

THE REPUBLIC OF GUINEA  
WORK – JUSTICE – SOLIDARITY

MINISTER FOR MINES AND GEOLOGY

*BASIC AGREEMENT*

BETWEEN

THE REPUBLIC OF GUINEA

AND

GUINEA ALUMINA CORPORATION LTD

AND

GLOBAL ALUMINA ("GLOBAL")

FOR THE CONSTRUCTION AND OPERATION OF AN ALUMINA PLANT AT  
SANGAREDI

**BASIC AGREEMENT (CONVENTION DE BASE)**

The present agreement and its Exhibits (together, the "Agreement") are made at Conakry, Republic of Guinea.

BETWEEN:

1. **THE REPUBLIC OF GUINEA**, represented by his Excellency **Dr. Alpha Mady Soumah**, Minister for Mines and Geology (hereinafter referred to as the "**State**"),

Of the first part;

2. **GUINEA ALUMINA CORPORATION LTD ("GAC")**, a private company registered in the British Virgin Islands, with its registered office at P.O. Box 3152, Road Town, Tortola, British Virgin Islands represented by **Mr. Bernard Cousineau** duly authorised to this effect (hereinafter referred to as the "**Investor**" or "**GAC**"),

Of the second part;

3. A company doing business as **GLOBAL ALUMINA**, a Canadian company, registered in New Brunswick, a holding company, duly organised according to the laws of Canada, the shares of which are listed on the Toronto Venture Exchange under the code GPC.U and registered at World headquarters, 44 Chipman Hill, 10th Floor, P.O. Box 7289, Saint John, New Brunswick E2L 4S6, Canada, represented by its Chairman and Chief Executive Officer, **Mr. Bruce J. Wrobel** duly authorised to this effect (hereinafter referred to as "**GLOBAL**"),

Of the third part;

## RECITALS

### WHEREAS:

- **The State**, in furtherance of its desire to promote the exploitation and enhancement of mining and industrial activities in the Republic of Guinea, has decided, that such enhancement and exploitation may be conducted by or with the aid of foreign investors, with a view to advancing the economic development and promoting the well-being of its people.
- **The State**, within the scope of this policy, represents that it aims to enhance the value of the significant high-grade bauxite resources in the region of Boke, by their exploitation, transformation and commercialisation. The policy aims, in addition, to encourage the exploitation of such mineral resources and of the mining infrastructure put in place by **the State**, together with the construction of industrial installations at Sangaredi for the transformation of such mineral resources.
- **The State** has previously granted **the Investor** exclusivity in order to develop the Refinery Project in the Sangaredi region, pursuant to a Memorandum of Understanding dated November 21, 2001, as amended since that date (the "MOU");
- **The State** has decided to license to **the Investor** the mining and industrial activities which are the subject of this Agreement;
- **The State** shall guarantee **the Investor** for the entire term of this Agreement against any interference with the free, whole and full enjoyment of the rights which it agrees to grant hereunder.
- **The Investor** has expressed a desire to build upon, possess and enhance the areas put at its disposal for the purposes of mining and industrial development operations in Guinea, which includes the extraction of bauxite and its transformation into alumina, designing, developing, financing, constructing, owning and operating an approximately 2.8 million tonnes per annum Refinery (capable of Expansion, as such term is hereinafter defined) as well as the port, rail and roadway and related Infrastructure (as such term is hereinafter defined) required for the Project, such as installations necessary for the use of water resources, communication installations, housing and related social installations, real estate improvements, in existence or to be built for the purposes of the project (the "Project");

- **The State** and **the Investor** have initiated discussions in relation to a Basic Agreement in terms of which **the State** will, among other matters, grant to **the Investor** a mining concession for the supply of the Refinery with bauxite in the Study Area defined in article 3 hereof and the benefit of all the rights which are necessary for the purposes of implementing the Project in the Concession Area.
- **The State** wishes the Project works to commence as soon as possible and that the works relating to the Port Installations and the Industrial Installations and Equipment (as such terms are hereinafter defined) begin within a period of ninety (90) Business Days from the date of this Agreement.
- **The Investor** is amenable to begin various works and, in particular, those relating to the Port Installations and the Industrial Installations and Equipment in existence and to be built, (including the Channel), subject to obtaining an exclusive usage and/or exclusive concession of the rights required for this purpose, as well as the assurance from **the State** that the necessary efforts will be made in order that the required contractual documentation and procedures for the implementation of the Project are put in place as soon as possible.
- **The State** has agreed to grant to **the Investor**, according to the terms of this Agreement, the exclusive right to develop, design, construct, finance, own, operate and maintain Port Installations on the Port Area (as such term is hereinafter defined) and the Industrial Installations and Equipment on the Industrial Zone (as such term is hereinafter defined) on land made available to **the Investor** by **the State** for this purpose and to grant to **the Investor** a right of access and use of the Channel and the principal railway line;
- **The State** acknowledges that the Project Activities are strictly dependent upon the ability of **the Investor** to use, for the entire duration of the Project, the installations and to access the Existing Infrastructure situated in particular outside the Concession Area (as hereinafter defined), most of which are the property of **the State** or under concession;
- **The Investor** represents that it understands the objectives of **the State** as stated herein;
- **The State** has port infrastructure, under concession, available to it in the port area of Kamsar and wishes the ownership of the new Port Installations built by **the Investor** to be transferred to it in accordance with article 12.6 hereafter.

- **The Investor** represents that it has available to it all required technical, technological and commercial capacity for the implementation and operation of the Project;
  
- **The Investor** represents that it has all the capability to seek the financing necessary for the implementation of the Project:
  
- GLOBAL is a holding company, duly organised according to the laws of Canada, the shares in which are listed on the Toronto Venture Exchange. As a listed company, the allocation of the share capital of GLOBAL may change, at any moment, throughout the term of this Agreement, which **the State** acknowledges. As a result, any direct or indirect change of control shall have no impact on this Agreement or on the rights granted hereunder.
  
- GLOBAL confirms in its capacity as holding company of **the Investor** that:
  - (a) it shall assist **the Investor**, to the extent permitted by Canadian law, in the context of obtaining the financing for the Project by **the Investor**, set out in Article 16 hereof;
  
  - (b) upon the signature of this Agreement, it (i) shall make public the signature of this Agreement, all in accordance with the provisions of the stock exchange legislation and regulations applicable in Canada; and (ii) shall inform its Subsidiary (as such term is defined hereinafter) of the undertakings envisaged in terms of Article 35.2 hereafter.
  
- GLOBAL owns, directly or indirectly, upon the date of signature of this Agreement and until the date on which financing has been obtained definitively and irrevocably as set out in Article 16 below, one hundred per cent (100%) of the share capital and voting rights in **the Investor**, according to the description set out in Exhibit 1 hereto.

**NOW, THEREFORE, IT HAS BEEN AGREED AS FOLLOWS:**

**DEFINITIONS**

For the purposes of this Agreement, the capitalized terms and phrases used in this Agreement shall have the following meanings unless stipulated to the contrary in this agreement:

- "Accounting and Tax Exhibit"** means Exhibit 2 attached to the present Agreement.
- "Additional Port Royalty"** is defined in Article 12.6.2 (ii) hereinafter.
- "Affiliated Company"** means any entity directly or indirectly controlling or controlled by, or under direct or indirect common control with **the Investor**. For the purposes of this definition, the term "control" (including the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person.
- "Agreement"** means the present Basic Agreement including the Exhibits and any amendments or supplements hereto.
- "ANAIM"** means l'Agence Nationale d'Aménagement des Infrastructures Minières de Guinée or any other Authority which replaces it.
- "Assets"** means all property, rights, titles and interests present or future, moveable or immovable, corporeal or incorporeal, belonging to **the Investor**, or put at **the Investor's** disposal or leased to or granted to **the Investor** by **the State** or by any third party, together with the rights granted to **the Investor** under this Agreement or under any other agreement (including the Infrastructure Agreement) relative to the design, development, construction, financing, ownership

or operation of the various elements of the Project (including, without limitation, the profits and revenues which will result from the Project and which will be paid or payable to **the Investor** or for its account).

**"Authorisations"**

means all administrative acts, such as permits, consents, approvals, waivers and exemptions, entry, exit and residence visas, importation licenses, administrative registrations, decrees, decrees granting the mining concession, mining rights (research and exploration and exploitation rights), rulings, circulars, tax and customs exemption certificates and other authorisations in whatever form, required in the Republic of Guinea to carry out the Project Activities.

**"Authority"**

means **the State** and the Government of the Republic of Guinea and includes in particular any ministerial department, territorial administration, body or agency including the relevant land commissions (commissions foncières), the relevant port and customs authorities authorized under Guinean laws to act in the name of **the State**, exercising legislative, executive, administrative or judicial power or any entity having a mandate to exercise such a power. Authority also means a legislative, executive, administrative or judicial power or any entity having a mandate to exercise such a power.

**"Business Day"**

means any day during which the banks in Conakry (Republic of Guinea) and in New York (United States) are open for the purposes of clearing operations and transactions on the monetary market between them.

**"CBG"**

means the Compagnie des Bauxites de Guinée.

**"Channel"**

means the access channel from the Atlantic Ocean to the port of Kamsar with an approximate total length of 17 km on the Rio Nunez and a

width of 120 meters, expandable to a width of 200 meters.

