

Project Annex #1

Title: REGIONAL GEOSCIENCE FOR SUSTAINABLE
DEVELOPMENT OF WESTERN CHINA

Section 1.0 Authority:

This is a Project Annex to the Memorandum of Understanding ("MOU") signed at Beijing in February, 2001, between the Geological Survey of Canada ("GSC"), Department of Natural Resources Canada, and the China Geological Survey ("CGS"), Ministry of Lands and Resources, People's Republic of China. This Project Annex is developed in accordance with Article 9 of the MOU. Hereinafter the GSC and the CGS shall be referred to jointly as the "Parties".

Section 2.0 Project Coordination:

For the GSC:

Responsible Senior Manager: Dr. Murray Duke, 601 Booth St., Ottawa, Ontario, Canada, K1A 0E8; phone - (613) 995-4093.
Correspondence: Dr. Ian Campbell, 601 Booth St., Ottawa, Ontario, Canada, K1A 0E8; phone - (613) 947-8753

For the CGS:

Responsible Senior Manager: Dr. Zhang Hongtao, 37 Guanyingyuan xiqu, Xicheng District, Beijing 100035, China, phone - (086-10) 66127195. e-mail: zhongtao@cgs.gov.cn zhnogtao@mail.cgs.gov.cn
Correspondence: Dr. Zhuang Yuxun, 37 Guanyingyuan xiqu, Xicheng District, Beijing 100035, China, phone - (086-10) 66127153. e-mail: zyuxun@cgs.gov.cn zyuxun@mail.cgs.gov.cn

Section 3.0 Scope:

To acquire and publish fundamental geoscience knowledge for two 1:250,000 scale map sheets in western China using the expertise and resources of Chinese and Canadian geoscience agencies. This new knowledge in the form of maps and various component geoscience databases, will serve as the basis for decisions related to land use management, economic growth and environmental protection in western China. A multidisciplinary approach to the problem is essential, using current thinking, practices, tools and facilities to ensure that this new knowledge will be useful for several decades in sustainable development of the region. Training of Chinese geoscientists by the Canadian

team, both in China and in Canadian field situations, has been identified as a critical component. In order to expand the breath of expertise on the Canadian Team, GSC will endeavour to bring other Canadian geoscience organizations into the project. In particular, GSC will initiate discussions with the University of Waterloo (UW) to develop an agreement that will recognize UW's important contribution to the initial development of this Project, and to formalize its role in the Project (including a leadership role in seeking additional financial support from funding institutions).

Section 4.0 Work Plan:

- a) Upon the signing of this Project Annex, CGS will begin discussions with the GSC to define the elements of the 4-year Project, including, but not limited to: field study areas, personnel/expertise, data acquisition and management and training. Based on these discussions, the Canadian and Chinese Teams will select members from their participating organizations and institutes to provide the required expertise.
- b) After agreement on the Project elements, selected members of the Canadian Team will visit proposed field study areas with the Chinese Team in 2003 to verify the suitability of these areas and to evaluate the facilities available for logistics and field support, and to prepare a preliminary schedule for the components of the field program.
- c) Training of Chinese geoscientists can begin in 2003, with placement of Chinese Team scientists on field parties of the GSC or other Canadian Team organizations or institutes for periods to be determined.
- d) Field studies in the areas of western China will be carried out during the field seasons of 2004 and 2005, to a schedule to be determined.
- e) The fourth and final year of the Project will be devoted to data management, interpretation and preparation of the new knowledge in appropriate formats and media (maps, reports, databases; printed material, on-line digital, CD ROM, as examples).

Section 5.0 Financial Arrangements:

- a) The Project will be subject to the availability of resources (personnel, direct funding, or in-kind resources) from the Parties or external funding agencies. CGS, through the Ministry of Lands and Resources, has agreed to contribute up to 7.2 million Yuan (approximately Cdn\$1.3 million) over the 4-years of the project. Contribution levels from the Canadian Team will be determined during the Project definition stage outlined in Section 4.0a. The Canadian team will also attempt to acquire funding through international funding organizations and other sources.
- b) GSC reserves the right to solicit and accept contributions (financial or in-kind) from other Canadian Team participants as partial contribution for this Project. In this event, GSC will ensure to the best of its ability, that no conflict will arise from the inclusion of new participants. All funds from Canadian sources

collected for the execution of this Project will be managed in accordance with the financial management policies of the Government of Canada and the funds will be used exclusively in support of this Project. Unspent funds will be returned to the contributor(s), based on the portion that each organization or institute contributed.

