasonable in the circumstances to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment. Such temporary measures shall remain in effect for no longer than 90 days, or until the Council decides at its next regular session or a special session, what measures, if any, to take pursuant to paragraph 6 of this regulation.

4. After having received the report of the Secretary-General, the Commission shall determine, based on the evidence provided to it and taking into account the measures already taken by the contractor, which measures are necessary to respond effectively to the incident in order to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment, and shall make its recommendations to the Council.

5. The Council shall consider the recommendations of the Commission.

6. The Council, taking into account the recommendations of the Commission, the report of the Secretary-General, any information provided by the contractor and any other relevant information, may issue emergency orders, which may include orders for the suspension or adjustment of operations, as may be reasonably necessary to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment arising out of activities in the Area.

7. If a contractor does not promptly comply with an emergency order to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment arising out of its activities in the Area, the Council shall take by itself or through arrangements with others on its behalf, such practical measures as are necessary to prevent, contain and minimize any such serious harm or threat of serious harm to the marine environment.

8. In order to enable the Council, when necessary, to take immediately the practical measures to prevent, contain and minimize the serious harm or threat of serious harm to the marine environment referred to in paragraph 7, the contractor, prior to the commencement of testing of collecting systems and processing operations, will provide the Council with a guarantee of its financial and technical capability to comply promptly with emergency orders or to assure that the Council can take such emergency measures. If the contractor does not provide the Council with such a guarantee, the sponsoring State or States shall, in response to a request by the Secretary-General and pursuant to articles 139 and 235 of the Convention, take necessary measures to ensure that the contractor provides such a guarantee or

shall take measures to ensure that assistance is provided to the Authority in the discharge of its responsibilities under paragraph 7.

Regulation 34

Rights of coastal States

1. Nothing in these Regulations shall affect the rights of coastal States in accordance with article 142 and other relevant provisions of the Convention.
2. Any coastal State which has grounds for believing that any activity in the Area by a contractor is likely to cause serious harm or a threat of serious harm to the marine environment under its jurisdiction or sovereignty may notify the Secretary-General in writing of the grounds upon which such belief is based. The Secretary-General shall provide the contractor and its sponsoring State or States with a reasonable opportunity to examine the evidence, if any, provided by the coastal State as the basis for its belief. The contractor and its sponsoring State or States may submit their observations thereon to the Secretary-General within a reasonable time.
3. If there are clear grounds for believing that serious harm to the marine environment is likely to occur, the Secretary-General shall act in accordance with regulation 33 and, if necessary, shall take immediate measures of a temporary nature as provided for in regulation 33 (3).
4. Contractors shall take all measures necessary to ensure that their activities are conducted so as not to cause serious harm to the marine environment, including, but not restricted to, pollution, under the jurisdiction or sovereignty of coastal States, and that such serious harm or pollution arising from incidents or activities in its exploration area does not spread beyond such area.

Regulation 35

Human remains and objects and sites of an archaeological or historical nature

The contractor shall immediately notify the Secretary-General in writing of any finding in the exploration area of any human remains of an archaeological or historical nature, or any object or site of a similar nature and its location, including the preservation and protection measures taken. The Secretary-General shall transmit such information to the Director General of the United Nations Educational, Scientific and Cultural Organization and any other competent international organization. Following the finding of any such human remains, object or site in the exploration area, and in order to avoid disturbing such human remains, object or site, no further prospecting or exploration shall take place, within a reasonable radius, until such time as the Council decides otherwise after taking account of the views of the Director General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization.

Part VI Confidentiality

Regulation 36 Confidentiality of data and information

1. Data and information submitted or transferred to the Authority or to any person participating in any activity or programme of the Authority pursuant to these Regulations or a contract issued under these Regulations, and designated by the contractor, in consultation with the Secretary-General, as being of a confidential nature, shall be considered confidential unless it is data and information which:

- (a) Is generally known or publicly available from other sources;
- (b) Has been previously made available by the owner to others without an obligation concerning its confidentiality; or
- (c) Is already in the possession of the Authority with no obligation concerning its confidentiality.

2. Data and information that is necessary for the formulation by the Authority of rules, regulations and procedures concerning protection and preservation of the marine environment and safety, other than proprietary equipment design data, shall not be deemed confidential.

3. Confidential data and information may only be used by the Secretary-General and staff of the Secretariat, as authorized by the Secretary-General, and by the members of the Legal and Technical Commission as necessary for and relevant to the effective exercise of their powers and functions. The Secretary-General shall authorize access to such data and information only for limited use in connection with the functions and duties of the staff of the Secretariat and the functions and duties of the Legal and Technical Commission.

4. Ten years after the date of submission of confidential data and information to the Authority or the expiration of the contract for exploration, whichever is the later, and every five years thereafter, the Secretary-General and the contractor shall review such data and information to determine whether they should remain confidential. Such data and information shall remain confidential if the contractor establishes that there would be a substantial risk of serious and unfair economic prejudice if the data and information were to be released. No such data and information shall be released until the contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

5. If, at any time following the expiration of the contract for exploration, the contractor enters into a contract for exploitation in respect of any part of the exploration area, confidential data and information relating to that part of the area shall remain confidential in accordance with the contract for exploitation.

6. The contractor may at any time waive confidentiality of data and information.

Regulation 37
Procedures to ensure confidentiality

1. The Secretary-General shall be responsible for maintaining the confidentiality of all confidential data and information and shall not, except with the prior written consent of the contractor, release such data and information to any person external to the Authority. To ensure the confidentiality of such data and information, the Secretary-General shall establish procedures, consistent with the provisions of the Convention, governing the handling of confidential information by members of the Secretariat, members of the Legal and Technical Commission and any other person participating in any activity or programme of the Authority. Such procedures shall include:

(a) Maintenance of confidential data and information in secure facilities and development of security procedures to prevent unauthorized access to or removal of such data and information;

(b) Development and maintenance of a classification, log and inventory system of all written data and information received, including its type and source and routing from the time of receipt until final disposition.

2. A person who is authorized pursuant to these Regulations to have access to confidential data and information shall not disclose such data and information except as permitted under the Convention and these Regulations. The Secretary-General shall require any person who is authorized to have access to confidential data and information to make a written declaration witnessed by the Secretary-General or his or her authorized representative to the effect that the person so authorized:

(a) Acknowledges his or her legal obligation under the Convention and these Regulations with respect to the non-disclosure of confidential data and information;

(b) Agrees to comply with the applicable regulations and procedures established to ensure the confidentiality of such data and information.

3. The Legal and Technical Commission shall protect the confidentiality of confidential data and information submitted to it pursuant to these Regulations or a contract issued under these Regulations. In accordance with the provisions of article 163 (8) of the Convention, members of the Commission shall not disclose, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of annex III to the Convention, or any other confidential information coming to their knowledge by reason of their duties for the Authority.

4. The Secretary-General and staff of the Authority shall not disclose, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of annex III to the Convention, or any other confidential information coming to their knowledge by reason of their employment with the Authority.

5. Taking into account the responsibility and liability of the Authority pursuant to article 22 of annex III to the Convention, the Authority may take such action as may be appropriate against any person who, by reason of his or her duties for the Authority, has access to any confidential data and information and who is in breach

of the obligations relating to confidentiality contained in the Convention and these Regulations.

Part VII

General procedures

Regulation 38

Notice and general procedures

1. Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the prospector, applicant or contractor, as the case may be, in writing. Service shall be by hand, or by telex, fax, registered airmail or e-mail containing an authorized electronic signature to the Secretary-General at the headquarters of the Authority or to the designated representative.

2. Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the “answer back” appears on the sender’s telex machine. Delivery by fax shall be effective when the “transmit confirmation report” confirming the transmission to the recipient’s published fax number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting. An e-mail is presumed to be received by the addressee when it enters an information system designated or used by the addressee for the purpose of receiving documents of the type sent and is capable of being retrieved and processed by the addressee.

3. Notice to the designated representative of the prospector, applicant or contractor shall constitute effective notice to the prospector, applicant or contractor for all purposes under these Regulations, and the designated representative shall be the agent of the prospector, applicant or contractor for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

4. Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under these Regulations, and the Secretary-General shall be the Authority’s agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Regulation 39

Recommendations for the guidance of contractors

1. The Legal and Technical Commission may from time to time issue recommendations of a technical or administrative nature for the guidance of contractors to assist them in the implementation of the rules, regulations and procedures of the Authority.

2. The full text of such recommendations shall be reported to the Council. Should the Council find that a recommendation is inconsistent with the intent and purpose of these Regulations, it may request that the recommendation be modified or withdrawn.

Part VIII

Settlement of disputes

Regulation 40

Disputes

1. Disputes concerning the interpretation or application of these Regulations shall be settled in accordance with Part XI, section 5, of the Convention.
2. Any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the contractor shall be enforceable in the territory of each State party to the Convention.

Part IX

Resources other than polymetallic nodules

Regulation 41

Resources other than polymetallic nodules

If a prospector or contractor finds resources in the Area other than polymetallic nodules, the prospecting and exploration for and exploitation of such resources shall be subject to the rules, regulations and procedures of the Authority relating to such resources in accordance with the Convention and the Agreement. The prospector or contractor shall notify the Authority of its find.