- “Company”** means the Guinean company Guinea Alumina Corporation (GAC Guinea) set out in Article 4. For the purposes of Chapter V hereafter, the Company is understood to mean the Company, its Affiliated Companies and its Direct Sub-Contractors as defined hereafter.
- “Compensation Payment”** is defined in Article 34.2.1 of this Agreement.
- “Concession Area”** means the territory, which is the subject of this Agreement, the perimeter of which is set forth in Exhibit 6, as may be expanded from time to time during the term of this Agreement. The Concession Area shall also include the land reserved and/or acquired for the purposes of the Port Installations and the Industrial Installations and Equipment, as well as the land reserved and/or acquired for the purpose of the Infrastructure to be constructed for the Project, including all elements thereon and thereunder such as bauxite, water, soil, sand, trees and other materials. The Concession Area includes the Mining Concession, the Port Area and the Industrial Zone.
- “Contractual Period”** is defined in Article 34.2.1 paragraph 1.
- “Contractual Documents”** means all written contracts, agreements or heads of agreement, directly or indirectly related to the Project Activities.
- “Current Legislation”** means the Guinean regulations (laws, orders, decrees, rulings, decisions, instructions, case law etc.) known and existing on the date of signature hereof and made on this date, taking into account the interpretation thereof as at that date both in Guinea and in the application of international customs for large mining projects.



**"Date of Commercial Production Start-up"** has the meaning set out in Article 6 of this Agreement.

**"Damage"** is defined in Article 19.2 hereinafter.

**"Direct Sub-Contractor"** means any enterprise chosen by **the Investor** or its Affiliated Companies validly existing and which has the necessary competencies to provide the services or carry out the works necessary for the purpose of the Project Activities and having entered into a contract with **the Investor** or its Affiliated Companies, or one of their sub-contractors exclusively in the context of the Project, the identity and nature of such services or works requiring to be communicated to **the State**, upon request, immediately upon signature of the sub-contract.

**"Effective Date"** means the date on which all the conditions set out in Article 34.1 of this Agreement are fulfilled.

**"Exhibits"** means the documents listed at the end of this Agreement which set out the details of, or complete, the provisions of this Agreement, of which they form an integral part.

**"Existing Infrastructure"** means the infrastructure that is the object of the concession agreement between **the State** and ANAIM of the first part and the CBG of the other part (Port, City, Channel and Railway) are the subject of the ANAIM/CBG Agreement dated June 13, 1996, and which are required for the carrying out of the Project Activities.

**"Expansion"** means the development, design, construction, financing, ownership, operation and maintenance of any activity intended to increase the alumina production capacity of the Refinery as set out in Article 7 of this Agreement.

**"Fiscal and Customs Regime"** means the fiscal and customs regime set out in terms of Chapter V hereof.

- “Force Majeure”** has the meaning set out in Article 38.1 of this Agreement.
- “Force Majeure Compensation”** is defined in Article 38.3 of this Agreement.
- “Implementation Studies”** means the socio-economic, environmental, demographic and any other studies considered as necessary by **the Investor** to design, develop, construct and finance the Project.
- “Indemnification”** is defined in article 19.2 hereof.
- “Industrial Zone”** means the area on which shall be built at Kamsar the Industrial Installations and Equipment, the coordinates of which are set out in Exhibit 4 hereto.
- “Industrial Installations and Equipment”** means the installations and equipment for the warehousing of alumina and Intrants to be constructed and upgraded for the handling of the products which will be and shall remain the property of **the Investor** in their entirety and which are all necessary to the functioning of the Project.
- “Infrastructure”** means the road, rail, port and other infrastructure including, without limitation, the roads, railroads, port installations and other lines of communication (such as pipelines and other transmission lines) in existence or to be created.
- “Infrastructure Agreement”** means all the provisions relating to the practical and logistical terms of use by **the Investor** of the ANAIM infrastructure under concession with CBG to be signed between **the State, the Investor, ANAIM and CBG** and which upon signature shall become, fully and automatically, Exhibit 3 hereto.
- “Intrant”** means any product, raw materials, equipment and other goods used in the mining operating

process and in the transformation of bauxite into alumina.

- "Investor"** means GAC and the Company.
- "Lender(s)"** means any party or parties providing a financing to **the Investor** or its Affiliated Companies or such other entities as either **the Investor** or its Affiliated Companies might form, each with respect to any of the Project Activities, or such Lender's designee.
- "Long-term Purchase Agreements"** means the agreements relating to transactions of a minimum duration of ten (10) years, signed by **the Investor** with various purchasers in order to sell alumina.
- "Maintenance Plan"** is defined in Article 34.2.2 hereafter.
- "Mining Code"** means the *Code Minier* of the Republic of Guinea, as in force and effect on the date hereof.
- "Mining Concession"** means the mining boundary delineated by the geographical coordinates and which will be the subject of the decree granting the concession and shall include the Study Area defined in Article 3 hereafter.
- "Party and/or Parties"** means **the State** and/or **the Investor**.
- "Plant" or "Refinery"** means the plant for the transformation of bauxite into alumina, of which the construction, start-up and operation form part of the Project.
- "Port Agreement"** is defined in Article 12.6.1.
- "Port Activities"** has the meaning given to it in Article 12.2 of this Agreement.
- "Port Area"** means the offshore area, starting at the high water line, on which shall be built the quay and

the jetty, the details of which are set out in Exhibit 5 hereto.

- “Port Installations”** means the improvements to the Channel and the construction of a quay and jetty starting at the high water line in the Port Area, identified in the development plan for the Port Area, set out in Exhibit 5 hereto, excluding the Industrial Installations and Equipment.
- “Port Royalty”** is defined in Article 12.6.2 (i) hereinafter.
- “Project Activities”** has the meaning set forth in Article 26 of this Agreement.
- “Project Installations”** means all the constructions built in the Concession Area in connection with the Project.
- “Study Area”** is defined in Article 3 of this Agreement.
- “Subsidiary”** means the company the shares of which are fully and directly owned by Global at the date hereof, as described in Exhibit 1 hereto.
- “Tax”** means any tax, value added tax, duty, stamp duty, charge, customs levy, fee or royalty (as well as social charges) and, more generally, any fiscal or quasi-fiscal levy for the benefit of **the State**, any Authority, any local government and public or publicly held body, or public or private body commissioned with the management of a public service or with a public service assignment.
- “World Bank Guidelines”** means the environmental safeguards and policies set out by the World Bank.

## CHAPTER I: GENERAL PROVISIONS

### ARTICLE 1 : PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to:

- define the general economic, legal, administrative, financial, fiscal, customs, land, mining, maritime, environmental and social conditions in which the Parties undertake to carry out the Project.

To this end, its purpose is:

- for **the Investor** to design, develop and operate a Refinery in the Concession Area;
- for **the State** to grant the facilities and guarantees that **the State** accepts to give vis-à-vis **the Investor** to allow the implementation of the Project (including (i) the granting of a mining concession, for the supply of the Refinery with bauxite, covering the entirety of the Study Area defined in Article 3 hereinafter; and (ii) the construction of Port Installations and Industrial Installations and Equipment defined in Article 12 hereinafter) and the improvement of the Channel and the railway line as set out in the Infrastructure Agreement;
- for the Parties to define the consequences of any failure to comply with their respective undertakings in terms of this Agreement.

It is specified that this Agreement includes a number of derogations from the Current Legislation and legislative and regulatory texts in force at any moment whatsoever throughout the duration of this Agreement which derogations shall have the force of law and shall prevail in the event of discrepancy with any other text.

### ARTICLE 2 : DESCRIPTION OF THE PROJECT

The Project aims:

- at the exploration and exploitation of the bauxite resources within the Mining Concession granted to **the Investor** in the Study Area for the purposes of its transformation into alumina;

- at the construction of a Refinery of a capacity of approximately 2.8 million metric tons per year;
- at the construction of the Port Installations and the Industrial Installations and Equipment at Kamsar;
- at the improvement of the Channel;
- at the improvement of the principal railway line as defined in the Infrastructure Agreement;
- at the design, construction, development, management, ownership and maintenance of other Infrastructure, particularly road and rail, required for the implementation of the Project (including, without limitation, port, Channel, warehousing, transport, energy production, use of water resources etc.) for the purposes of the Project.
- at the construction of social infrastructure of a residential and sanitary nature relating thereto.

It is understood that, prior to the implementation of the Project, the Parties agree to proceed with the following successive phases:

- (a) identification by **the Investor** of the Lenders likely to agree the financing, including the debt and equity, as well as the provision of risk guarantees, insurance and other security arrangements for the Project;
- (b) carrying out the Implementation Studies in co-operation with **the State** : it being understood that when **the State** becomes involved in such Implementation Studies, it shall ensure that its services and other Authorities concerned act with the necessary diligence in order not to delay the progress of the Project Activities;
- (c) negotiations by **the Investor** with various Direct Sub-Contractors or third parties of agreements relating to the evaluation, design and construction of the Refinery as well as any equipment, installation, component and Infrastructure linked to the Project;
- (d) **the State** shall undertake, with diligence, all actions required and shall give the necessary instructions to the Authorities which are concerned, in any manner whatsoever, by the Concession Area, the Project Activities (including

in particular the transport, port and customs Authorities) and the other rights guaranteed to **the Investor** in terms of this Agreement in order that such rights shall be fully respected;

- (e) **the State** shall ensure and guarantee to **the Investor** that the Authorities cooperate fully with **the Investor** in order to effect the filings or registrations which may be necessary to protect the rights guaranteed to **the Investor** in terms of this Agreement;
- (f) **the State** shall take the necessary measures such that any confirmations which may be required by the Lenders, according to which **the State** fully supports the Project, shall be given;
- (g) in relation to the implementation by **the Investor** of the rights granted to it over the Existing Infrastructure and the Channel under the terms of this Agreement, **the State** shall ensure that the practical, logistical and royalty terms and conditions relative to the use by **the Investor** of the Existing Infrastructure and the Channel shall be worked out in good faith by CBG and ANAIM in order to ensure that the needs and demands of the Project are dealt with in an efficient manner and are reflected in the Infrastructure Agreement;
- (h) any development liable to have a negative effect on this Agreement, the Port Installations, the Industrial Installations and Equipment, the Infrastructure Agreement, the use of the Channel or the Project shall be notified immediately to **the Investor**.

