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**Status of contracts for exploration and related matters,  
including information on the periodic review of the  
implementation of approved plans of work for exploration**

### **Status of contracts for exploration and related matters, including information on the periodic review of the implementation of approved plans of work for exploration**

#### **Report of the Secretary-General**

#### **I. Status of contracts for exploration and related matters**

1. Contracts currently pertain to each of the three mineral resources for which the International Seabed Authority has adopted regulations on prospecting and exploration. These are polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts.
2. As at 31 December 2019, 30 contracts for exploration had entered into force, of which 18 were for polymetallic nodules, 7 were for polymetallic sulphides and 5 were for cobalt-rich ferromanganese crusts. For each mineral resource, a complete list, containing the name of the contractor, the sponsoring State or States, if applicable, the general location of the exploration area and the dates of entry into force and expiry of each contract, is provided in annex I to the present report.
3. A contract for exploration for polymetallic nodules, relating to an application for approval of a plan of work for exploration submitted by the Beijing Pioneer Hi-Tech Development Corporation and approved by the Council at the twenty-fifth session, in 2019, was signed on 18 October 2019.

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\* ISBA/26/C/L.1.



## II. Periodic review of the implementation of approved plans of work for exploration

4. In accordance with each of the three sets of regulations on prospecting and exploration and the standard clauses of contracts for exploration,<sup>1</sup> the contractor and the Secretary-General are to undertake jointly a periodic review of the implementation of a 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. In the light of the review, the contractor is required to make such adjustments to its plan of work as are necessary and to indicate its programme of activities for the following five-year period, including a revised schedule of expected yearly expenditure. The Secretary-General is to report on the review to the Legal and Technical Commission and the Council. Furthermore, if appropriate, the Secretary-General is to 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 the regulations relating to the protection and preservation of the marine environment were taken into account in the review.

5. In conducting periodic reviews, the Secretary-General has adopted the practice of holding consultations with individual contractors to discuss the implementation of the plan of work in more detail and, in particular, to identify any concerns arising from the five-year periodic report. This also affords an opportunity to remind contractors that the programme of activities must be implemented in full compliance with the terms of the contract and the rules, regulations and procedures of the Authority.

6. Following discussions in the Legal and Technical Commission, the Secretary-General has also introduced the practice of holding consultations with the Commission on the content of periodic review reports submitted by contractors (in session or intersessionally depending on the timing of the reports). Comments and suggestions made by the Commission have therefore been taken into account in connection with the periodic review reports submitted by contractors in 2019, as described below and listed in annex II.

### A. Periodic reviews in 2019

#### 1. Status of periodic reviews as at 31 December 2019

*Periodic review of the implementation of the approved plan of work for exploration for polymetallic nodules by UK Seabed Resources Ltd. (first contract)*

7. Following an initial meeting held in December 2018, a periodic report was submitted in February 2019. The Secretary-General and the contractor held a follow-up meeting in Kingston in July 2019, during which the Secretary-General requested additional information in order to complete the review process. In particular, the contractor was requested to consider submitting a revised programme of activities for the first contract for the second five-year period, as well as estimated annual expenditures and a training programme for the first contract. A further update will be provided to the Council at its meeting in February 2020.

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<sup>1</sup> See regulation 28 of the regulations on prospecting and exploration for polymetallic nodules in the Area (ISBA/19/C/17, annex, and ISBA/20/A/9), regulation 30 of the regulations on prospecting and exploration for polymetallic sulphides in the Area (ISBA/16/A/12/Rev.1, annex), regulation 30 of the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area (ISBA/18/A/11, annex) and standard clause 4.4 of the contracts for exploration.

*Periodic review of the implementation of the approved plan of work for exploration for cobalt-rich ferromanganese crusts by China Ocean Mineral Resources Research and Development Association*

8. The Secretary-General held a meeting with China Ocean Mineral Resources Research and Development Association in Beijing on 17 October 2019. During the meeting, additional information was requested from the contractor to support assessment of the progress towards building an environmental baseline and how this will be addressed in the next five years.