Part X

Review

Regulation 42

Review

1. Five years following the approval of these revised Regulations by the Assembly, or at any time thereafter, the Council shall undertake a review of the manner in which the Regulations have operated in practice.
2. If, in the light of improved knowledge or technology, it becomes apparent that the Regulations are not adequate, any State party, the Legal and Technical Commission or any contractor through its sponsoring State may at any time request the Council to consider, at its next ordinary session, revisions to these Regulations.
3. In the light of the review, the Council may adopt and apply provisionally, pending approval by the Assembly, amendments to the provisions of these Regulations, taking into account the recommendations of the Legal and Technical Commission or other subordinate organs concerned. Any such amendments shall be without prejudice to the rights conferred on any contractor with the Authority under the provisions of a contract entered into pursuant to these Regulations in force at the time of any such amendment.
4. In the event that any provisions of these Regulations are amended, the contractor and the Authority may revise the contract in accordance with section 24 of annex IV.

Annex I

Notification of intention to engage in prospecting

1. Name of prospector:
2. Street address of prospector:
3. Postal address (if different from above):
4. Telephone number:
5. Fax number:
6. E-mail address:
7. Nationality of prospector:
8. If prospector is a juridical person:
 - (a) Identify prospector's place of registration;
 - (b) Identify prospector's principal place of business/domicile;
 - (c) Attach a copy of prospector's certificate of registration.
9. Name of prospector's designated representative:
10. Street address of prospector's designated representative (if different from above):
11. Postal address (if different from above):
12. Telephone number:
13. Fax number:
14. E-mail address:
15. Attach the coordinates of the broad area or areas in which prospecting is to be conducted (in accordance with the World Geodetic System WGS 84).
16. Attach a general description of the prospecting programme, including the date of commencement and the approximate duration of the programme.
17. Attach a written undertaking that the prospector will:
 - (a) Comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:
 - (i) Cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and
 - (ii) Protection and preservation of the marine environment; and
 - (b) Accept verification by the Authority of compliance therewith.
18. List hereunder all the attachments and annexes to this notification (all data and information should be submitted in hard copy and in a digital format specified by the Authority).

Date: _____
Signature of prospector's designated representative

Attestation:

Signature of person attesting

Name of person attesting

Title of person attesting

Annex II

Application for approval of a plan of work for exploration to obtain a contract

Section I Information concerning the applicant

1. Name of applicant:
2. Street address of applicant:
3. Postal address (if different from above):
4. Telephone number:
5. Fax number:
6. E-mail address:
7. Name of applicant's designated representative:
8. Street address of applicant's designated representative (if different from above):
9. Postal address (if different from above):
10. Telephone number:
11. Fax number:
12. E-mail address:
13. If the applicant is a juridical person:
 - (a) Identify applicant's place of registration;
 - (b) Identify applicant's principal place of business/domicile;
 - (c) Attach a copy of applicant's certificate of registration.
14. Identify the sponsoring State or States.
15. In respect of each sponsoring State, provide the date of deposit of its instrument of ratification of, or accession or succession to, the United Nations Convention on the Law of the Sea of 10 December 1982 and the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the Convention.
16. A certificate of sponsorship issued by the sponsoring State must be attached with this application. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, certificates of sponsorship issued by each of the States involved must be attached.

Section II Information relating to the area under application

17. Define the boundaries of the area under application by attaching a list of geographical coordinates (in accordance with the World Geodetic System WGS 84).

18. Attach a chart (on a scale and projection specified by the Authority) and a list of the coordinates dividing the total area into two parts of equal estimated commercial value.

19. Include in an attachment sufficient information to enable the Council to designate a reserved area based on the estimated commercial value of each part of the area under application. Such attachment must include the data available to the applicant with respect to both parts of the area under application, including:

(a) Data on the location, survey and evaluation of the polymetallic nodules in the areas, including:

(i) A description of the technology related to the recovery and processing of polymetallic nodules that is necessary for making the designation of a reserved area;

(ii) A map of the physical and geological characteristics, such as seabed topography, bathymetry and bottom currents and information on the reliability of such data;

(iii) Data showing the average density (abundance) of polymetallic nodules in kg/m^2 and an associated abundance map showing the location of sampling sites;

(iv) Data showing the average elemental content of metals of economic interest (grade) based on chemical assays in (dry) weight per cent and an associated grade map;

(v) Combined maps of abundance and grade of polymetallic nodules;

(vi) A calculation based on standard procedures, including statistical analysis, using the data submitted and assumptions made in the calculations that the two areas could be expected to contain polymetallic nodules of equal estimated commercial value expressed as recoverable metals in mineable areas;

(vii) A description of the techniques used by the applicant.

(b) Information concerning environmental parameters (seasonal and during test period) including, inter alia, wind speed and direction, water salinity, temperature and biological communities.

20. If the area under application includes any part of a reserved area, attach a list of coordinates of the area which forms part of the reserved area and indicate the applicant's qualifications in accordance with regulation 17 of the Regulations.

Section III

Financial and technical information^a

21. Attach sufficient information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration and of fulfilling its financial obligations to the Authority:

(a) If the application is made by the Enterprise, attach certification by its competent authority that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration;

(b) If the application is made by a State or a State enterprise, attach a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration;

(c) If the application is made by an entity, attach copies of the applicant's audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants; and

(i) If the applicant is a newly organized entity and a certified balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;

(ii) If the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity in conformity with internationally accepted accounting practices and certified by a duly qualified firm of public accountants that the applicant will have the financial resources to carry out the plan of work for exploration;

(iii) If the applicant is controlled by a State or a State enterprise, a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the plan of work for exploration.

22. If it is intended to finance the proposed plan of work for exploration by borrowings, attach a statement of the amount of such borrowings, the repayment period and the interest rate.

23. Attach sufficient information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration, including:

(a) A general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work for exploration;

^a An application for approval of a plan of work for exploration submitted on behalf of a State or entity, or any component of such entity, referred to in paragraph 1 (a) (ii) or (iii) of resolution II, other than a registered pioneer investor, which has already undertaken substantial activities in the Area prior to the entry into force of the Convention, or its successor in interest, shall be considered to have met the financial and technical qualifications necessary for approval of a plan of work if the sponsoring State or States certify that the applicant has expended an amount equivalent to at least 30 million United States dollars in research and exploration activities and has expended no less than 10 per cent of that amount in the location, survey and evaluation of the area referred to in the plan of work.

(b) A general description of the equipment and methods expected to be used in carrying out the proposed plan of work for exploration and other relevant non-proprietary information about the characteristics of such technology; and

(c) A general description of the applicant's financial and technical capability to respond to any incident or activity which causes serious harm to the marine environment.

Section IV

The plan of work for exploration

24. Attach the following information relating to the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors which must be taken into account in exploration;

(b) A description of a programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact including, but not restricted to, the impact on biodiversity, of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

Section V

Undertakings

25. Attach a written undertaking that the applicant will:

(a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;

(b) Accept control by the Authority of activities in the Area as authorized by the Convention;

(c) Provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.

Section VI

Previous contracts

26. If the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium has previously been awarded any contract with the Authority, the application must include:

- (a) The date of the previous contract or contracts;
- (b) The date, reference number and title of each report submitted to the Authority in connection with the contract or contracts; and
- (c) The date of termination of the contract or contracts, if applicable.

Section VII

Attachments

27. List all the attachments and annexes to this application (all data and information should be submitted in hard copy and in a digital format specified by the Authority).

Date: _____

 Signature of applicant's designated representative

Attestation:

 Signature of person attesting

 Name of person attesting

 Title of person attesting

Annex III

Contract for exploration

THIS CONTRACT made the ... day of ... between the **INTERNATIONAL SEABED AUTHORITY** represented by its **SECRETARY-GENERAL** (hereinafter referred to as “the Authority”) and ... represented by ... (hereinafter referred to as “the Contractor”) **WITNESSETH** as follows:

Incorporation of clauses

1. The standard clauses set out in annex IV to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area shall be incorporated herein and shall have effect as if herein set out at length.

Exploration area

2. For the purposes of this contract, the “exploration area” means that part of the Area allocated to the Contractor for exploration, defined by the coordinates listed in schedule 1 hereto, as reduced from time to time in accordance with the standard clauses and the Regulations.

Grant of rights

3. In consideration of (a) their mutual interest in the conduct of exploration activities in the exploration area pursuant to the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement relating to the Implementation of Part XI of the Convention, (b) the responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention, respectively, and (c) the interest and financial commitment of the Contractor in conducting activities in the exploration area and the mutual covenants made herein, the Authority hereby grants to the Contractor the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract.

Entry into force and contract term

4. This contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for a period of fifteen years thereafter unless:

(a) The Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) The contract is sooner terminated, provided that the term of the contract may be extended in accordance with standard clauses 3.2 and 17.2.

Schedules

5. The schedules referred to in the standard clauses, namely section 4 and section 8, are for the purposes of this contract schedules 2 and 3 respectively.

Entire agreement

6. This contract expresses the entire agreement between the parties, and no oral understanding or prior writing shall modify the terms hereof.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this contract at ..., this ... day of

Schedule 1

[Coordinates and illustrative chart of the exploration area]

Schedule 2

[The current five-year programme of activities as revised from time to time]

Schedule 3

[The training programme shall become a schedule to the contract when approved by the Authority in accordance with section 8 of the standard clauses]

Annex IV

Standard clauses for exploration contract

Section 1 Definitions

1.1 In the following clauses:

(a) “Exploration area” means that part of the Area allocated to the Contractor for exploration, described in schedule 1 hereto, as the same may be reduced from time to time in accordance with this contract and the Regulations;

(b) “Programme of activities” means the programme of activities which is set out in schedule 2 hereto as the same may be adjusted from time to time in accordance with sections 4.3 and 4.4 hereof;

(c) “Regulations” means the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area, adopted by the Authority.