**The Investor** shall continue to carry out the works relating to the Port Installations and those relating to the Channel, in accordance with the terms of this Agreement.

The successive phases described in this Article 2 shall take place in accordance with a schedule ( which automatically shall become Exhibit 8) which may be changed to reflect the development of the Project and the actual implementation of its various elements.

**CHAPTER II :**  
**EXPLOITATION, PRODUCTION AND COMMERCIALISATION**

**ARTICLE 3 :            MINING CONCESSION**

The Mining Concession granted by **the State** to **the Investor**, for the supply of the Refinery with bauxite, covers the area where **the Investor** has carried out its studies for the implementation of the Project and which shall be the subject of a decree in accordance with the Current Legislation.

**ARTICLE 4 :            OPERATING COMPANY**

**4.1. :** Guinea Alumina Corporation ("GAC Guinea") is a Guinean Company created on August 16, 2000 for the purposes of the Project Activities (the "Company").

**4.2. :** The legal regime and the distribution of the capital of the said Company shall be specified in its bylaws in accordance with the Uniform Act relating to Corporations and GIEs dated 17 April 1997, adopted under the OHADA Treaty. **The State** shall have the right to designate a representative, who will be a natural person of its choice, to sit on the executive committee of the Company.

**4.3. :** From the date on which the financing is definitively and irrevocably obtained for the Project, the Company shall become the beneficiary of the rights and obligations resulting from this Agreement in place of GLOBAL and, from that date, the Company and GAC, in their capacity as Investor, shall act jointly and severally for the purposes of this Agreement.

**ARTICLE 5 :            RIGHT OF EXPLOITATION**

**5.1. :** **The Investor** will carry out all industrial exploitation, transformation and marketing activities within the limits and conditions set out in this Agreement.

**5.2. :** The Parties agree that **the Investor** shall have, during the term of this Agreement, the right to produce and market alumina according to its requirements.



## ARTICLE 6 : COMMERCIAL PRODUCTION

The start-up of the commercial production of alumina shall be effective only when the threshold of production of the Refinery shall have reached one hundred and fifty thousand (150,000) metric tons each month over a continuous period of four (4) months.

## ARTICLE 7 : EXPANSION OF PRODUCTION

The State recognises the right of the Investor to build one or more Expansions if it considers this appropriate and in accordance with its development plan; provided that:

- (i) within the context and for the purposes of any Expansion, the Investor will benefit from all the advantages and provisions of this Agreement for the same duration as this Agreement; and
- (ii) the State agrees, without prejudice to the provisions of paragraph (i) above, to, by mutual agreement with the Investor and in good faith, and to the extent necessary make any changes, in particular with regard to the extension of the Concession Area, as are required to be made to this Agreement to permit the implementation of the Expansion under the most favourable economic conditions, taking into account the world market at that time.

## ARTICLE 8 : RIGHT OF ACCESS OF THE STATE

8.1. : The State shall have the right of access and visit during working hours and provided it has notified the Investor in writing of its intention to exercise this right and provided it does not impede the smooth running of the commercial and industrial operations of the Company and the Project Activities.

8.2. : The State and its representatives shall not communicate to third parties the information gathered during such visits without the prior written consent of the Investor, except for information which is in the public domain.

## ARTICLE 9 : ACCESS TO COMMERCIAL PRODUCTION

9.1. : The State shall have the right to submit to the Investor a request seeking to sign with the Investor a Long Term Purchase Agreement. The Investor shall examine this request and the Parties shall have a period of one (1) month in which to attempt to

conclude such an agreement (i) on conditions (in particular financial terms) which are at least as advantageous as those which **the Investor** may obtain from a third party, for the same quantity and for supply agreements of even duration; and (ii) taking into account the financing imperatives of the Project. If such conditions may not be obtained in the course of negotiation with **the State**, **the Investor** shall be under no obligation to sell part of its production of alumina to **the State**.

**9.2.** : The Parties agree in addition that in the event that a smelter is built by **the State** on the Sangaredi site during the term of this Agreement, **the Investor** shall be amenable to work out the extent to which it may enter into a Long Term Purchase Agreement on the best conditions available on the international market at that date and provided that the alumina produced by **the Investor** is available.

#### **ARTICLE 10 : COMMERCIALISATION**

**The Investor** shall have the right to export from Guinea without any restriction, its production of alumina throughout the entire duration of this Agreement.

#### **ARTICLE 11 : INFRASTRUCTURE**

**11.1.** : **The State** hereby guarantees to **the Investor** a right of access and use of the Existing Infrastructure (including the Channel) throughout the term of this Agreement.

The practical and logistic terms relating to the use of the Existing Infrastructure (including the Channel) – which are all necessary to the implementation of the Project - shall be specified in the Infrastructure Agreement. The Infrastructure Agreement shall also be an integral part of this Agreement.

From the date of signature of this Agreement, **the State** guarantees to **the Investor** that it shall have the right to access and use of the Channel in such a manner as to be able to carry out and build the Port Installations, the Industrial Installations and Equipment, the Port Activities and the Project Activities. For this purpose, **the State** shall take the necessary measures with ANAIM, the Kamsar port Authorities, CBG and any third party concerned in order that **the Investor** fully enjoys this right of access and use in the most efficient manner and without any adverse effect on the Project Activities and Port Activities or on the obtaining of the financing necessary for the implementation of the Project and the Port Activities by **the Investor**.

**11.2. :** The Infrastructure put in place by **the Investor**, which is not included in the Infrastructure Agreement, shall be the property of **the Investor** in accordance with the provisions of this Agreement.

**11.3. :** (i) During the validity of this Agreement, if the implementation of the Project requires that additional infrastructure other than that provided in this Article be put into place, then **the State** shall grant to **the Investor** all rights, guarantees and land required and shall enter into any necessary agreements to that effect with any third parties. **The Investor** shall, in compliance with the Current Legislation build at its own cost such infrastructure and shall become the owner of the equipment relating to this Infrastructure or to the Existing Infrastructure.

(ii) In relation to any additional Infrastructure for connecting to the principal railway line under CBG concession, the provisions of Article 11.3 (i) above shall apply, it being always specified that the ownership of the said Infrastructure upon the expiry of this Agreement shall revert to **the State**, provided that no residual value shall have to be paid if the Agreement comes to an end at the end of the Contractual Period set out in Article 34.2.1 hereafter.

**11.4. : The State guarantees to the Investor:**

- (i) that the rights and obligations of CBG, ANAIM, **the State** and **the Investor**, relating to the use, functioning, maintenance and development of the Existing Infrastructure and the Channel shall be exclusively those set out in this Agreement and in the Infrastructure Agreement. **The State** shall take the necessary measures to ensure that the financial and logistical terms and conditions and other undertakings relating to the use by **the Investor** of the Existing Infrastructure shall be worked out in good faith by CBG and ANAIM in order to ensure that the needs and demands of the Project are dealt with in an efficient manner and are reflected in the Infrastructure Agreement.

In any event, **the State** guarantees that from the date of signature of this Agreement and pending signature of the Infrastructure Agreement, **the Investor** shall have a right of access to and use of the Existing Infrastructure in such a manner as to be able to carry out and use the Port Installations, the Industrial Installations and Equipment, the Port Activities and the Project Activities. For this purpose, **the State** shall take the necessary measures with ANAIM, the Kamsar port Authorities, CBG and any third party concerned in order that **the Investor** may fully enjoy this right of access and use in the most efficient manner and without having an adverse effect on the implementation of the Project Activities and Port Activities;

- (ii) the performance by CBG and ANAIM of their obligations under the terms of the Infrastructure Agreement;
- (iii) other than as expressly stipulated in the agreement entered into on 13 July 1996 between ANAIM and CBG relative to the use by CBG of certain Existing Infrastructure, and as clearly defined in the Infrastructure Agreement, **the State** has not granted any right of access whatsoever relative to the Existing Infrastructure to any third party whatsoever.

If a third party makes a request to **the State** to have a right of access to the Existing Infrastructure, **the State** shall submit this request in writing, without delay, to **the Investor**, to CBG and to ANAIM and shall only have the right to grant such a right of access with their prior written and unanimous consent.

## ARTICLE 12 : PORT INSTALLATIONS AND INDUSTRIAL INSTALLATIONS AND EQUIPMENT

12.1. : **The State** hereby grants to **the Investor** the right to design, develop and exploit for the purposes of the Project:

- (i) **On the Port Area**: the Port Installations and the expansion of the Channel as it exists and the turning basin at the new quay with provisions for an expanded beacon system.
- (ii) **On the Industrial Zone**: the Industrial Installations and Equipment which shall include in particular:
  - a deep water port for alumina in proximity to the existing port, with the capacity to harbour ships of over 50,000 metric tons;
  - storage facilities with the following capacities:
 

. alumina	up to 400,000 T;
. caustic soda	up to 150,000 T;
. fuel oil	up to 120,000 T;
. diesel	up to 60,000 T;
. coke	up to 100,000 T;
. coal	up to 120,000 T;
. limestone	up to 80,000 T;
. other products	up to 60,000 T.

- a parking area for 2,500 containers and vehicles.