*Periodic review of the implementation of the approved plan of work for exploration for polymetallic nodules by Global Sea Mineral Resources NV*

9. The report was received on 31 March 2019, coinciding with the annual report evaluation period. The secretariat is currently reviewing the material provided by the contractor and expects to complete the periodic review process by 31 January 2020.

*Periodic review of the implementation of the approved plan of work for exploration for polymetallic sulphides by the Government of the Republic of Korea*

10. The report was received on 28 June 2019. The secretariat is currently in the process of reviewing the material provided by the contractor and expects to complete the periodic review process by 28 February 2020.

*Periodic review of the implementation of the approved plan of work for exploration for polymetallic sulphides by Institut français de recherche pour l'exploitation de la mer*

11. The periodic report was received on 5 August 2019, while the proposed programme of activities for the next five-year period was received on 13 November 2019. The Secretary-General held a meeting with Institut français de recherche pour l'exploitation de la mer in Paris on 16 December 2019. During the meeting, additional information was requested from the contractor, including clarifications with respect to the proposed programme of activities. The periodic review is in progress, and it is anticipated that the process will be completed by 28 February 2020.

*Periodic review of the implementation of the approved plan of work for exploration for polymetallic nodules by Marawa Research and Exploration Ltd.*

12. The Secretary-General met with the contractor on 13 August 2019 and held informal discussions regarding the forthcoming periodic review. In order to assist the contractor in compiling its periodic report, the secretariat prepared a preliminary evaluation of the contractor's reported activities against the workplan contained in schedule 2 of the contract, together with the comments made by the Commission in relation to these activities. As an outcome of the meeting, the contractor was granted a short extension to submit its report, which was received on 28 November 2019. The Secretariat is currently in the process of reviewing the material provided by the contractor and expects to complete the periodic review process by 28 February 2020.

*Periodic review of the implementation of the approved plan of work for exploration for polymetallic nodules by Ocean Mineral Singapore Pte. Ltd.*

13. A periodic report was due to be submitted by 24 November 2019. The contractor had requested an extension to the end of December 2019 but has since requested a further one-month extension. It is proposed that the review process will be completed by 31 March 2020.

## **2. Assessment of the periodic review process to date**

14. From the previous paragraphs, it is evident that the secretariat is facing challenges in addressing the exponential increase in periodic reviews resulting from the increase in the number of contracts signed by the Authority, each of which requires two periodic reviews over the duration of the contract. In particular, since 2015, 12 new contracts have been signed, an increase of 66 per cent in the number of annual reports, while the resources of the secretariat have remained unchanged, with the evaluation of annual reports competing for these same resources.

15. These reviews sometimes require several rounds of exchanges between the parties to the contract, affecting the overall duration of the periodic review process. A multidisciplinary assessment of the reports is also required. While all the substantive offices of the secretariat are called upon in order to ensure a swift and thorough examination of the reports and proposed programmes of activities, the heavy and increasing workload of the secretariat and the increasing number of annual reports being reviewed, compounded by delays in the submission of the periodic reports, have posed challenges for the scheduling and completion of the reviews.

## **B. Periodic reviews in 2020**

16. The table in annex II to the present report provides a breakdown of the pending periodic reports as at 31 December 2019 and those to be carried out in 2020. The reviews will be conducted and reported to the Legal and Technical Commission and the Council in due course.

## **C. Standardization of internal processes for periodic reports**

17. In the light of experience, the Contract Management Unit of the secretariat is taking measures to streamline the process of periodic reporting, including the following:

(a) Formalizing and improving the existing internal standard operating procedures to establish time frames for the key tasks. These will also incorporate the time provided for the consultations with the Commission to assist the Secretary-General, as noted in paragraph 6 above;

(b) Developing, with the Commission, guidance for contractors on the content, format and structure of periodic reports in order to ensure consistency of reporting. Unlike annual reports, there is currently no formal guidance on the format and content of periodic reports. This has resulted in a variety of reporting formats, and the advice of the secretariat is increasingly sought by contractors on the format of the reports and the level of detail required. Such guidance would standardize the reporting format and assist in reducing the size of the reports to include only the most relevant content and could provide for an element of self-evaluation by contractors. This would help to reduce the time spent by contractors on preparing the reports and facilitate the reviews by the secretariat and the Commission.