1.2 Terms and phrases defined in the Regulations shall have the same meaning in these standard clauses.

1.3 In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this contract and references in this contract to the Convention are to be interpreted and applied accordingly.

1.4 This contract includes the schedules to this contract, which shall be an integral part hereof.

Section 2 Security of tenure

2.1 The Contractor shall have security of tenure and this contract shall not be suspended, terminated or revised except in accordance with sections 20, 21 and 24 hereof.

2.2 The Contractor shall have the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract. The Authority shall ensure that no other entity operates in the exploration area for a different category of resources in a manner that might unreasonably interfere with the operations of the Contractor.

2.3 The Contractor, by notice to the Authority, shall have the right at any time to renounce without penalty the whole or part of its rights in the exploration area, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation in respect of the area renounced.

2.4 Nothing in this contract shall be deemed to confer any right on the Contractor other than those rights expressly granted herein. The Authority reserves the right to enter into contracts with respect to resources other than polymetallic nodules with third parties in the area covered by this contract.

Section 3

Contract term

3.1 This contract shall enter into force on signature by both parties and shall remain in force for a period of fifteen years thereafter unless:

(a) The Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) The contract is sooner terminated, provided that the term of the contract may be extended in accordance with sections 3.2 and 17.2 hereof.

3.2 Upon application by the Contractor, not later than six months before the expiration of this contract, this contract may be extended for periods of not more than five years each on such terms and conditions as the Authority and the Contractor may then agree in accordance with the Regulations. Such extensions shall be approved if the Contractor has made efforts in good faith to comply with the requirements of this contract but for reasons beyond the Contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

3.3 Notwithstanding the expiration of this contract in accordance with section 3.1 hereof, if the Contractor has, at least 90 days prior to the date of expiration, applied for a contract for exploitation, the Contractor's rights and obligations under this contract shall continue until such time as the application has been considered and a contract for exploitation has been issued or refused.

Section 4

Exploration

4.1 The Contractor shall commence exploration in accordance with the time schedule stipulated in the programme of activities set out in schedule 2 hereto and shall adhere to such time periods or any modification thereto as provided for by this contract.

4.2 The Contractor shall carry out the programme of activities set out in schedule 2 hereto. In carrying out such activities the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed review thereof, in actual and direct exploration expenditures.

4.3 The Contractor, with the consent of the Authority, which consent shall not be unreasonably withheld, may from time to time make such changes in the programme of activities and the expenditures specified therein as may be necessary and prudent in accordance with good mining industry practice, and taking into account the market conditions for the metals contained in polymetallic nodules and other relevant global economic conditions.

4.4 Not later than 90 days prior to the expiration of each five-year period from the date on which this contract enters into force in accordance with section 3 hereof, the Contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration under this contract. The Secretary-General may require the Contractor to submit such additional data and information as may be necessary for the purposes of the review. In the light of the review, the Contractor shall make such adjustments to its plan of work as are

necessary and shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures. Schedule 2 hereto shall be adjusted accordingly.

Section 5

Environmental monitoring

5.1 The Contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from its activities in the Area as far as reasonably possible applying a precautionary approach and best environmental practices.

5.2 Prior to the commencement of exploration activities, the Contractor shall submit to the Authority:

- (a) An impact assessment of the potential effects on the marine environment of the proposed activities;
- (b) A proposal for a monitoring programme to determine the potential effect on the marine environment of the proposed activities; and
- (c) Data that could be used to establish an environmental baseline against which to assess the effect of the proposed activities.

5.3 The Contractor shall, in accordance with the Regulations, gather environmental baseline data as exploration activities progress and develop and shall establish environmental baselines against which to assess the likely effects of the Contractor's activities on the marine environment.

5.4 The Contractor shall, in accordance with the Regulations, establish and carry out a programme to monitor and report on such effects on the marine environment. The Contractor shall cooperate with the Authority in the implementation of such monitoring.

5.5 The Contractor shall, within 90 days of the end of each calendar year, report to the Secretary-General on the implementation and results of the monitoring programme referred to in section 5.4 hereof and shall submit data and information in accordance with the Regulations.

Section 6

Contingency plans and emergencies

6.1 The Contractor shall, prior to the commencement of its programme of activities under this contract, submit to the Secretary-General a contingency plan to respond effectively to incidents that are likely to cause serious harm or a threat of serious harm to the marine environment arising from the Contractor's activities at sea in the exploration area. Such contingency plan shall establish special procedures and provide for adequate and appropriate equipment to deal with such incidents and, in particular, shall include arrangements for:

- (a) The immediate raising of a general alarm in the area of the exploration activities;
- (b) Immediate notification to the Secretary-General;

- (c) The warning of ships which might be about to enter the immediate vicinity;
- (d) A continuing flow of full information to the Secretary-General relating to particulars of the contingency measures already taken and further actions required;
- (e) The removal, as appropriate, of polluting substances;
- (f) The reduction and, so far as reasonably possible, prevention of serious harm to the marine environment, as well as mitigation of such effects;
- (g) As appropriate, cooperation with other contractors with the Authority to respond to an emergency; and
- (h) Periodic emergency response exercises.

6.2 The Contractor shall promptly report to the Secretary-General any incident arising from its activities that has caused, is causing or poses a threat of serious harm to the marine environment. Each such report shall contain the details of such incident, including, inter alia:

- (a) The coordinates of the area affected or which can reasonably be anticipated to be affected;
- (b) The description of the action being taken by the Contractor to prevent, contain, minimize and repair the serious harm or threat of serious harm to the marine environment;
- (c) A description of the action being taken by the Contractor to monitor the effects of the incident on the marine environment; and
- (d) Such supplementary information as may reasonably be required by the Secretary-General.

6.3 The Contractor shall comply with emergency orders issued by the Council and immediate measures of a temporary nature issued by the Secretary-General in accordance with the Regulations, to prevent, contain, minimize or repair serious harm or the threat of serious harm to the marine environment, which may include orders to the Contractor to immediately suspend or adjust any activities in the exploration area.

6.4 If the Contractor does not promptly comply with such emergency orders or immediate measures of a temporary nature, the Council may take such reasonable measures as are necessary to prevent, contain, minimize or repair any such serious harm or the threat of serious harm to the marine environment at the Contractor's expense. The Contractor shall promptly reimburse the Authority the amount of such expenses. Such expenses shall be in addition to any monetary penalties which may be imposed on the Contractor pursuant to the terms of this contract or the Regulations.

Section 7

Human remains and objects and sites of an archaeological or historical nature

The Contractor shall immediately notify the Secretary-General in writing of any finding in the exploration area of any human remains of an archaeological or historical nature, or any object or site of a similar nature and its location, including the preservation and protection measures taken. The Secretary-General shall

transmit such information to the Director General of the United Nations Educational, Scientific and Cultural Organization and any other competent international organization. Following the finding of any such human remains, object or site in the exploration area, and in order to avoid disturbing such human remains, object or site, no further prospecting or exploration shall take place, within a reasonable radius, until such time as the Council decides otherwise after taking account of the views of the Director General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization.

Section 8

Training

8.1 In accordance with the Regulations, the Contractor shall, prior to the commencement of exploration under this contract, submit to the Authority for approval proposed training programmes for the training of personnel of the Authority and developing States, including the participation of such personnel in all of the Contractor's activities under this contract.

8.2 The scope and financing of the training programme shall be subject to negotiation between the Contractor, the Authority and the sponsoring State or States.

8.3 The Contractor shall conduct training programmes in accordance with the specific programme for the training of personnel referred to in section 8.1 hereof approved by the Authority in accordance with the Regulations, which programme, as revised and developed from time to time, shall become a part of this contract as schedule 3.

Section 9

Books and records

The Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles. Such books, accounts and financial records shall include information which will fully disclose the actual and direct expenditures for exploration and such other information as will facilitate an effective audit of such expenditures.

Section 10

Annual reports

10.1 The Contractor shall, within 90 days of the end of each calendar year, submit a report to the Secretary-General in such format as may be recommended from time to time by the Legal and Technical Commission covering its programme of activities in the exploration area and containing, as applicable, information in sufficient detail on:

(a) The exploration work carried out during the calendar year, including maps, charts and graphs illustrating the work that has been done and the results obtained;

(b) The equipment used to carry out the exploration work, including the results of tests conducted of proposed mining technologies, but not equipment design data; and

(c) The implementation of training programmes, including any proposed revisions to or developments of such programmes.

10.2 Such reports shall also contain:

(a) The results obtained from environmental monitoring programmes, including observations, measurements, evaluations and analyses of environmental parameters;

(b) A statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing;

(c) A statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, or, where the Contractor is a State or a State enterprise, by the sponsoring State, of the actual and direct exploration expenditures of the Contractor in carrying out the programme of activities during the Contractor's accounting year. Such expenditures may be claimed by the contractor as part of the contractor's development costs incurred prior to the commencement of commercial production; and

(d) Details of any proposed adjustments to the programme of activities and the reasons for such adjustments.

10.3 The Contractor shall also submit such additional information to supplement the reports referred to in sections 10.1 and 10.2 hereof as the Secretary-General may from time to time reasonably require in order to carry out the Authority's functions under the Convention, the Regulations and this contract.

10.4 The Contractor shall keep, in good condition, a representative portion of samples of the polymetallic nodules obtained in the course of exploration until the expiration of this contract. The Authority may request the Contractor in writing to deliver to it for analysis a portion of any such sample obtained during the course of exploration.