**12.2. : The State** hereby grants **the Investor**, without restriction, an exclusive concession over the Industrial Zone and the Port Area, conferring upon **the Investor** the exclusive right to develop, design, construct, finance, own, operate and maintain the Port Installations and the Industrial Installations and Equipment on the Industrial Zone and on the Port Area and to carry out the Port Activities (as defined in the present Article 12.2), including, without limitation, the exclusive right to use, without restriction, the lands, waterways and seaways for the purposes of the Port Installations and Industrial Installations and Equipment, the right to: (i) use, clear, transform and improve the Port Area and the Industrial Zone and any vegetation, trees, facilities, structures, improvements or obstructions located on or under the Port Area and the Industrial Zone or the Channel; (ii) secure the Port Area and the Industrial Zone by installing fencing or other suitable materials on the Port Area and the Industrial Zone; (iii) restrict the access of persons to the Port Area and the Industrial Zone; (iv) utilize the goods and resources (whether movable or immovable) that are located on, may be built upon or that are part of the Port Area and the Industrial Zone; (v) dredge material from the seabed so as to form a safe berth for vessels using the Port Installations and Industrial Installations and Equipment and to deposit the dredged material on land or in any other place clear of any navigable channel; (vi) dredge sand or suitable fill material from the seabed and to deposit on land on the Port Area and the Industrial Zone so as to raise the surface of the land and to consolidate it so as to be more suitable for the construction works relating to the Port Installations, the Channel and the Industrial Installations and Equipment; (vii) freely transport and/or import (by rail, road, air or sea) all materials, goods, equipment, services or people, and store, load and unload the same in places and in premises related to the Port Area and the Industrial Zone and (viii) carry out all activities necessary for the development, design, construction, financing, ownership, operation and maintenance of the Port Installations and the Industrial Installations and Equipment or of the Channel;

(hereinafter collectively referred to as the "Port Activities").

**12.3. : The State** represents and warrants that it has not granted, and will not grant during the term of this Agreement, to any third party whatsoever a right of access or use, of any nature whatsoever, with respect to the Port Area or Industrial Zone, or rights that may adversely affect the rights granted by **the State** hereunder (including the right of access and use of the Channel for the purposes of the Project).

**12.4. : The State** hereby acknowledges that the rights granted to **the Investor** in this Article 12 include the right for **the Investor** to fully control and operate and to use without any restriction or exception the various elements which comprise the Port Area and the Industrial Zone.

**12.5. : Ownership of Industrial Installations and Equipment:**

**The State** acknowledges and accepts that, throughout the term of this Agreement, **the Investor** shall have all the rights of ownership and in particular the exclusive rights for developing, transforming, constructing, using, exploiting and improving the Industrial Installations and Equipment howsoever for the purposes of the Project without any restriction whatsoever.

**12.6. : Specific provisions relating to the Port Installations:**

**12.6.1. : The State** shall have, for the entire term of this Agreement, the full and whole ownership of the Port Installations which will be (i) financed and constructed by **the Investor**; and (ii) granted by **the State** to **the Investor** automatically and on an exclusive basis for the entire term of this Agreement in accordance with the provisions of Article 12.2 above. The Parties shall specify the terms and conditions set out in Article 12.6 in a port agreement to be agreed upon, which will automatically become Exhibit 7 hereto (the "Port Agreement").

**12.6.2. : The State** acknowledges that significant financing will be required and sought by **the Investor** from Lenders for the purposes of the Port Activities on the basis of the guarantees given by **the State** to **the Investor** under this Agreement, in order for **the Investor** to build the Port Installations.

As a result, the Parties agree that no usage royalty shall be due to **the State** by **the Investor** in consideration for the rights granted to **the Investor** by **the State** over the Port Installations as set out in Article 12.2 above, for a term of twenty five (25) years from the start of alumina exportation by **the Investor**, all without prejudice to the guarantees given to **the Investor** in Chapter V hereof.

- (i) At the end of the abovementioned period of twenty five (25) years, **the Investor** shall pay to **the State**, for a new term of twenty five (25) years, an annual royalty equal to two per cent (2%) of the construction costs of the Port Installations (the "Port Royalty") in consideration for the Port Installations being made available and for the exclusive right of use thereof.
- (ii) At the end of the period of twenty five (25) years set out in Article 12.6.2 (i) above, the amount of the port royalty, shall be increased to five per cent (5%) per year of the costs of construction of the Port Installations for the remainder of the term of the Agreement (the "Additional Port Royalty").

**12.6.3.** : The Parties agree that upon the amount of the port royalty for the two periods of twenty five years set out in Article 12.6.3(i) and (ii) above, **the Investor** shall withhold ten per cent (10%) which shall be kept in an escrow account to be opened at an investment grade bank; this sum being intended to guarantee the costs of maintenance and upkeep of the Port Installations throughout the entire term of this Agreement.

These sums may only be used for the purposes of maintenance and upkeep of the Port Installations by **the Investor**; their effective use shall be made by consultation by **the Investor** with ANAIM.

#### **ARTICLE 13 : PARTICIPATION OF THE STATE**

**13.1.** : **The State** shall have the right to make an offer to GLOBAL to acquire, directly or indirectly, in the six (6) months following the Effective Date of this Agreement, a shareholding in GLOBAL on market terms, it being specified that this will not affect the raising of financing by **the Investor** for the purposes of the Project. This shareholding shall not affect in any way the management and administration of **the Investor** or of any other management entity put in place for the purposes of the Project.

**13.2.** : This shareholding shall not in any way grant **the State** a power of direct or indirect control over GLOBAL or **the Investor** and shall be fully paid in US Dollars and shall not imply any restriction or impact on the rights and guarantees granted by **the State** to **the Investor** in this Agreement.

#### **ARTICLE 14 : FREIGHT AND MARITIME TRANSPORT**

To the extent that **the Investor** will have responsibility for transport, **the Investor** undertakes to have up to fifty per cent (50%) of the exported alumina taken by vessels designated by **the State** sailing under the Guinean or assimilated flag, provided that the vessels possess a valid maintenance certificate issued by LLOYDS, and that the conditions of their tenders are equally or more competitive than those which **the Investor** would obtain on the freight market for identical terms including as to technical loading and unloading obligations for the deemed period of the freight and in respect of the shipping conditions involved and taking account of all other parameters which would be taken into account to analyse the competitiveness of an offer.




## ARTICLE 15 : PURCHASE, SUPPLIES AND SERVICES

**15.1. :** The **Investor** and its Direct Sub-Contractors will whenever possible use services and raw materials from Guinean sources and products manufactured in Guinea insofar as these services and products are available on equally competitive terms as to price, quality, warranties and delivery time as on the international market.

**15.2. :** The use by the **Investor** of a Guinean Company in accordance with the terms of the preceding paragraph shall not imply any future obligation, in the event that the said company is not able to satisfy the **Investor** or in the event that the conditions which it proposes are not competitive or if it has not been able to respect all of the conditions stipulated in Article 15.1 above.

### CHAPTER III: UNDERTAKINGS OF THE INVESTOR

## ARTICLE 16 : FINANCING OF THE PROJECT

**16.1. :** The **Investor** undertakes to identify and use its best efforts to negotiate the agreements relating to the obtaining of the financing necessary for the implementation of the Project by the **Investor** and to use its best efforts to have these signed within a period of eighteen (18) months from the Effective Date, provided that:

- all of the necessary Authorisations have been irrevocably provided to the **Investor**;
- all of the rights have been made available to the **Investor**, in accordance with the terms hereof so that the Project can be implemented; and
- the necessary land has been transferred to the **Investor**, in accordance with the provisions of this Agreement.

The **Investor** envisages that the financing shall be obtained according to a plan which shall be communicated by the **Investor** to the **State**.

The **Investor** undertakes to inform the **State** of any delay and difficulty in the negotiation of the financing and shall indicate to the **State** the reasons for such delay and to what extent these obstacles may be overcome. If these obstacles cannot be overcome, the



Parties shall meet in order to agree on the future of the Project and so that each Party may draw the consequences of this situation.

**16.2.** : Without prejudice to the demands of the Lenders which shall be reflected in the agreements relating to the financing of the Project, the financing of the Project as envisaged at the date hereof, will be of the order of 30% by equity financing and 70% by external financing.

**16.3.** : **The State** agrees to participate actively in this process and to respond favourably to any request which may be made of it in this regard by **the Investor** or the Lenders.

## **ARTICLE 17 : EMPLOYMENT OF STAFF**

### **17.1. : Guinean Personnel**

**17.1.1.** : During the term of this Agreement, **the Investor** and its Direct Sub-Contractors shall:

- employ as a matter of priority Guinean nationals and/or residents to meet their needs for unskilled labour, in remuneration terms generally conforming to common practices in Guinea;
- put in place a training and promotion program for the Guinean personnel to allow them to acquire the experience necessary to fill management positions (*cadre* and *cadre supérieur*); and
- provide sanitary coverage and living quarters for personnel which comply with the Current Legislation and common practices in Guinea.

**17.1.2.** : **The Investor** and its Direct Sub-Contractors shall have the right to terminate the employment of any employees hired under Article 17.1.1 above, subject to complying with the relevant provisions of the laws of the Republic of Guinea.

### **17.2. : Expatriate Personnel**

**17.2.1.** : **The Investor**, its Affiliated Companies and Direct Sub-Contractors may freely employ for the purposes of their activities with respect to the Project Installations personnel who in the opinion of **the Investor** are necessary to the efficient conduct of the Project Activities and to their success. The Authorisations required for such expatriate personnel will be issued by the competent services on the following terms:

**17.2.2.** : A work permit will be issued in individual name to each member of the expatriate personnel on the request of **the Investor**. The permit will be issued within a maximum of fifteen (15) Business Days from the date of deposit of the complete file with the competent services and in any case within the necessary time frame for conducting the Project Activities, except in exceptional cases where, for objective and manifest reasons of public security, it is not appropriate to issue such a permit.

The work permit will be issued for a renewable period of three (3) years if the contract of employment is of unspecified duration, and for the duration of the contract if its duration is fixed. Renewal of the work permit will be effected following the same procedures as those set out in the preceding paragraph.