## **III. Recommendations**

18. The Council is invited to take note of the status of the exploration contracts, the information on the periodic reviews of the implementation of the approved plans of work and the proposed development of guidance for contractors on the content, format and structure of periodic reports.

## Annex I

## Status of contracts for exploration

## A. Contracts for exploration for polymetallic nodules

<i>Contractor</i>	<i>Date of entry into force</i>	<i>Sponsoring State(s)</i>	<i>General location of the exploration area</i>	<i>Date of expiry</i>
1 Interoceanmetal Joint Organization	29 March 2001 29 March 2016 <sup>a</sup>	Bulgaria, Cuba, Czechia, Poland, Russian Federation, Slovakia	Clarion-Clipperton Fracture Zone	28 March 2016 28 March 2021
2 JSC Yuzhmorgeologiya	29 March 2001 29 March 2016 <sup>a</sup>	Russian Federation	Clarion-Clipperton Fracture Zone	28 March 2016 28 March 2021
3 Government of the Republic of Korea	27 April 2001 27 April 2016 <sup>a</sup>	–	Clarion-Clipperton Fracture Zone	26 April 2016 26 April 2021
4 China Ocean Mineral Resources Research and Development Association	22 May 2001 22 May 2016 <sup>a</sup>	China	Clarion-Clipperton Fracture Zone	21 May 2016 21 May 2021
5 Deep Ocean Resources Development Co. Ltd.	20 June 2001 20 June 2016 <sup>a</sup>	Japan	Clarion-Clipperton Fracture Zone	19 June 2016 19 June 2021
6 Institut français de recherche pour l'exploitation de la mer	20 June 2001 20 June 2016 <sup>a</sup>	France	Clarion-Clipperton Fracture Zone	19 June 2016 19 June 2021
7 Government of India	25 March 2002 25 March 2017 <sup>b</sup>	–	Central Indian Ocean Basin	24 March 2017 24 March 2022
8 Federal Institute for Geosciences and Natural Resources	19 July 2006	Germany	Clarion-Clipperton Fracture Zone	18 July 2021
9 Nauru Ocean Resources Inc.	22 July 2011	Nauru	Clarion-Clipperton Fracture Zone (reserved area)	21 July 2026
10 Tonga Offshore Mining Limited	11 January 2012	Tonga	Clarion-Clipperton Fracture Zone (reserved area)	10 January 2027
11 Global Sea Mineral Resources NV	14 January 2013	Belgium	Clarion-Clipperton Fracture Zone	13 January 2028
12 UK Seabed Resources Ltd.	8 February 2013	United Kingdom of Great Britain and Northern Ireland	Clarion-Clipperton Fracture Zone	7 February 2028
13 Marawa Research and Exploration Ltd.	19 January 2015	Kiribati	Clarion-Clipperton Fracture Zone (reserved area)	18 January 2030

	<i>Contractor</i>	<i>Date of entry into force</i>	<i>Sponsoring State(s)</i>	<i>General location of the exploration area</i>	<i>Date of expiry</i>
14	Ocean Mineral Singapore Pte. Ltd.	22 January 2015	Singapore	Clarion-Clipperton Fracture Zone (reserved area)	21 January 2030
15	UK Seabed Resources Ltd.	29 March 2016	United Kingdom	Clarion-Clipperton Fracture Zone	28 March 2031
16	Cook Islands Investment Corporation	15 July 2016	Cook Islands	Clarion-Clipperton Fracture Zone (reserved area)	14 July 2031
17	China Minmetals Corporation	12 May 2017	China	Clarion-Clipperton Fracture Zone (reserved area)	11 May 2032
18	Beijing Pioneer Hi-Tech Development Corporation	18 October 2019	China	Western Pacific Ocean	17 October 2034

<sup>a</sup> Five-year extension of contract granted at the twenty-second session (2016).