Section 11

Data and information to be submitted on expiration of the contract

11.1 The Contractor shall transfer to the Authority all data and information that are both necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area in accordance with the provisions of this section.

11.2 Upon expiration or termination of this contract the Contractor, if it has not already done so, shall submit the following data and information to the Secretary-General:

(a) Copies of geological, environmental, geochemical and geophysical data acquired by the Contractor in the course of carrying out the programme of activities that are necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area;

(b) The estimation of mineable areas, when such areas have been identified, which shall include details of the grade and quantity of the proven, probable and possible polymetallic nodule reserves and the anticipated mining conditions;

(c) Copies of geological, technical, financial and economic reports made by or for the Contractor that are necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area;

(d) Information in sufficient detail on the equipment used to carry out the exploration work, including the results of tests conducted of proposed mining technologies, but not equipment design data;

(e) A statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing; and

(f) A statement on how and where samples are archived and their availability to the Authority.

11.3 The data and information referred to in section 11.2 hereof shall also be submitted to the Secretary-General if, prior to the expiration of this contract, the Contractor applies for approval of a plan of work for exploitation or if the Contractor renounces its rights in the exploration area to the extent that such data and information relates to the renounced area.

Section 12 Confidentiality

Data and information transferred to the Authority in accordance with this contract shall be treated as confidential in accordance with the provisions of the Regulations.

Section 13 Undertakings

13.1 The Contractor shall carry out exploration in accordance with the terms and conditions of this contract, the Regulations, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

13.2 The Contractor undertakes:

(a) To accept as enforceable and comply with the terms of this contract;

(b) To comply with the applicable obligations created by the provisions of the Convention, the rules, regulations and procedures of the Authority and the decisions of the relevant organs of the Authority;

(c) To accept control by the Authority of activities in the Area as authorized by the Convention;

(d) To fulfil its obligations under this contract in good faith; and

(e) To observe, as far as reasonably practicable, any recommendations which may be issued from time to time by the Legal and Technical Commission.

13.3 The Contractor shall actively carry out the programme of activities:

(a) With due diligence, efficiency and economy;

(b) With due regard to the impact of its activities on the marine environment; and

(c) With reasonable regard for other activities in the marine environment.

13.4 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.

Section 14 Inspection

14.1 The Contractor shall permit the Authority to send its inspectors on board vessels and installations used by the Contractor to carry out activities in the exploration area to:

(a) Monitor the Contractor's compliance with the terms and conditions of this contract and the Regulations; and

(b) Monitor the effects of such activities on the marine environment.

14.2 The Secretary-General shall give reasonable notice to the Contractor of the projected time and duration of inspections, the name of the inspectors and any activities the inspectors are to perform that are likely to require the availability of special equipment or special assistance from personnel of the Contractor.

14.3 Such inspectors shall have the authority to inspect any vessel or installation, including its log, equipment, records, facilities, all other recorded data and any relevant documents which are necessary to monitor the Contractor's compliance.

14.4 The Contractor, its agents and employees shall assist the inspectors in the performance of their duties and shall:

(a) Accept and facilitate prompt and safe boarding of vessels and installations by inspectors;

(b) Cooperate with and assist in the inspection of any vessel or installation conducted pursuant to these procedures;

(c) Provide access to all relevant equipment, facilities and personnel on vessels and installations at all reasonable times;

(d) Not obstruct, intimidate or interfere with inspectors in the performance of their duties;

(e) Provide reasonable facilities, including, where appropriate, food and accommodation, to inspectors; and

(f) Facilitate safe disembarkation by inspectors.

14.5 Inspectors shall avoid interference with the safe and normal operations on board vessels and installations used by the Contractor to carry out activities in the area visited and shall act in accordance with the Regulations and the measures adopted to protect confidentiality of data and information.

14.6 The Secretary-General and any duly authorized representatives of the Secretary-General, shall have access, for purposes of audit and examination, to any books, documents, papers and records of the Contractor which are necessary and directly pertinent to verify the expenditures referred to in section 10.2 (c).

14.7 The Secretary-General shall provide relevant information contained in the reports of inspectors to the Contractor and its sponsoring State or States where action is necessary.

14.8 If for any reason the Contractor does not pursue exploration and does not request a contract for exploitation, it shall, before withdrawing from the exploration area, notify the Secretary-General in writing in order to permit the Authority, if it so decides, to carry out an inspection pursuant to this section.

Section 15

Safety, labour and health standards

15.1 The Contractor shall comply with the generally accepted international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, and the prevention of collisions and such rules, regulations and procedures as may be adopted by the Authority relating to safety at sea. Each vessel used for carrying out activities in the Area shall possess current valid certificates required by and issued pursuant to such international rules and standards.

15.2 The Contractor shall, in carrying out exploration under this contract, observe and comply with such rules, regulations and procedures as may be adopted by the Authority relating to protection against discrimination in employment, occupational safety and health, labour relations, social security, employment security and living conditions at the work site. Such rules, regulations and procedures shall take into account conventions and recommendations of the International Labour Organization and other competent international organizations.

Section 16

Responsibility and liability

16.1 The Contractor shall be liable for the actual amount of any damage, including damage to the marine environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, including the costs of reasonable measures to prevent or limit damage to the marine environment, account being taken of any contributory acts or omissions by the Authority.

16.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

16.3 The Authority shall be liable for the actual amount of any damage to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168 (2) of the Convention, account being taken of contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

16.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its

operations under this contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168 (2) of the Convention.

16.5 The Contractor shall maintain appropriate insurance policies with internationally recognized carriers, in accordance with generally accepted international maritime practice.

Section 17

Force majeure

17.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this contract due to force majeure. For the purposes of this contract, force majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by negligence or by a failure to observe good mining industry practice.

17.2 The Contractor shall, upon request, be granted a time extension equal to the period by which performance was delayed hereunder by force majeure and the term of this contract shall be extended accordingly.

17.3 In the event of force majeure, the Contractor shall take all reasonable measures to remove its inability to perform and comply with the terms and conditions of this contract with a minimum of delay.

17.4 The Contractor shall give notice to the Authority of the occurrence of an event of force majeure as soon as reasonably possible, and similarly give notice to the Authority of the restoration of normal conditions.

Section 18

Disclaimer

Neither the Contractor nor any affiliated company or subcontractor shall in any manner claim or suggest, whether expressly or by implication, that the Authority or any official thereof has, or has expressed, any opinion with respect to polymetallic nodules in the exploration area and a statement to that effect shall not be included in or endorsed on any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, any affiliated company or any subcontractor that refers directly or indirectly to this contract. For the purposes of this section, an “affiliated company” means any person, firm or company or State-owned entity controlling, controlled by, or under common control with, the Contractor.

Section 19

Renunciation of rights

The Contractor, by notice to the Authority, shall have the right to renounce its rights and terminate this contract without penalty, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation and those obligations required to be fulfilled after termination in accordance with the Regulations.

Section 20
Termination of sponsorship

20.1 If the nationality or control of the Contractor changes or the Contractor's sponsoring State, as defined in the Regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority forthwith.

20.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the Regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed form within the time specified in the Regulations, this contract shall terminate forthwith.

Section 21
Suspension and termination of contract and penalties

21.1 The Council may suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) If, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the fundamental terms of this contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority; or

(b) If the Contractor has failed to comply with a final binding decision of the dispute settlement body applicable to it; or

(c) If the Contractor becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction.

21.2 The Council may, without prejudice to section 17, after consultation with the Contractor, suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if the Contractor is prevented from performing its obligations under this contract by reason of an event or condition of force majeure, as described in section 17.1, which has persisted for a continuous period exceeding two years, despite the Contractor having taken all reasonable measures to overcome its inability to perform and comply with the terms and conditions of this contract with minimum delay.

21.3 Any suspension or termination shall be by notice, through the Secretary-General, which shall include a statement of the reasons for taking such action. The suspension or termination shall be effective 60 days after such notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this contract in accordance with Part XI, section 5, of the Convention.

21.4 If the Contractor takes such action, this contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, section 5, of the Convention.

21.5 If the Council has suspended this contract, the Council may by notice require the Contractor to resume its operations and comply with the terms and conditions of this contract, not later than 60 days after such notice.

21.6 In the case of any violation of this contract not covered by section 21.1 (a) hereof, or in lieu of suspension or termination under section 21.1 hereof, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

21.7 The Council may not execute a decision involving monetary penalties until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

21.8 In the event of termination or expiration of this contract, the Contractor shall comply with the Regulations and shall remove all installations, plant, equipment and materials in the exploration area and shall make the area safe so as not to constitute a danger to persons, shipping or to the marine environment.

Section 22

Transfer of rights and obligations

22.1 The rights and obligations of the Contractor under this contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the Regulations.

22.2 The Authority shall not unreasonably withhold consent to the transfer if the proposed transferee is in all respects a qualified applicant in accordance with the Regulations and assumes all of the obligations of the Contractor and if the transfer does not confer to the transferee a plan of work, the approval of which would be forbidden by article 6, paragraph 3 (c), of annex III to the Convention.

22.3 The terms, undertakings and conditions of this contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 23

No waiver

No waiver by either party of any rights pursuant to a breach of the terms and conditions of this contract to be performed by the other party shall be construed as a waiver by the party of any succeeding breach of the same or any other term or condition to be performed by the other party.