**17.2.3.** : The expatriate employees and their families (spouses and dependants) must also hold a residence visa in order to be able to reside in Guinea. The visa will be issued in individual name on the request of the person concerned or of **the Investor** or Direct Sub-Contractor, as the case may be. The visa will be issued within fifteen (15) Business Days from the date of deposit of the complete file with the competent services, except in exceptional cases where, for objective and manifest reasons of public security, it is not appropriate to issue such a permit. Renewal of the visa will be effected following the same procedures as those set out in the foregoing paragraphs of this Article.

An entry and multiple and long-duration exit visa will be given to expatriate employees on the request of **the Investor** or Direct Sub-Contractor, as the case may be.

**17.2.4.** : **The State** undertakes that, during the term of this Agreement, it will not pass or enact any measures vis-à-vis **the Investor**, its Affiliated Companies or Direct Sub-Contractors which lead to a restriction of the terms under which the Current Legislation allows :

- the entry, residence and exit of any members of personnel of **the Investor**, its Affiliated Companies or Direct Sub-Contractors, their families, and their personal effects; and
- the employment and dismissal by **the Investor** or by its Affiliated Companies or Direct Sub-Contractors of expatriate personnel of their choice, irrespective of the nationality of such expatriate personnel.

## **ARTICLE 18 : INSURANCE**

**18.1.** : **The Investor** shall assume the direct consequences of the civil liability which it could incur by reason of any loss or damage of whatever nature, caused to a third party or to its staff in the course of conducting the activities of the Project and caused by its




staff or the equipment or goods of which it is owner or which are placed under its responsibility.

To this end, **the Investor** shall purchase the necessary insurance policies against such risks with insurance companies of its choice, offering guarantees of coverage and indemnification which **the Investor** shall judge to be the most adequate.

**18.2.** : Where there is no difference in terms of guarantees, premiums, prices and of settlement of claims in any other currencies where such claims bear the right to an indemnification in other currencies, **the Investor** shall opt for the purchase of insurance from Guinean insurance companies, provided that such insurance policies may be re-insured with investment grade international companies operating in the re-insurance sector.

## **ARTICLE 19 : INDEMNIFICATION**

**19.1.** : Any Party who causes damage to another Party in the context of this Agreement and/or the Infrastructure Agreement shall indemnify the non-breaching Party in respect of the damage caused by the breaching Party (even if the damage suffered results from a breach of the provisions of this Agreement and does not give rise to termination of this Agreement and/or the Infrastructure Agreement).

**19.2.** : The indemnification by the Party in breach must cover all of the damage suffered (the "Indemnification"). The term "Damage" covers all direct and indirect damage, tangible and intangible, including in particular the replacement value of the Assets lost by **the Investor** (if **the State** is the Party in breach) all of the costs, actual or future operating losses and profits until the expiry of this Agreement, expenses, interest, legal expenses, expert fees and other disbursements incurred by the Party suffering the damage.

**19.3.** : The amount of Indemnification shall be settled within sixty (60) days from the date of occurrence of the first damage resulting from the breach of this Agreement. The Indemnification shall be calculated during this period.

This amount shall include interest running from the date of the Damage until the actual date of payment of the indemnity. This interest shall be calculated ten per cent (10%) per annum compounded monthly.

**19.4.** : The Indemnification shall be paid only in US Dollars.

**19.5.** : It is specified that if it becomes impossible for **the Investor** to carry out the Project and/or the Port Installations and/or the Industrial Installations and Equipment and/or operate the Refinery and/or access and use the Channel, for reasons attributable to **the State**, this will be deemed to be a breach by **the State** of this Agreement and/or the Infrastructure Agreement and as an expropriation by **the State** of the Assets, giving an entitlement to Indemnification provided the terms of Article 34.3.1 hereinafter are complied with, in accordance with the terms hereof.

In the event that no agreement is reached between the Parties within sixty (60) Business Days from the date of receipt by **the State** of the notice by **the Investor** invoking the impossibility on the part of the Investor to implement the Project and/or the Port Installations and/or the Industrial Installations and Equipment and/or to operate the Refinery and/or to access and use the Channel, for reasons attributable to the State, the Indemnification shall be determined by an international expert appointed by the mutual agreement of the Parties, or, in the event of disagreement, by the general secretariat of ICSID upon the request of the most diligent Party (the "Expert"). The Expert appointed shall determine the consideration owed by **the State** upon the hypothesis that the Agreement shall continue on the same terms until the expiration of (i) the Contractual Period set out in Article 34.2.1 above; or (ii) for a further period of fifty (50) years (whichever is the longer).

**ARTICLE 20 : PROTECTION OF THE ENVIRONMENT AND CULTURAL HERITAGE**

**20.1.** : **The Investor** agrees to:

- (i) conduct all Project Activities regarding the environment in compliance with the Authorisations and Current Legislation and applicable World Bank Guidelines and will give **the State** a right of access to the Concession Area in accordance with the provisions of Article 8 above;
- (ii) perform, or have performed, investigations into the impact of the Project on the natural and human environment and the environment generally. The report on these investigations will include recommendations as to measures necessary to ease the negative impacts of the Project on the affected environments as well as a program of repair of the lands making up the exploited territories or compensatory measures and a plan of environmental surveillance. **The Investor** shall be responsible for implementing this program of repair and compensatory measures;

- (iii) develop the red-mud stock basins in accordance with the World Bank Guidelines applicable in this regard; and
- (iv) if it becomes aware of elements of national cultural heritage, moveable or immovable, in the course of its exploration activities, then **the Investor** will not move such objects and will promptly inform the administrative authorities.

**20.2. : The State guarantees to the Investor that:**

- (i) it is unaware of any fact likely to undermine the implementation of the Project or the Project Activities or the effective completion of the Project;
- (ii) if **the Investor** is not in a position to carry out the resettlement of populations affected by the Project in compliance with all applicable World Bank Guidelines, then **the State** shall carry out such resettlement in compliance with all applicable World Bank Guidelines upon the request of **the Investor**.

**CHAPTER IV:  
GUARANTEES GIVEN BY THE STATE**

**ARTICLE 21 : CO-OPERATION OF ADMINISTRATIVE AUTHORITIES**

**21.1. : The State**, particularly through ANAIM, undertakes to facilitate all steps and procedures by all appropriate measures in accordance with the Current Legislation and undertakes to provide all reasonable assistance necessary for the implementation of the Project, and in particular:

- all of the works of construction, development, exploitation, or enhancement of bauxite resources for the production of alumina that **the Investor** may carry out in the context of the present Agreement, and also;
- for (i) the development, design, construction, financing, ownership, exploitation and maintenance of the Port Installations, the Industrial Installations and Equipment and the access to the Channel by virtue of this Agreement; (ii) the performance of its obligations as set out hereunder, including, without any limitation, by transferring to **the Investor** free of charge (without prejudice to Article 26.5) and in accordance with the

legislation applicable, all land, in addition to the Port Area and the Industrial Zone, reasonably required by **the Investor** for the design, development, financing, construction, ownership, operation, maintenance and upkeep of the Port Installations, the Industrial Installations and Equipment and the use of the Channel and the principal railway line; and (iii) the import and export, as the case may be, from the Port Installations and Industrial Installations and Equipment, the use of the Channel and the principal railway line, without any restriction whatsoever, of all products, raw materials, goods or equipment required for the Project Activities including all or part of the production of the Refinery.

**21.2. : The State** will, without delay, designate to **the Investor** the competent services in each area concerned in order to facilitate all of the administrative steps set out in Article 21.1 above and shall ensure that the said services provide **the Investor** with all necessary assistance and issue any permits set out in the Current Legislation.

**21.3. : The Investor** shall have the right to make, with the co-operation of the Authorities, any filings and registrations which may be necessary in order to better protect the rights granted to **the Investor** by **the State** hereunder.

## **ARTICLE 22 :           LEGISLATION STABILIZATION**

**22.1. : The State** guarantees to **the Investor** the maintenance of the economic and financial benefits and the fiscal and customs conditions, set out in this Agreement for the whole of the duration of the Project.

**22.2. : The Investor** may at any time elect to be governed by more favourable legal and regulatory provisions, notably fiscal and customs provisions, which result from developments of the law at any time which would be applied in the future to any investor in Guinea, provided that if the said developments subsequently are modified in an unfavourable direction, the principle of the stabilisation of the fiscal and customs regime will apply to the provisions from which **the Investor** has decided to benefit and such provisions will therefore remain in force to its benefit.

## **ARTICLE 23 :           GUARANTEES OF PROTECTION OF THE ASSETS AND NON-EXPROPRIATION**

**23.1. : The Investor** has the exclusive right and full liberty to own, operate, maintain, use, enjoy and dispose of all or any of the Assets, in full ownership and to organise its business in its best interests.

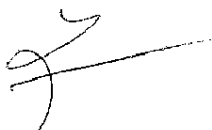
**23.2. : The State** will not expropriate or nationalize all or part of the Assets, whether by direct action, or through implementation of regulations, legislation, rulings or court decisions or through the execution of agreements with any third party whatsoever, the effect of which, either individually, or in the aggregate, is the expropriation or nationalization of all or part of the Assets, or the interference with the full and exclusive enjoyment by **the Investor** of the benefits contemplated with regard to the Project, the Project Activities or the Port Activities.

#### **ARTICLE 24 : FINANCIAL AND ECONOMIC GUARANTEES**

**24.1. :** Subject to the provisions of this Agreement, **the State**, during the period of validity of the Agreement, undertakes not to instigate or enact, with regard to **the Investor**, any measure implying a restriction of the conditions in which the provisions of this Agreement permit:

- the employment of expatriate personnel and their free movement in Guinean territory;
- the free choice of manufacturers and Direct Sub-Contractors;
- the free movement in Guinean territory of equipment and goods, as well as all substances and products arising from research, exploitation and transformation activities;
- the free importation of foodstuffs, spares, materials, consumables and other goods necessary for the Project and the Project Activities;
- the importation of satellite antenna equipment in compliance with the regulations in force.