- c) Subject to Canadian and Chinese laws and regulations, and the availability of funds, each sending Party shall provide funds to cover expenses of each visiting scientist for travelling and living costs and each sending Party shall continue to pay the salary of each visiting scientist for the duration of the visit.
- d) A medical insurance policy shall be contracted by each visiting scientist or by the sending party, prior to the commencement of travel. While in Canada working at an Canadian organization for periods of time exceeding one month, visiting scientists may also be required to purchase medical insurance from a provincial government plan and also from the hosting organization.
- e) Each hosting Party shall provide research facilities and assistance (including customs assistance for the passage of instrumentation and equipment, etc.) for visiting scientists included in this Project.
- f) No cost incurred by one Party shall be assumed by the other Party unless otherwise agreed to in writing.

Section 6.0 Intellectual Property and Copyright:

The Parties, or individuals associated with the Parties, shall retain ownership of existing Intellectual Property that they bring to the Project. Intellectual property arising in China as a result of this Project shall be owned by CGS. Intellectual Property, which arises in Canada as a result of this Project and is created solely by GSC researcher shall be owned by the GSC. Where Intellectual Property is created jointly in Canada by or more researchers, ownership of the Intellectual Property shall be shared, based on the extent of participation in developing the Intellectual Property, and such shared ownership shall be agreed to in writing.

Section 7.0 Publications and Communications related to Project Results:

Publications and public communications related to the Project shall be made in a spirit of collaboration, with consultation and participation if possible, by the Parties. Publications and public communications shall acknowledge the contribution of all funding agencies and participants in the Project.

Section 8.0 Title to Property:

Any property or equipment of whatever nature or kind furnished by any Party in connection with work under this Project is and will remain the property of the Party furnishing such property or equipment.

Section 9.0 Indemnification and Liability:

- a) CGS shall indemnify and save harmless GSC and its Ministers, officers, employees and agents from and against all claims, demands, losses, costs including lawyers fees, damages, actions, suits or proceedings, that are in any manner based upon, arising out of, or attributable to any acts or conduct of CGS or its employees and agents. except to the extent caused by a breach of duty of the GSC, GSC shall have the right to defend any such action or proceeding with counsel of its own choosing.
- b) GSC shall indemnify and save harmless CGS and its Ministers, officers, employees and agents from and against all claims, demands, losses, costs including lawyers fees, damages, actions, suits or proceedings, that are in any manner based upon, arising out of, or attributable to any acts or conduct of GSC or its employees and agents. except to the extent caused by a breach of duty of the CGS, CGS shall have the right to defend any such action or proceeding with counsel of its own choosing.
- c) GSC shall not be liable in any way for loss of profits or contracts, or any other consequential loss of any kind relating to the Project.
- d) CGS shall not be liable in any way for loss of profits or contracts, or any other consequential loss of any kind relating to the Project.

Section 10.0 Dispute Resolution:

Any disputes regarding the interpretation or implementation of this Project Annex will be resolved only by consultation among the Parties and will not be referred to a national tribunal or other third party for settlement.

Section 11.0 Duration and Termination:

- a) This Project Annex will remain in effect until March 31st. 2007 at which time it may be extended by written mutual agreement of the Parties. It may be amended at any time with the mutual written consent of the Parties and may be terminated immediately upon the written consent of both Parties or by either Party upon 30 days written notice to the other Party. Each Party shall immediately upon

termination, return the other Party's papers, materials, or other property held for the purpose of carrying out the Project.

- b) Upon early termination, each Party will pay the other Party's expenses incurred and/or costs for non-cancellable commitments outstanding as of the date of early termination.

Section 12.0 Responsible Authorities and Effective Date:

This Project Annex is signed on October 12, 2002 in Beijing in duplicate in English and Chinese languages, both versions are equally effective.

Representing the GSC:

Representing the CGS:

Dr. Murray Duke
Director General, MRGB
Geological Survey of Canada

Dr. Zhang Hongtao
Deputy Director General
China Geological Survey