Section 24

Revision

24.1 When circumstances have arisen or are likely to arise which, in the opinion of the Authority or the Contractor, would render this contract inequitable or make it impracticable or impossible to achieve the objectives set out in this contract or in Part XI of the Convention or the Agreement, the parties shall enter into negotiations to revise it accordingly.

24.2 This contract may also be revised by agreement between the Contractor and the Authority to facilitate the application of any rules, regulations and procedures adopted by the Authority subsequent to the entry into force of this contract.

24.3 This contract may be revised, amended or otherwise modified only with the consent of the Contractor and the Authority by an appropriate instrument signed by the authorized representatives of the parties.

Section 25

Disputes

25.1 Any dispute between the parties concerning the interpretation or application of this contract shall be settled in accordance with Part XI, section 5, of the Convention.

25.2 In accordance with article 21 (2) of Annex III to the Convention, any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of any State party to the Convention affected thereby.

Section 26

Notice

26.1 Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the Contractor, as the case may be, in writing. Service shall be by hand, or by telex, fax, registered airmail or e-mail containing an authorized signature to the Secretary-General at the headquarters of the Authority or to the designated representative. The requirement to provide any information in writing under these Regulations is satisfied by the provision of the information in an e-mail containing a digital signature.

26.2 Either party shall be entitled to change any such address to any other address by not less than ten days' notice to the other party.

26.3 Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the "answer back" appears on the sender's telex machine. Delivery by fax shall be effective when the "transmit confirmation report" confirming the transmission to the recipient's published fax number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting. An e-mail is presumed to have been received by the addressee when it enters an information system designated or used by the addressee for the purpose of receiving documents of the type sent and it is capable of being retrieved and processed by the addressee.

26.4 Notice to the designated representative of the Contractor shall constitute effective notice to the Contractor for all purposes under this contract, and the designated representative shall be the Contractor's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

26.5 Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under this contract, and the Secretary-General shall be the Authority's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Section 27
Applicable law

27.1 This contract shall be governed by the terms of this contract, the rules, regulations and procedures of the Authority, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

27.2 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract shall observe the applicable law referred to in section 27.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

27.3 Nothing contained in this contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this contract.

Section 28
Interpretation

The division of this contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 29
Additional documents

Each party hereto agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things as may be necessary or expedient to give effect to the provisions of this contract.



Council

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Statement of the President of the Council of the International Seabed Authority on the work of the Council during the nineteenth session

1. The nineteenth session of the Council of the International Seabed Authority was held in Kingston from 16 to 23 July 2013.

I. Adoption of the agenda

2. At its 182nd meeting, on 16 July 2013, the Council adopted its agenda for the nineteenth session, as contained in document ISBA/19/C/1.

II. Election of the President and Vice-Presidents of the Council

3. At its 182nd meeting, on 16 July 2013, the Council elected Tobias Pierlings (Germany) as President of the Council for 2013. Subsequently, following consultations in the regional groups, the Council elected as Vice-Presidents the representatives of Cameroon (African States), Japan (Asia-Pacific States), Poland (Eastern European States) and Brazil (Latin American and Caribbean States).

III. Report of the Secretary-General concerning the credentials of members of the Council

4. At the 186th meeting, on 18 July 2013, the Secretary-General of the Authority informed the Council that, as of 17 July 2013, credentials had been received from 34 members of the Council. It was noted that, in accordance with the system agreed for the allocation of seats among the regional groups at the first session of the Council, Brazil, on behalf of the Latin American and Caribbean States, would participate in the meetings of the Council in 2013 without the right to vote. In 2014 it would be the turn of the Western European and other States to nominate a member of that group to participate in the deliberations of the Council without the right to vote.



IV. Election to fill a vacancy on the Legal and Technical Commission

5. At its 182nd meeting, on 16 July 2013, the Council elected Víctor Enrique Marzari (Argentina) to fill the vacancy on the Legal and Technical Commission left by the resignation of Mario Javier Oyarzábal (Argentina).

V. Report on the status of contracts for exploration

6. At its 182nd meeting, on 16 July 2013, the Council considered a report by the Secretary-General on the status of contracts for exploration (ISBA/19/C/8). As of 29 April 2013, the Authority had concluded 12 contracts for exploration for polymetallic nodules and two contracts for exploration of polymetallic sulphides. Three contracts for exploration still remained pending for signature, but it was anticipated that they would be signed before the end of 2013.

7. Some members urged the Secretary-General to continue all efforts to ensure that contractors provided data of high quality, which might be analysed and standardized to facilitate future research. One delegation raised concern over the sense of urgency of some contractors in view of the relatively short time left prior to the expiration of contracts, and further suggested the Council adopt some kind of standard criteria in reviewing any requests for contract extension.

VI. Consideration and approval of the recommendations of the Legal and Technical Commission relating to applications for approval of plans of work for exploration

8. At its 188th meeting, on 19 July 2013, the Council considered the reports and recommendations of the Legal and Technical Commission relating to the applications for approval of plans of work for exploration for cobalt-rich ferromanganese crusts submitted by China Ocean Mineral Resources Research and Development Association, sponsored by China (ISBA/19/C/2), and by Japan Oil, Gas and Metals National Corporation sponsored by Japan (ISBA/19/C/3). At the same meeting, the Council, on the recommendation of the Legal and Technical Commission, approved both plans of work for exploration for cobalt-rich ferromanganese crusts in the Area and requested the Secretary-General to issue the plans of work in the form of contracts between the International Seabed Authority and each of the applicants (ISBA/19/C/13 and ISBA/19/C/15).

VII. Report of the Legal and Technical Commission

9. At its 184th, 185th and 186th meetings, on 17 and 18 July 2013 respectively, the Council considered the summary report of the Chairman of the Legal and Technical Commission on the work of the Commission during the nineteenth session (ISBA/19/C/14). The Commission reported that the additional one-week session in February 2013 had enabled it to make progress on a number of important matters, including the issuance of recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for

mineral resources in the Area; the selection of candidates, and the adoption as an interim document of recommendations for the guidance of contractors and sponsoring States on the implementation of training programmes; the alignment of the nodules regulations with the sulphides regulations; and the review of the annual reports of contractors. The Commission had also considered six new applications for approval of plans of work for exploration and had completed its recommendations in respect of two of those applications. The Commission emphasized that it had been unable to complete its agenda owing to the overwhelming workload and inadequate time. The Commission recommended that it continue to hold two meetings in 2014 and that the first meeting be devoted to completing consideration of the outstanding applications and of issues relating to the exploitation code.

10. During the discussion of the activities of contractors, several delegations welcomed the creation of a secure website to streamline the Commission's working procedure and encourage its wider application in fulfilling the Commission's task. The proposal for a clear data management strategy was also welcomed. The need for an evaluation process incorporating key milestones with a threshold level for activities in the Area was endorsed by some delegations. Concerns and questions were raised over the proposed advice on requirements for applying for an extension of the exploration contract.

11. When discussing the training programmes, the significance of training to the developing countries was reaffirmed. Many delegations expressed their appreciation in regard to the Commission's decision to adopt the recommendations for guidance to contractors to implement their training obligations. Several delegations gave their support to the suggestion of a new position in the secretariat of the Authority for managing the training programmes. One delegation suggested that a tracking system for trainees should be developed and that their talents be fully utilized following the completion of training. Some delegations also emphasized the necessity of training being tailored to different levels. It was suggested that, when setting out the qualifications of candidates for training programmes and selecting the candidates, special consideration should be given to specific kinds of developing countries, such as small island developing countries and landlocked developing countries.

12. Several delegations expressed their disappointment with the Commission's failure to complete its work on four applications for approval of plans of work for exploration. A reasonable and creative working method was encouraged in striking the balance between dealing with applications in an expeditious manner and the need to give careful consideration to them.

13. A number of delegations commended the Commission's adoption of the recommendations for the guidance of contractors for the assessment of possible environmental impacts arising from exploration for marine minerals in the Area (ISBA/19/LTC/8). One delegation urged the Council to consider also the application of the environmental management plan for the Clarion-Clipperton Zone as a model for other marine minerals in the Area. Several delegations called upon the Commission to articulate ways to oversee the rights and legitimate interests of coastal States pursuant to article 142 of the United Nations Convention on the Law of the Sea. Some delegations pointed out that the differing characteristics of the different minerals should not be ignored when aligning the regulations on the issue of marine environmental protection. Two delegations felt that the review of the

environmental management plan for the Clarion-Clipperton Zone due in 2014 should be given priority in the Commission's next session.

14. The issue of monopolization of activities in the Area raised concerns among members of the Council. Several delegations stated that monopolization should be excluded from the management of the marine minerals in the Area. One delegation cautioned that there was nothing in the nodules regulations to monitor monopolistic behaviour. In that regard, several delegations shared the view that alignment of the nodules regulations with sulphides and crusts regulations had not been completed. One delegation suggested the practice of allotting blocks for exploration to consortia of commercial enterprises should be encouraged.

VIII. Report of the Interim Director-General of the Enterprise

15. At its 189th, 190th and 191st meetings, on 19 and 22 July 2013 respectively, the Council considered the report of the Interim Director-General of the Enterprise.

16. The Council requested the Secretary-General, referring where appropriate to the Legal and Technical Commission and the Finance Committee, to carry out a study of the issues relating to the operation of the Enterprise (ISBA/19/C/6), in particular on the legal, technical and financial implications for the Authority and for States parties, taking into account the provisions of the Convention, the 1994 Agreement and the Regulations. The Council concluded, *inter alia*:

(a) That it was premature for the Enterprise to function independently;

(b) That the proposal for a joint venture between Nautilus and the Enterprise should no longer be an impediment to the consideration by the Legal and Technical Commission and the Council of applications for reserved areas by developing countries and other qualified applicants.