**24.2. :** **The State** undertakes to supply all permits and Authorisations necessary for the exercise of the rights guaranteed by this Agreement within the time periods set out hereunder.



## ARTICLE 25 : GUARANTEES RELATING TO BANK TRANSACTIONS

The State guarantees to the Investor that:

**25.1. :** The Investor, the Company, the Affiliated Companies and Direct Sub-Contractors are authorised to open and maintain currency accounts in foreign countries with foreign commercial banks of international reputation. The Investor, the Company, the Affiliated Companies and Direct Sub-Contractors will not be required to repatriate to Guinea amounts held in these currency accounts except amounts necessary for the expenses of whatever nature incurred by the Investor, the Company, the Affiliated Companies and Direct Sub-Contractors in Guinean Francs in Guinea in the context of the Project, it being specified that all the financial operations and movements corresponding to the activities of the Investor must be reflected in the national accounting of Guinea.

The Investor, the Company, the Affiliated Companies and Direct Sub-Contractors will be authorised to hold accounts in Euros or in US Dollars or other currencies (including, without limitation, Yen).

**25.2. :** The Investor, the Company, the Affiliated Companies and Direct Sub-Contractors are guaranteed by the State the free transfer abroad without restriction or cost (except for normal bank charges) of funds, dividends and returns on invested capital as well as the proceeds of the liquidation or realisation of their resources or the Assets.

**25.3. :** Foreign personnel who are resident in Guinea and employed by the Investor or any Guinean law company involved in the Project are guaranteed by the State the free conversion and transfer abroad, without restriction or cost (except for normal bank charges), of all or part of their wages or other element of remuneration due to them.

**25.4. :** The Investor undertakes to respect the money exchange regulations in force on the date of this Agreement provided these regulations are compatible with the rights granted to the Investor in terms of this Agreement.

## ARTICLE 26 : ADMINISTRATIVE, LAND AND MINING GUARANTEES

**26.1. :** On the basis of the results of the environmental impact study (section relocation of population), the State, with the financing of the Investor, shall proceed to the relocation of the population whose presence on the land shall be an impediment to the research, construction, operation and/or transformation works.



**The Investor** shall pay a fair and equitable indemnification to the inhabitants in question as provided by the Current Legislation.

**The State** guarantees to **the Investor** the free and legal use of the means required to carry out all the activities relating to this Agreement and the Project.

**26.2. : The State** guarantees to **the Investor** that all the Authorizations required under Current Legislation as well as those prescribed by the Land Code, the Environmental Code, the Labour and Social Security Codes, the Mining Code and the Code for Economic Activities and their exhibits, shall be promptly obtained and upon acceptable conditions for **the Investor** for the purposes of the implementation of the Project.

**26.3. :** By this Agreement, **the State** grants to **the Investor** an exclusive and unrestricted concession over the Concession Area conferring upon **the Investor** the exclusive right to implement the Project and to carry out the Project Activities in the Concession Area and in particular, the right, without limitation, to:

- carry out all activities involved in the exploration for and exploitation of the bauxite resources throughout the Mining Concession, including the transformation of such bauxite resources, the commercialisation of the product derived therefrom, the storage, transport and loading and unloading of raw materials, semi-processed and finished products by any means and the installation of facilities for the preparation, concentration and treatment of such bauxite resources;
- design, develop, construct, own, operate and maintain, with full property rights conceded by this Agreement, the Refinery, and, as the case may be, any Expansion;
- access and use the Infrastructure and any other infrastructure, including the Channel, roads, railroads, communication infrastructures, pipelines, transmission lines and related facilities and port and airport installations (whether located within or outside the Concession Area) in existence or to be built as deemed necessary by **the Investor** for the implementation of the Project;
- design, develop, construct, own, operate and maintain, with full property rights conceded by this Agreement, the sites and/or infrastructure necessary for the autonomous production of energy, including electrical power stations and transmission lines and related facilities;
- sell excess electrical capacity to any operator approved by **the State**;

- design, develop, construct, own, operate and maintain, with full property rights, transportation systems to transport products across the Concession Area, including roads, railways, canals, pipelines, landing strips for private aircraft and helicopters, cabling and conveyors;
- dredge material from the seabed so as to form a navigable channel for vessels and to deposit the dredged material on land or in another suitable place clear of the Channel according to the terms hereof and without prejudice to the guarantees and undertakings of **the State** in terms of this Agreement;
- access to land outside the Concession Area and abutting the Infrastructure for the purpose of obtaining access to leased equipment and/or materials and water;
- use, clear, transform and grade the ground in the Concession Area and any vegetation, trees, waterways, facilities, structures, improvements or obstructions located on or under the Concession Area, including the use and the development, construction and exploitation of dams, water reservoirs, aquifers and water resources;
- acquire and utilize all raw materials and utilize the goods and resources (whether movable or immovable) that are located on, may be built upon or that are part of the Concession Area, including wood and water resources, fill for the site of the Refinery and dams, ballast for railroads and mined sand;
- carry out all activities related to the use of water, energy, raw materials, expulsion of gas, discharge and storage of liquid and solid waste (including wastewater, red mud and ash) and the formation and storage of red mud;
- secure the Concession Area by installing fencing or other suitable materials on the Concession Area;
- restrict the access of persons to the Concession Area and related housing and social installations to the extent that such installations are outside of the Concession Area;
- freely transport and/or import (by rail, sea, road, air or otherwise) all materials, goods, equipment, services or people, and store, load and unload the same in places and in premises related to the Project; and
- carry out the Port Activities and all activities necessary for the development, design, construction, financing, ownership, operation and maintenance of the

Project Installations, together with the Port Installations, the Industrial Installations and Equipment and the Channel.

(hereafter referred to as the "Project Activities").

**26.4. : The State guarantees to the Investor:**

- (i) that the rights guaranteed to **the Investor** in terms of this Agreement have been conceded, guaranteed and acknowledged in accordance with the Current Legislation, that **the State** shall ensure the carrying out of all acts necessary for (a) the unrestricted implementation of this Agreement; and (b) the free enjoyment of the rights guaranteed hereunder, and by the Infrastructure Agreement and that all Authorisations required to this effect have been delivered to **the Investor** and that all formalities and procedures required by the Current Legislation have been effected;
- (ii) the maintenance of the validity and effect of the Authorisations granted or to be granted by the port Authorities and/or any person, entity or Authority necessary to the development, the access to and exploitation of the ground, the water courses, the Channel the sea and infrastructure of whatever nature (including the Infrastructure) necessary for the implementation of the Project. The Authorisations shall be granted in accordance with the relevant Guinean legislation and must include, without limitation; approval of the environmental impact assessment, waste-water discharge permits, water rights permits, dredge and fill permits, quarry permits, tree-cutting permits, air quality permits, local electrical, mechanical and building permits and zoning or other local approvals. As soon as possible from the date of the request by **the Investor**, **the State** undertakes to grant the above environmental Authorisations. The Authorisations shall be deemed to be granted in the absence of an express response by **the State** within a period of one (1) month from the date of the request by **the Investor**.

**26.5. : The State** declares and guarantees that the land and the subsoil included within the Concession Area and the Mining Concession and the rights relating thereto, conceded and agreed to in terms of this Agreement, have been conceded and guaranteed in accordance with the Current Legislation and that the Concession Area and the said rights shall remain valid and in force in an exclusive manner, throughout the duration of this Agreement, without any restriction whatsoever which could be liable to affect the perfect use by **the Investor** of its rights to implement the Project and the carrying out of the Project Activities and the Port Activities.

**The State** declares and guarantees that any land necessary for the Project and the Project Activities shall be reserved by the Authorities for **the Investor** in such a manner

that the necessary Infrastructure may be constructed and used at the desired time and may be used (along with the land) by **the Investor** in an exclusive manner or if not in an exclusive manner, with priority, on condition that the sharing does not affect in a negative way the efficient pursuit of the Project and for a term expiring on the same date as this Agreement.

To the extent that the land necessary for the Project Activities is private land, **the State** shall negotiate, in accordance with the applicable legislation, the purchase of such land at a fair market price and if the negotiations are fruitless, **the State** shall use its prerogatives of public power to acquire such land; **the State** shall thereafter transfer this land to **the Investor**, within a period of time allowing the progression, within the established time periods, of the Project Activities, in conditions allowing **the Investor** to benefit and enjoy without restriction all rights attached to the status of full ownership. Any expropriation procedure affecting a third party shall be put in place by **the State** without delay, in accordance with the valuation provisions of the Habitation Code in force on the date of this Agreement.

**26.6.** : **The State** hereby represents and warrants to **the Investor** that it has taken all required action and instructions with the Authorities involved in any manner with the Port Area and the Port Activities, including the transportation, the port and customs Authorities so that the rights granted to **the Investor** hereunder are fully and constantly respected, throughout the term of this Agreement, particularly as regards the land, Channel, the principal railway line and the waterways and seaways relating to the Industrial Installations and Equipment and the Port Installations.

## CHAPTER V: FISCAL AND CUSTOMS REGIME

### ARTICLE 27 : GENERAL PROVISIONS

**27.1.** : Given the specific features of the Project which require investments on an exceptional scale, and in particular in large-scale infrastructure, which will enhance the national economy, the Articles of this Chapter V together with the Accounting and Tax Exhibit define the preferential Fiscal and Customs Regime from which the Project and the Project Activities benefit. This regime will apply from the date of execution of this Agreement until the expiry of the term of this Agreement as provided in Article 34.2.1.