<sup>b</sup> Five-year extension of contract granted at the twenty-third session (2017).

## B. Contracts for exploration for polymetallic sulphides

	<i>Contractor</i>	<i>Date of entry into force</i>	<i>Sponsoring State(s)</i>	<i>General location of the exploration area</i>	<i>Date of expiry</i>
1	China Ocean Mineral Resources Research and Development Association	18 November 2011	China	South-West Indian Ridge	17 November 2026
2	Ministry of Natural Resources and Environment of the Russian Federation	29 October 2012	–	Mid-Atlantic Ridge	28 October 2027
3	Government of the Republic of Korea	24 June 2014	–	Central Indian Ocean	23 June 2029
4	Institut français de recherche pour l'exploitation de la mer	18 November 2014	France	Mid-Atlantic Ridge	17 November 2029
5	Federal Institute for Geosciences and Natural Resources	6 May 2015	Germany	Central Indian Ridge and South-East Indian Ridge	5 May 2030
6	Government of India	26 September 2016	–	Indian Ocean Ridge	25 September 2031
7	Government of Poland	12 February 2018	–	Mid-Atlantic Ridge	11 February 2033

### C. Contracts for exploration for cobalt-rich ferromanganese crusts

	<i>Contractor</i>	<i>Date of entry into force</i>	<i>Sponsoring State(s)</i>	<i>General location of the exploration area</i>	<i>Date of expiry</i>
1	Japan Oil, Gas and Metals National Corporation	27 January 2014	Japan	Western Pacific Ocean	26 January 2029
2	China Ocean Mineral Resources Research and Development Association	29 April 2014	China	Western Pacific Ocean	28 April 2029
3	Ministry of Natural Resources and Environment of the Russian Federation	10 March 2015	–	Magellan Mountains in the Pacific Ocean	9 March 2030
4	Companhia de Pesquisa de Recursos Minerais S.A.	9 November 2015	Brazil	Rio Grande Rise in the South Atlantic Ocean	8 November 2030
5	Government of the Republic of Korea	27 March 2018	–	East of the Northern Mariana Islands in the Pacific Ocean	26 March 2033

**Annex II****Periodic reviews of the implementation of plans of work for exploration (pending as at 31 December 2019 and to be carried out in 2020)**

<i>Contractor</i>	<i>Type of resource</i>	<i>Expiration of five-year period<sup>a</sup></i>
Government of the Republic of Korea	Polymetallic sulphides	23 June 2019
Global Sea Mineral Resources NV	Polymetallic nodules	23 June 2019
Institut français de recherche pour l'exploitation de la mer	Polymetallic sulphides	17 November 2019
Marawa Research and Exploration Ltd.	Polymetallic nodules	18 January 2020
Ocean Mineral Singapore Pte. Ltd.	Polymetallic nodules	21 January 2020
Ministry of Natural Resources and Environment of the Russian Federation	Cobalt-rich ferromanganese crusts	9 March 2020
Federal Institute for Geosciences and Natural Resources	Polymetallic sulphides	5 May 2020
Companhia de Pesquisa de Recursos Minerais S.A.	Cobalt-rich ferromanganese crusts	8 November 2020
Interoceanmetal Joint Organization <sup>b</sup>	Polymetallic nodules	28 March 2021
UK Seabed Resources Ltd. (second contract)	Polymetallic nodules	28 March 2021
JSC Yuzhmorgeologiya <sup>b</sup>	Polymetallic nodules	28 March 2021

<sup>a</sup> 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 under the contract (sect. 4.4 of the standard clauses for exploration contracts. See [ISBA/19/C/17](#), annex, [ISBA/16/A/12/Rev.1](#), annex, and [ISBA/18/A/11](#), annex).

<sup>b</sup> Date of expiry of the five-year extension of contract granted at the twenty-second session (2016).