IX. Consideration and adoption of the revised Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

17. At its 190th and 191st meetings, on 22 July 2013, the Council considered the revised regulations on prospecting and exploration for polymetallic nodules in the Area as recommended by the Legal and Technical Commission. By its decision (ISBA/19/C/17), the Council, *inter alia*, adopted the amendments to the regulations as recommended by the Legal and Technical Commission with a further amendment to regulation 19. In the same decision, the Council requested the Legal and Technical Commission to make a recommendation to bring regulation 21 of the sulphides regulations into line with regulation 21 of the crusts regulations. The Council further requested the Legal and Technical Commission to review the provisions of the three sets of regulations relating to the monopolization of activities in the Area and the option of offering an equity interest in a joint venture arrangement with a view to aligning all three sets of regulations in this respect, and to make a recommendation thereon for consideration by the Council at its twentieth session in 2014.

X. Report of the Finance Committee

18. At its 183rd, 187th, 188th, 191st and 192nd meetings, on 16, 18, 19, 22 and 23 July 2013 respectively, the Council considered, as a priority, the report of the Finance Committee (ISBA/19/A/7-ISBA/19/C/11), including proposed measures for the recovery of the costs relating to the administration of exploration contracts with the Authority. On the basis of a consensus reached in two meetings of the Council Bureau held on 19 and 22 July, the Council adopted a decision relating to financial and budgetary matters (ISBA/19/C/16), including a decision relating to overhead charges for the administration and supervision of exploration contracts, with the understanding that negotiations between the Secretary-General and applicants as referred to in paragraph 3 of the decision would be held in good faith, with the aim to ensure a level playing field for all the contractors with the Authority. One delegation felt the decision seemed to be inconsistent with the letter and spirit of article 140 (2) of the Convention. Another delegation referred to article 300 of the Convention relating to the duty of States parties to fulfil their obligation under the Convention in good faith. One delegation emphasized that paragraph 6 of the decision could not be interpreted as a precedent so that other administrative costs should be seen as direct and actual costs for exploration. One delegation stated that earlier in the session the Finance Committee had presented a draft decision which was acceptable and in full accordance with the Convention and the 1994 Agreement, but the decision with some redrafting might give rise to an erosion of the potential resources that should be distributed for the benefit of mankind. One delegation wished to place on record its concern with the current situation in which the member States, the great majority of whom did not carry out exploration projects, continued to subsidize a minority of contractors, companies and Governments that did.

XI. Report of the Secretary-General on the development of an exploitation code for polymetallic nodules in the Area

19. At its 191st meeting, on 22 July 2013, the Council commended and took note of the report of the Secretary-General on the development of an exploitation code for polymetallic nodules in the Area. Several delegations lauded the gradual approach to exploitation of nodules by the proposed “staged” or “phased” licensing system. Many delegations expressed their satisfaction with the strong environmental approach. Discussions were also conducted on issues including corporate social responsibility, the engaging of stakeholders, a mining inspectorate, liability and indemnification for claims, a fiscal system, closure plans and a reporting mechanism. It was agreed that more in-depth studies should be done. The Legal and Technical Commission was also encouraged to review those issues while continuing its work on the drafting of the mining code.

XII. Status of national legislation

20. At its 183rd meeting, on 16 July, the Council considered the report by the Secretary-General on the status of national legislation relating to deep seabed mining and related matters. Several delegations expressed their appreciation to the secretariat for setting up an online database on national legislation. One delegation emphasized that the national legislation should be in conformity with the

regulations. More than 10 delegations provided updates on their respective national legislation. One delegation requested the deletion of an act of its national legislation as this act was not pertinent to activities in the Area.

XIII. Other matters

21. At the 192nd meeting, on 23 July 2013, two delegations emphasized that all working papers and official documents for consideration by the Finance Committee, except for restricted circulation documents, should be made available, including on the website, for all members of the Authority in order for them to have a clearer understanding of the discussions in the report of the Finance Committee. One delegation commended the presentation of the report of the chairman of the Legal and Technical Commission and suggested it should serve as a model for report presentation by other organs of the Authority.

XIV. Next session of the Council

22. The next session of the Council will be held in Kingston in 2014 on dates to be established by the Assembly of the Authority. It will be the turn of the African States to nominate a candidate for the presidency of the Council in 2014.

CONSOLIDATED INDEX TO THE SELECTED DECISIONS AND DOCUMENTS OF THE INTERNATIONAL SEABED AUTHORITY

Documents of the International Seabed Authority begin with the letters "ISBA". Documents of the first two sessions do not have a sessional number (e.g. ISBA/A/1), but from the third session on they do (e.g. ISBA/3/A/1).

Formal Assembly and Council documents each appear in four series, -/ 1; -/L.1; -/WP.1; and -/INF.1, corresponding to main documents, documents with limited distribution, working papers and information papers respectively. In addition to A and C documents there are also the ISBA/FC (Finance Committee) and ISBA/LTC (Legal and Technical Commission) series.

The Authority does not keep verbatim or summary records of meetings. Sound recordings are made and retained by the Secretariat. Official accounts of the work of the Authority can be found in the successive statements of the Presidents of the Assembly and the Council on the work of their organs, and the annual reports of the Secretary-General.

The Authority publishes annually a compendium of selected decisions and documents from each session. This compendium is available online only from the eighteenth session onwards. These may be cited as, e.g. *Selected Decisions* 17, 1-25; and from the eighteenth session *Selected Decisions* 18, ISBA/18/A/2.

Indexes to the documents of the Authority are available in two formats; a consolidated subject index to the documents and a cumulative index which contains a complete list of documents of the Assembly and the Council from the first session (1994) to the eighteenth session (2012). The documents and indexes are also available in electronic format on the Authority's website at www.isa.org.jm.

The consolidated index below indicates the reference in the appropriate volume of the Selected Decisions.

Title/Document number/Citation (*Selected Decisions*)

ADVISORY OPINION ON THE RESPONSIBILITIES AND OBLIGATIONS OF SPONSORING STATES

Decision of the Assembly: [ISBA/17/A/9](#); **17**, 28

Decision of the Council requesting the advisory opinion: [ISBA/16/C/13](#); **16**, 108-109

Proposal submitted by the delegation of Nauru: [ISBA/16/C/6](#); **16**, 96-101

Report of the Secretary-General: [ISBA/17/C/6-ISBA/17/LTC/5](#); **17**, 33-38

BUDGET OF THE INTERNATIONAL SEABED AUTHORITY

Decision of the Assembly

Appeal to members for contributions to the budget: [ISBA/4/A/12](#); **4**, 63

Budget for 1997: [ISBA/A/14](#); **1/2/3**, 27-28

Budget for 1998 (and establishment of a working capital fund). Resolution: [ISBA/3/A/9](#);
1/2/3, 60-61

Budget for 1999: [ISBA/4/A/17](#); **4**, 64

Budget for 2000: [ISBA/5/A/12](#); **5**, 38-39

Budget for 2001-2002: [ISBA/6/A/15](#); **6**, 30-31

Budget for 2003-2004: [ISBA/8/A/11](#); **8**, 28-30

Budget for 2005-2006: [ISBA/10/A/8](#); **10**, 54-55

Budget for 2007-2008: [ISBA/12/A/10](#); **12**, 21

Budget for 2009-2010: [ISBA/14/A/8*](#); **14**, 24-25

Budget for 2011-2012: [ISBA/16/A/10](#); **16**, 34

Budget for 2013-2014: [ISBA/18/A/7](#)

Financial and budgetary matters: [ISBA/15/A/8](#); **15**, 29; [ISBA/17/A/5](#) **17**, 26
Scale of assessment for the contributions of members to the administrative budget for
1999: [ISBA/4/A/21](#); **4**, 67

Decision of the Council

Budget for 1999: [ISBA/4/C/11](#) and [Corr.1](#); **4**, 73-74
Budget for 2000: [ISBA/5/C/8](#); **5**, 44-45
Budget for 2001-2002: [ISBA/6/C/7](#); **6**, 72-73
Budget for 2005-2006: [ISBA/10/C/8](#); **10**, 68-69
Budget for 2007-2008: [ISBA/12/C/10](#); **12**, 37-39
Budget for 2011-2012: [ISBA/16/C/10](#); **16**, 106-107

CONTRACTS FOR EXPLORATION

Decision of the Council: [ISBA/17/C/20](#); **17**, 113

Plans of work for exploration

Processing of applications and payment of fees

Report on status: [ISBA/18/C/3](#)
Decision of the Council: [ISBA/18/C/29](#)

CONTRACTS FOR EXPLORATION FOR POLYMETALLIC NODULES IN THE AREA

Fulfilment of contractual obligations

Fulfilment of obligations by the Government of the Republic of Korea. Statement by the
Secretary-General: [ISBA/3/C/6](#); **1/2/3**, 66-68
Selection by the Commission of the candidates for the training programme of the
Government of the Republic of Korea: [ISBA/4/C/12](#) and [Corr.1](#); **4**, 74-75

Plans of work for exploration

Periodic review of implementation of plans of work

Report of the Secretary-General: [ISBA/18/C/9](#)
Statement by the Secretary-General to the Council: [ISBA/13/C/4*](#); **13**, 39-41

Processing and approval of applications

Federal Institute for Geosciences and Natural Resources

Decision of the Council: [ISBA/11/C/10](#); **11**, 42-43
Notification of the application: [ISBA/11/A/5](#); **11**, 16-17
Recommendation of the Commission: [ISBA/11/C/7](#); **11**, 26-36

G-TEC Sea Mineral Resources NV

Decision of the Council: [ISBA/18/C/28](#)
Recommendation of the Commission: [ISBA/18/C/19](#)

Marawa Research and Exploration Ltd.