**27.2.** : With the exception of the Taxes expressly mentioned in this Agreement and which will be applicable according to the terms set out in this Agreement and its Exhibits,

the **Investor** and its Direct Sub-Contractors will not be subject to any Tax in Guinea throughout the term of this Agreement.

**ARTICLE 28 : FISCAL REGIME APPLICABLE TO THE PHASES OF THE CONSTRUCTION WORKS**

From the date of signature hereof to the Date of Commercial Production Start-up, the **Investor** and its Direct Sub-Contractors will be exempt from any Tax (including VAT) for all works undertaken during this period, whatever their date of effective payment, except for those set out exhaustively hereafter:

**28.1.1:** In relation to the Company, the employer's social security contributions;

**28.1.2. :** Withholding tax:

- workers who are Guinean nationals are subject to a withholding tax on the salaries paid by the Company to **the State** in accordance with Current Legislation;
- a withholding in full settlement of all taxes is made on the basis of salaries paid by the Company to its expatriate personnel who reside more than 183 days in Guinea in any twelve (12) month period at a rate of 10% of the salaries paid in and outside Guinea.

The above withholdings are for the account of the employees and are paid by the Company to **the State**.

**28.2. :** Local Development Tax

**28.2.1:** From the Date of Commercial Production Start-Up and until the end of the tax exemption period of fifteen (15) years set out in Article 29 paragraph 1 hereafter, the Company shall be subject to a local development tax of five hundred thousand (500,000) USD per year.

**28.2.2:** From the first fiscal year following the end of the tax exemption period of fifteen (15) years set out in Article 29 paragraph 1 hereafter, the Company shall be subject to a local development tax of one million (1,000,000) USD per year.

**28.2.3:** The conditions of use of this local development tax shall be defined by mutual agreement between the Parties hereto, and the beneficiary local authorities.

This tax is deductible for the calculation of taxable profit.

**28.3. : Mining royalty on alumina**

From the first fiscal year following the Date of Commercial Production Start-Up, the Company shall be subject to a mining royalty on the bauxite transformed into alumina at the moment of its exit from inventory, equal to five per cent (5%) calculated on the FOB value of the CBG bauxite on the date hereof, it being specified that this royalty shall not, in any case be less than USD\$1 per metric ton nor greater than USD\$1.50 per metric ton. **The State** shall ensure that CBG communicates to the Investor, within a reasonable period, the composition of the FOB value of CBG bauxite, as well as documentary proof in the event this value is changed.

This royalty is deductible for the calculation of corporate income tax.

The payment conditions of this mining royalty shall be defined by mutual agreement between the Parties.

**ARTICLE 29 : FISCAL REGIME APPLICABLE TO THE OPERATIONAL PHASE**

Taking into account the Implementation Studies, the Company, its suppliers and Direct Sub-Contractors, shall be exempt from any Tax for a period of fifteen (15) years from the the Date of Commercial Production Start-up, with the exception of the Taxes set out in Articles 28.1 to 28.3 above.

At the expiry of this period of fifteen (15) years, the Company, its suppliers and its Direct Sub-Contractors will be required to pay only the Taxes restrictively stated in this Article 29 and in terms hereof, the Taxes directly paid by **the Investor** and listed hereafter being considered to be deductible charges for the calculation of taxable profits, and the exemptions and adjustments herein provided being equally applicable as follows:

**29.1. : Corporate income tax**

The Company will pay corporate income tax at a rate of 35%.

**29.1.1. : Amortisation regime**

All goods corporeal or incorporeal registered to the Company, together with those goods put at its disposal in the context of any occupation of public property (including, by mutual agreement, the Port Installations, taking into account the specific provisions agreed between the Parties in terms of Article 12.6.1 hereof), give it the right to tax amortisations in accordance with the terms of the Accounting and Tax Exhibit and the

Guinean General Tax Code. The amount of the tax amortisations will be calculated according to the amortisation regime provided in the Accounting and Tax Exhibit and in Current Legislation.

**29.1.2. : Deferment of deficits**

Losses can be deferred over the five fiscal years following the last fiscal year of deficit from the date of expiry of the tax exemption set out in Article 29. The various deemed amortisations in the period of deficit, including the amortisations during the period of exemption, and in particular amortisations of the expenses of the original setting-up, can be accumulated and deferred over the fifteen (15) successive subsequent fiscal years up to the taxable income.

**29.1.3. : Calculation of taxable income**

Unless otherwise provided in this Agreement and in particular in the Accounting and Tax Exhibit, taxable income is determined in accordance with the Current Legislation.

**29.1.4. : Deductions from taxable income**

Among other items, the items set out in the Accounting and Tax Exhibit are deductible from taxable income, as well as the total amount of interest and other payments and expenses due from the Company by way of syndicated loans and advances including interest generated by the current accounts of shareholders.

**29.1.5. : Reserve for the restoration of deposits:**

- the Company, if it so wishes, may make a reserve of a maximum of ten per cent (10%) of taxable profit at the end of each fiscal year, which is deductible from the taxable profits;
- in relation to profitable fiscal years, such reserve can be employed in the five (5) years following its having been made, failing which it will be recovered in the financial results of the fiscal year. However, if, at the end of the fifth fiscal year, the financial results of the Company are in deficit, this reserve may be deferred again in order to be available for use in relation to a profitable fiscal year;

**29.1.6. : Investment credit**

The Company will benefit from an investment credit representing five per cent (5%) of all investment made in the course of the fiscal year. This allowance is deemed to be a deductible charge for the calculation of the taxable profit.

**29.1.7. :** In the event that the Company possesses an interest in one or more companies which have invested in new infrastructure not existing at the date of execution of this Agreement and which are necessary to the Project and directly or indirectly financed in whole or in part by the latter, the Company will be able, pro rata to its shareholding in this or these companies, to set their positive or negative results before tax against its own positive or negative results and vice versa.

**29.2. : Withholding tax on income of foreign Direct Sub-Contractors and service-providers not based in Guinea.**

A withholding tax in full settlement of any other tax on income is made upon the income of foreign Direct Sub-Contractors for any activity in Guinea taking place over more than a period of one hundred and eighty three (183) Business Days in any calendar year.

The rate of this withholding tax is fixed as follows:

- 10% as regards service-providers;
- 10% after deduction of all expenses committed in the context of the contract as regards all other Direct Sub-Contractors.

These withholding taxes are for the account of the service providers and Direct Sub-Contractors and will be paid to **the State** by the Company.

**29.3. :** The Company will be subject to a tax on income from securities at a rate of fifteen per cent (15%) of the distributed profits and percentages. All income subject to this Tax of fifteen per cent (15%) shall be excluded from the taxable profit which is subject to corporate income tax as set out in Article 29.1 hereof.

**29.4. :** Withholding tax on rental income at a rate of fifteen per cent (15%) of the rental income paid to natural persons who are owners of rented buildings. This withholding tax is on account of the lessor and is repaid by the Company for the account of the lessors.

**29.5. :** The Company shall be subject to the tourist vehicle tax according to the rates in force, with the exception of site vehicles and machines.



**29.6. :** A withholding tax at a rate of six per cent (6%) on the salaries paid within and outwith Guinea will be paid by the Company to the **State**.

**29.7. :** Value added tax :

The Company shall be exempt from value added tax on all importations necessary for the Project, with the exception of material and items exclusively intended for the personal use of employees of the Company.

The Company shall, once a year, compile a list of the material to be imported and shall ensure this material shall be exclusively used for the purposes of the Project. This list, after having been sent to the Centre for Mining Promotion and Development, shall be published by ministerial decision jointly made by the Minister of Finance and the Minister for Mines, within a maximum period of fifteen (15) days from the date on which the list is sent.

The Company shall also be exempt from value added tax on all purchases as well as all services necessary for the Project whatever the nationality and/or residence of the supplier or service-provider: this shall also apply to any foreign or Guinean Direct Sub-Contractors involved in the Project in Guinea, such exemption applying only to the purchases and services necessary for the implementation of the Project. The exemption certificates, approved by the Guinean tax or customs administration, shall be sent by the Company to the various service-providers, suppliers and Direct Sub-Contractors.

**ARTICLE 30 :            CUSTOMS REGIME APPLICABLE TO THE PHASE OF  
CONSTRUCTION WORK AND WORK ON ANY EXPANSION**

**30.1. :** Customs relief

From the date of execution of this Agreement, **the Investor** and its service providers, suppliers and Direct Sub-Contractors will benefit, in relation to their activities connected with the Project, from an exemption from customs duties, taxes and royalties on importation and re-exportation of equipment, materials, heavy machinery, vehicles and machines with the exception of tourist vehicles or vehicles carrying foodstuffs. In the event of resale of goods and equipment having benefited from the exemption, the relevant Taxes will become payable. The component parts, lubricants and fuel (except petrol) necessary to such capital equipment are also exempt. In the event of the termination of the Project for whatever reason all goods, equipment and machines used in the Project may be exported from Guinea free of any Tax of any kind.

However, the goods mentioned above will be subject to payment to customs Authorities of a registration tax at a rate of 2% of the CIF value of the imported goods, the amount so imposed being capped at 20,000,000 Guinean francs per year.

Any Expansion work will benefit from these same advantages.

### **30.2 : Temporary importation**

The equipment, materials, machines, apparatus, utility and transportation vehicles, other heavy vehicles, and electrical generators imported by **the Investor**, its service-providers, suppliers and Direct Sub-Contractors and intended for construction works and work on any Expansion are placed within the temporary importation regime free of charge for the duration of the said works.

At the expiry of the works, the articles imported temporarily in this way can be re-exported free of any Tax.