Decision of the Council: [ISBA/18/C/25](#)
Recommendation of the Commission: [ISBA/18/C/18](#)

Nauru Ocean Resources Inc.

Decision of the Council: [ISBA/17/C/14](#); **17**, 107
Recommendation of the Commission: [ISBA/17/C/9](#); **17**, 45-53

Tonga Offshore Mining Limited

Decision of the Council: [ISBA/17/C/15](#); **17**, 108
Recommendation of the Commission: [ISBA/17/C/10*](#); **17**, 54-62

Registered pioneer investors

Decision of the Council: [ISBA/3/C/9](#); **1/2/3**, 71-72
Recommendation of the Commission: [ISBA/3/C/7](#); **1/2/3**, 69-70
Report of the Secretary-General relating to plans of work : [ISBA/4/A/1/Rev.2](#); **4**, 1-39

UK Seabed Resources Ltd.

Decision of the Council: [ISBA/18/C/27](#)
Recommendation of the Commission: [ISBA/18/C/17](#)

Status of contracts for exploration. Report of the Secretary-General: [ISBA/7/C/4](#); **7**, 30-32

CONTRACTS FOR EXPLORATION FOR POLYMETALLIC SULPHIDES IN THE AREA

Plans of work for exploration

Processing and approval of applications

China Ocean Mineral Resources Research and Development Association

Decision of the Council: [ISBA/17/C/16](#); **17**, 109

Recommendation of the Commission: [ISBA/17/C/11*](#); **17**, 63-79

Government of the Republic of Korea

Decision of the Council: [ISBA/18/C/24](#)

Recommendation of the Commission: [ISBA/18/C/15](#)

Government of the Russian Federation

Decision of the Council: [ISBA/17/C/17](#); **17**, 110

Recommendation of the Commission: [ISBA/17/C/12](#); **17**, 80-95

Institut français de recherche pour l'exploitation de la mer

Decision of the Council: [ISBA/18/C/26](#)

Recommendation of the Commission: [ISBA/18/C/16](#)

COUNCIL OF THE INTERNATIONAL SEABED AUTHORITY

Election of the members of the Council

Composition of the first: [ISBA/A/L.8](#) and [Corr.1](#); **1/2/3**, 15-17

Decision of the Assembly: [ISBA/4/A/6*](#); **4**, 40-41

Decision of the Assembly: [ISBA/5/A/7*](#); **5**, 18

Decision of the Assembly: [ISBA/6/A/14](#); **6**, 28-30

Decision of the Assembly: [ISBA/8/A/10](#); **8**, 27-28

Decision of the Assembly: [ISBA/12/A/12](#); **12**, 23-25

Decision of the Assembly: [ISBA/14/A/12](#); **14**, 25-26

Decision of the Assembly: [ISBA/16/A/11](#); **16**, 34-35

Decision of the Assembly: [ISBA/18/A/10](#)

Terms of office of members of the Council

Duration of terms of office. Decision of the Assembly: [ISBA/4/A/5](#); **4**, 40

Termination of members. Decision of the Assembly: [ISBA/A/L.2](#); **1/2/3**, 3

ELECTION OF THE SECRETARY-GENERAL OF THE INTERNATIONAL SEABED AUTHORITY

Decision of the Assembly concerning the appointment: [ISBA/6/A/8](#); **6**, 12; [ISBA/14/A/9](#); **14**, 25;
[ISBA/18/A/6*](#)

Decision of the Council concerning the candidates: [ISBA/10/C/9](#); **10**, 70

ENDOWMENT FUND FOR MARINE SCIENTIFIC RESEARCH IN THE AREA

Decision of the Assembly on Terms of reference, guidelines and procedures: [ISBA/13/A/6](#); **13**, 24-29

Resolution of the Assembly establishing the Endowment Fund: [ISBA/12/A/11](#); **12**, 22-23

ENVIRONMENTAL MANAGEMENT PLAN FOR THE CLARION-CLIPPERTON ZONE

Decision of the Council: [ISBA/17/C/19](#); **17**, 111-112; [ISBA/18/C/22](#)

FINANCIAL REGULATIONS OF THE INTERNATIONAL SEABED AUTHORITY

Decision of the Assembly (includes text): [ISBA/6/A/3*](#); **6**, 1-11

Decision of the Council: [ISBA/5/C/10](#); **5**, 46

HEADQUARTERS OF THE INTERNATIONAL SEABED AUTHORITY

Agreement between the Authority and the Government of Jamaica

Considerations relating to the offer by the Govt. of Jamaica on the location. Report of the Secretary-General: [ISBA/5/A/4](#) and [Add.1](#); **5**, 12-17

Decision of the Assembly (includes text): [ISBA/5/A/11](#); **5**, 21-38
Decision of the Council: [ISBA/C/11](#); **1/2/3**, 37-38; [ISBA/5/C/9](#); **5**, 45-46

Supplementary Agreement regarding the headquarters and the use of the Jamaica Conference Centre complex

Decision of the Assembly: [ISBA/10/A/11](#); **10**, 55
Decision of the Council: [ISBA/10/C/5](#); **10**, 68
Note by the Secretary-General (includes text): [ISBA/10/A/2-ISBA/10/C/2](#); **10**, 1-10

LAWS, REGULATIONS AND ADMINISTRATIVE MEASURES OF SPONSORING STATES

Report of the Secretary-General: [ISBA/18/C/8](#) and [Add.1](#)

LEGAL AND TECHNICAL COMMISSION

Election of members

Decision of the Council: [ISBA/7/C/6](#); **7**, 35-36
Decision of the Council: [ISBA/12/C/11](#); **12**, 39-40

Size, composition and the process for future elections

Considerations relating to the functioning: [ISBA/16/C/3](#); **16**, 81-85
Decision of the Council: [ISBA/13/C/6](#); **13**, 41-42

MODALITIES FOR FINANCING PARTICIPATION IN MEETINGS OF THE LEGAL AND TECHNICAL COMMISSION

Report of the Secretary-General: [ISBA/8/C/4](#); **8**, 34-36

OFFICIAL SEAL, FLAG AND EMBLEM OF THE AUTHORITY

Decision of the Assembly: [ISBA/8/A/12](#); **8**, 30-31

PROTOCOL ON THE PRIVILEGES AND IMMUNITIES OF THE AUTHORITY

Decision of the Assembly (includes text): [ISBA/4/A/8](#); **4**, 42-49

PROVISIONAL MEMBERSHIP OF STATES

Decision of the Council relating to the extension of membership on a provisional basis:
[ISBA/C/9](#); **1/2/3**, 36; [ISBA/3/C/3*](#); **1/2/3**, 64; [ISBA/4/C/3](#); **4**, 70
Requests for extension: [ISBA/C/4](#); **1/2/3**, 33-35; [ISBA/4/C/1](#); **4**, 69-70
Statement by the Acting President of the Council: [ISBA/C/3](#); **1/2/3**, 32-33
Statement by the President of the Assembly: [ISBA/A/L.10](#); **1/2/3**, 25-26

REGULATIONS ON EXPLOITATION FOR POLYMETALLIC NODULES IN THE AREA

Workplan for formulation of regulations: [ISBA/18/C/4](#)

REGULATIONS ON PROSPECTING & EXPLORATION FOR COBALT-RICH FERROMANGANESE CRUSTS IN THE AREA

Background and progress to date: [ISBA/16/C/5](#); **16**, 90-96; [ISBA/17/C/8](#); **17**, 38-45
Decision of the Assembly (includes text): [ISBA/18/A/11](#)
Decision of the Council: [ISBA/18/C/23](#)
Draft regulations (includes text): [ISBA/16/C/WP.2](#); **16**, 116-155

REGULATIONS ON PROSPECTING & EXPLORATION FOR POLYMETALLIC NODULES IN THE AREA

Decision of the Assembly (includes text): [ISBA/6/A/18](#); **6**, 31-68
Decision of the Council: [ISBA/6/C/12](#); **6**, 86

REGULATIONS ON PROSPECTING & EXPLORATION FOR POLYMETALLIC SULPHIDES IN THE AREA

Decision of the Assembly (includes text): [ISBA/16/A/12/Rev.1](#); **16**, 35-75
Decision of the Council: [ISBA/16/C/12](#); **16**, 107-108
Review of outstanding issues relating to the draft regulations: [ISBA/14/C/4](#); **14**, 29-40;

[ISBA/15/C/WP.2](#); **15**, 39-46; [ISBA/16/C/WP.1](#); **16**, 112-116

REGULATIONS FOR PROSPECTING & EXPLORATION FOR POLYMETALLIC SULPHIDES AND COBALT-RICH FERROMANGANESE CRUSTS IN THE AREA

Considerations (includes Model Clauses for proposed regulations): [ISBA/7/C/2](#); **7**, 19-30

Explanatory notes relating to the Draft (ISBA/10/C/WP.1): [ISBA/11/C/5](#); **11**, 23-25

Summary presentations on polymetallic massive sulphide deposits and cobalt-rich ferromanganese crusts: [ISBA/8/A/1](#) and Corr.1; **8**, 5-9

RELATIONS BETWEEN THE UNITED NATIONS AND THE INTERNATIONAL SEABED AUTHORITY

Observer status of the Authority at the United Nations

Decision of the Assembly: [ISBA/A/13](#) and Corr.1; **1/2/3**, 26

Relationship Agreement between the Authority and the United Nations

Decision of the Assembly: [ISBA/3/A/3](#); **1/2/3**, 43

Decision of the Council: [ISBA/C/10](#); **1/2/3**, 36-37

REPORT OF THE FINANCE COMMITTEE

Fifth session: [ISBA/5/A/8-ISBA/5/C/7](#); **5**, 18-21

Resumed sixth session: [ISBA/6/A/13-ISBA/6/C/6](#); **6**, 26-28

Eighth session: [ISBA/8/A/7/Rev.1-ISBA/8/C/3/Rev.1](#); **8**, 24-27

Ninth session: [ISBA/9/A/5*-ISBA/9/C/5*](#); **9**, 15-18

Tenth session: [ISBA/10/A/6-ISBA/10/C/7](#); **10**, 50-54

Eleventh session: [ISBA/11/A/8-ISBA/11/C/9](#); **11**, 17-19

Twelfth session: [ISBA/12/A/7-ISBA/12/C/9](#); **12**, 19-21

Thirteenth session: [ISBA/13/A/3-ISBA/13/C/5](#); **13**, 22-24

Fourteenth Session: [ISBA/14/A/7-ISBA/14/C/6](#); **14**, 21-24

Fifteenth session: [ISBA/15/A/5-ISBA/15/C/6](#); ; **15**, 25-28

Sixteenth session: [ISBA/16/A/5*-ISBA/16/C/8*](#); **16**, 29-32

Eighteenth session: [ISBA/18/A/4-ISBA/18/C/12](#)

REPORT OF THE LEGAL AND TECHNICAL COMMISSION

Decision of the Council: [ISBA/18/C/21](#)

Fifth session: [ISBA/5/C/6](#); **5**, 43-44

Resumed sixth session: [ISBA/6/C/11](#); **6**, 84-85

Seventh session: [ISBA/7/C/5](#); **7**, 32-35

Eighth session: [ISBA/8/C/6*](#); **8**, 36-38

Ninth session: [ISBA/9/C/4](#); **9**, 23-27

Tenth session: [ISBA/10/C/4](#); **10**, 63-68

Eleventh session: [ISBA/11/C/8](#); **11**, 37-42

Twelfth session: [ISBA/12/C/8](#); **12**, 31-37

Thirteenth session: [ISBA/13/C/3](#); **13**, 35-39

Fourteenth Session: [ISBA/14/C/8](#); **14**, 40-45

Fifteenth session: [ISBA/15/C/5](#); **15**, 32-36

Sixteenth session: [ISBA/16/C/7](#); **16**, 101-105

Seventeenth session: [ISBA/17/C/13](#); **17**, 96-106

Eighteenth session: [ISBA/18/C/20](#)

REPORT OF THE SECRETARY-GENERAL OF THE AUTHORITY

Third session (First annual report 1994 to 1997): [ISBA/3/A/4](#) and Corr.1; **1/2/3**, 45-60

Fourth session (1997-1998): [ISBA/4/A/11](#); **4**, 52-63

Fifth session (1998-1999): [ISBA/5/A/1](#) and Corr.1; **5**, 1-12

Sixth session (1999-2000): [ISBA/6/A/9](#); **6**, 13-26

Seventh session (2000-2001): [ISBA/7/A/2](#); **7**, 4-15
Eighth session (2001-2002): [ISBA/8/A/5](#) and [Add.1](#); **8**, 9-24
Ninth session (2002-2003): [ISBA/9/A/3](#); **9**, 1-15
Tenth session (2003-2004): [ISBA/10/A/3](#); **10**, 10-50
Eleventh session (2004-2005): [ISBA/11/A/4](#) and [Corr.1](#); **11**, 1-16
Twelfth session (2005-2006): [ISBA/12/A/2](#) and [Corr.1](#); **12**, 1-18
Thirteenth session (2006-2007): [ISBA/13/A/2](#); **13**, 1-22
Fourteenth session (2007-2008): [ISBA/14/A/2](#); **14**, 1-21
Fifteenth session (2008-2009): [ISBA/15/A/2](#); **15**, 1-25
Sixteenth session (2009-2010): [ISBA/16/A/2](#); **16**, 1-29
Seventeenth session (2010-2011): [ISBA/17/A/2](#); **17**, 1-25
Eighteenth session (2011-2012): [ISBA/18/A/2](#)

RULES OF PROCEDURE OF THE ASSEMBLY

Decision of the Assembly: [ISBA/A/L.2](#); **1/2/3**, 3

RULES OF PROCEDURE OF THE LEGAL AND TECHNICAL COMMISSION

Decision of the Council (includes text): [ISBA/6/C/9](#); **6**, 73-83

STAFF REGULATIONS OF THE AUTHORITY

Decision of the Assembly: [ISBA/7/A/5](#); **7**, 16
Decision of the Assembly: [ISBA/16/A/9](#); **16**, 33
Decision of the Council: [ISBA/6/C/10](#); **6**, 83
Decision of the Council: [ISBA/16/C/9](#); **16**, 106
Note on amendments: [ISBA/16/C/4](#); **16**, 85-90

STATEMENT BY THE GROUP OF LATIN AMERICAN AND CARIBBEAN STATES: [ISBA/8/A/14](#); **8**, 33-34

STATEMENT MADE BY THE JAPANESE DELEGATION TO THE ASSEMBLY: [ISBA/9/A/8](#); **9**, 19-20

STATEMENT OF THE PRESIDENT ON THE WORK OF THE ASSEMBLY

Second part of the first session: [ISBA/A/L.1/Rev.1](#) and [Corr.1](#); **1/2/3**, 3-7
Third part of the first session: [ISBA/A/L.7/Rev.1](#); **1/2/3**, 7-12
First part of the second session: [ISBA/A/L.9](#); **1/2/3**, 17-25
Resumed second session: [ISBA/A/L.13](#); **1/2/3**, 29-32
Third session: [ISBA/3/A/L.4](#); **1/2/3**, 43-45
Resumed third session: [ISBA/3/A/11](#); **1/2/3**, 61-63
Fourth session: [ISBA/4/A/9*](#); **4**, 49-52
Resumed fourth session: [ISBA/4/A/18](#); **4**, 64-67
Third part of the fourth session: [ISBA/4/A/22](#); **4**, 67-68
Fifth session: [ISBA/5/A/14](#); **5**, 39-42
Sixth session: [ISBA/6/A/6](#); **6**, 11-12
Resumed sixth session: [ISBA/6/A/19](#); **6**, 68-70
Seventh session: [ISBA/7/A/7](#); **7**, 16-18
Eighth session: [ISBA/8/A/13](#); **8**, 31-33
Ninth session: [ISBA/9/A/9](#); **9**, 20-22
Tenth session: [ISBA/10/A/12](#); **10**, 56-63
Eleventh session: [ISBA/11/A/11](#); **11**, 19-22
Twelfth session: [ISBA/12/A/13](#); **12**, 25-31
Thirteenth session: [ISBA/13/A/7](#); **13**, 29-35
Fourteenth session: [ISBA/14/A/13](#); **14**, 26-29
Fifteenth session: [ISBA/15/A/9](#); **15**, 29-32

Sixteenth session: [ISBA/16/A/13](#); **16**, 76-81
Seventeenth session: [ISBA/17/A/10](#); **17**, 28-32
Eighteenth session: [ISBA/18/A/12](#)

STATEMENT OF THE PRESIDENT ON THE WORK OF THE COUNCIL

Resumed second session: [ISBA/C/L.3](#); **1/2/3**, 38-40
Third session: [ISBA/3/C/L.4](#); **1/2/3**, 64-66
Resumed third session: [ISBA/3/C/11](#); **1/2/3**, 72-74
First part of the fourth session: [ISBA/4/C/5](#); **4**, 70-72
Resumed fourth session: [ISBA/4/C/14](#); **4**, 75-77
Fifth session: [ISBA/5/C/11](#); **5**, 46-49
Sixth session: [ISBA/6/C/3](#); **6**, 71
Resumed sixth session: [ISBA/6/C/13](#); **6**, 86-88
Seventh session: [ISBA/7/C/7](#); **7**, 36-39
Eighth session: [ISBA/8/C/7](#); **8**, 38-39
Ninth session: [ISBA/9/C/6*](#); **9**, 27-28
Tenth session: [ISBA/10/C/10](#); **10**, 70-72
Eleventh session: [ISBA/11/C/11](#); **11**, 43-46
Twelfth session: [ISBA/12/C/12](#); **12**, 40-43
Thirteenth session: [ISBA/13/C/7](#); **13**, 42-44
Fourteenth session: [ISBA/14/C/11*](#); **14**, 45-47
Fifteenth session: [ISBA/15/C/8*](#); **15**, 37-38
Sixteenth session: [ISBA/16/C/14*](#); **16**, 109-112
Seventeenth session: [ISBA/17/C/21*](#); **17**, 114-117
Eighteenth session: [ISBA/18/C/30](#)

UNITED NATIONS CONVENTION ON THE LAW OF THE SEA 1982

Decision of the Assembly relating to the 30th anniversary: [ISBA/17/A/8](#); **17**, 27

UNITED NATIONS JOINT STAFF PENSION FUND

Decision of the Assembly relating to participation of the Authority: [ISBA/A/15](#); **1/2/3**, 28-29
Decision of the Council relating to participation of the Authority: [ISBA/C/8](#); **1/2/3**, 35