The Company shall compile a list of equipment, materials, heavy machinery, machines and vehicles used for mining and industrial purposes (except tourist vehicles) together with the fuel (with the exception of petrol), lubricants, other petroleum products, coals and raw materials and consumables (not including foodstuffs) to be imported and shall ensure that these products are used exclusively for the Project. This list, after having been sent to the Centre for Mining Promotion and Development, shall be published by ministerial decision jointly made by the Minister of Finance and the Minister for Mines, within a maximum period of fifteen (15) Business Days. The list may be completed as and when necessary depending on the advancement of the Project; supplementary decisions shall be taken according to the same procedures.

The persons covered by this Article 30.2 are required to supply to the Centre for Mining Promotion and Development and to the customs Authorities in the first quarter of each year an inventory of the material so imported temporarily.

In the event of resale in Guinea of goods imported in this way by temporary importation by the importer, these goods will become liable to charge for taxes and duty to be paid in accordance with the provisions of the Mining Code.

### **ARTICLE 31 : CUSTOMS REGIME APPLICABLE TO THE OPERATIONAL AND TRANSFORMATION PHASE**

From the Date of Commercial Production Start-up, the Company and the Direct Sub-Contractors will be required to pay the customs duties and levies in force at the date of

execution of this Agreement in relation to their activities connected to the Project, subject to the following:

**31.1. :** The equipment, materials, heavy machinery, machines and vehicles used for mining and industrial purposes (except tourist vehicles) together with the fuel (with the exception of petrol), lubricants, other petroleum products, coals and raw materials and consumables (not including foodstuffs) directly participating in the operations of extraction and transformation of the bauxite are exempt from any customs levies.

The Company shall, once a year, compile a list of equipment, materials, heavy machinery, machines and vehicles used for mining and industrial purposes (except tourist vehicles) together with the fuel (with the exception of petrol), lubricants, other petroleum products, coals and raw materials and consumables (not including foodstuffs) to be imported and shall ensure that these products are used exclusively for the Project. This list, after having been sent to the Centre for Mining Promotion and Development, shall be published by ministerial decision jointly made by the Minister of Finance and the Minister for Mines, within a maximum period of fifteen (15) days.

No customs levy is payable on equipment, materials, heavy machinery and machines directly participating in the operations of exploitation of the railway and port Infrastructure and transportation necessary to the Project.

The reliefs against registration tax of 0.5% will apply in the same terms as apply to the phase of construction works and any Expansion work as provided in Article 30.1 above.

**31.2. : Importation conditions of the petroleum products necessary for the implementation of the Project**

**31.2.1. :** The petroleum products (with the exception of petrol) necessary for the implementation of the Project may be imported by the Company and must comply with the specifications in force, it being understood that the Company is exempt from taxes, duties and royalties (VAT included) on the imported petroleum products. The Company shall, once a year, compile a list of petroleum products to be imported and shall ensure that such products are used exclusively for the purposes of the Project; this list, after having been sent to the Centre for Mining Promotion and Development, shall be published by ministerial decision jointly made by the Minister of Finance and the Minister for Mines, within a maximum period of fifteen (15) Business Days.

**31.2.2. :** The authorisation to import shall be given for a definite duration by the Minister for Trade after consultation with the Minister for Mines and with the Finance Minister. This authorisation is renewable as many times as is necessary for the purposes of the Project but may not be assigned or transferred.

**31.2.3.** : The entry of the petroleum products into Guinean territory must be made exclusively by sea and on the condition that the Company has installed the appropriate logistical infrastructure, approved by the administration and complying with the requirements for the specific petroleum products to be stocked.

During the period preceding the building of the logistic installations for the stocking of petroleum products, the Company will have the opportunity to purchase the petroleum products on the local market and in this regard shall be exempt from VAT and the customs duties in respect of the petroleum products so bought.

**31.2.4.** : The petroleum products imported by the Company shall be intended for its exclusive consumption. They may not be transferred by the Company to third parties.

**31.2.5.** : Subject to the provisions of Article 18.2 hereof, the Company must in addition take out insurance with an insurance company approved in Guinea in respect of the liability for any damage caused by the imported products on Guinean territory.

**31.2.6.** : Fuel, lubricants and other petroleum products not being used directly in the operations of transportation, extraction and enhancement of the ore shall be acquired according to the price structure applicable to the mining sector.

**31.3.**     **Importation conditions of the industrial explosives necessary for the implementation of the Project**

**31.3.1.** : The Company shall have the right to import the industrial explosives for the purposes of implementing the Project, it being agreed that the Company is exempted from Taxes (including VAT);

**31.3.2.** : The Company must inform the competent authorities of **the State** of its needs in advance, of the forecast importation plan and of the characteristics of the explosives. Alternatively, the Company may use companies approved for this kind of activity;

**31.3.3.** : The explosives imported by the Company shall be intended for its exclusive consumption. They may not be transferred by the Company to third parties.

**31.3.4.** : The Company shall for these purposes respect the normal rules of security, as well as the rules and standards of security in force in the Republic of Guinea in relation to transportation, warehousing and use of the explosives.

## ARTICLE 32 : STABILISATION OF THE FISCAL AND CUSTOMS REGIME

**The Investor** and its Direct Sub-Contractors shall not be subject, in relation to the Project Activities, to any Tax (including, for the avoidance of doubt, export duties and taxes, VAT and capital gains tax), which is not expressly provided for in this Agreement.

By virtue of this Agreement, **the Investor** and its Direct Sub-Contractors shall benefit, in relation to the Project Activities, from the stabilisation of the Fiscal and Customs Régime in force on the date of execution of this Agreement (including the provisions of this Agreement) throughout the term of this Agreement.

**The Investor** may at any time elect to be governed by more favourable fiscal and customs provisions which result from developments of the law at any time and/or which would be applied in the future to any investor in Guinea, provided that if the said developments subsequently are modified in an unfavourable direction, the principle of the stabilisation of the Fiscal and Customs Regime as provided hereabove will apply to the provisions from which **the Investor** has decided to benefit and such provisions will therefore remain in force to its benefit.

## ARTICLE 33 : MISCELLANEOUS PROVISIONS

### 33.1. : Accounting Principles

Taking into account the specific characteristics of the Project, **the Investor** is authorised to carry out its accounting in Guinea in US Dollars, but respecting the accounting and fiscal principles set out in the Accounting and Tax Exhibit and provisions which are not in conflict with the Guinean Accounting Plan.

These accounts must be sincere, true and detailed and be accompanied by the documentary proof required to verify them. These accounts may be reviewed by the representatives of **the State** specifically authorised to that effect.

#### 33.1.1. : Annual Financial Reports

The financial statements required by Guinean legislation (balance sheet, profit & loss accounts, intermediate management accounts, finance schedules) shall be converted into and presented in Guinean francs in accordance with the conditions set out in this Agreement and particularly developed in the Accounting and Tax Exhibit.

**33.1.2.** : Any information brought to the attention of **the State** by **the Investor** in accordance with the terms of this Article 33.1 shall be considered as confidential and **the State** undertakes not to disclose the nature of such to any third parties without having obtained the prior written consent of **the Investor**, which shall not be refused without valid reason.

### **33.2. : Calculation Of Taxes**

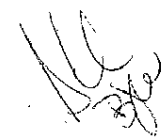
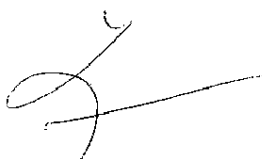
The calculation of any taxes, duties and levies is made on the basis of the accounting data and carried out in US Dollars which shall be converted into Guinean francs (GNF) on the following terms:

- in relation to taxes computed on a reference period of twelve (12) months (such as corporate income tax), the rate of exchange applicable shall be the average rate of the Central Bank of the Republic of Guinea applicable to that fiscal year.
- in relation to any other tax, duty and levy, the rate of exchange applicable shall be that of the Central Bank of the Republic of Guinea in force on the date on which the tax becomes payable.

The rates of exchange defined above shall also apply to the calculation of any later claims, interest and penalties, as well as for any reimbursements of overpaid taxes.

### **33.3. : Sale, Mergers, De-Mergers, Partial Business Transfers**

No tax, duty or levy is applicable to sales, mergers, de-mergers, partial business transfers or similar operations for the purposes of the implementation of the Project between **the Investor** and the Company or the Affiliated Companies which have the effect of transferring between them all or part of the Assets of the Project or of reorganising the legal structures of those involved in the implementation of the Project, provided that the assignee or the beneficiary of these operations undertakes to respect the implementation of the Project and respect the provisions of this Agreement throughout the duration of this Agreement.



**CHAPTER VI:  
MISCELLANEOUS AND FINAL PROVISIONS**

**ARTICLE 34 :        VALIDITY OF THE AGREEMENT**

**34.1. :        Coming into effect**

This Agreement:

- after having been duly approved by the relevant bodies of the Parties and signed by the Parties,
- shall come into effect upon promulgation of the Decree of the President of the Republic publishing the law adopted by the Guinean National Assembly adopting this Agreement, after receiving the legal opinion of the Supreme Court, even if on that date the publication in the Official Journal of the Republic of Guinea has not yet occurred. The State undertakes to ensure that the abovementioned promulgation shall take place within the ninety (90) days following the date of signature of this Agreement.

**34.2. :        Duration of the Agreement and of the Mining Concession**

**34.2.1. :        Duration of the Agreement:**

Without prejudice to the provisions of Article 34.2.2 hereinafter, the duration of this Agreement as regards the construction, management and operation of the Refinery is fixed at ninety-nine (99) years (the "Contractual Period").

Upon the expiry of this Contractual Period, the Parties shall meet to re-negotiate with a view to renewing this Agreement on the following conditions: the tax and customs regime that the Parties may agree to in the context of this re-negotiation (i) may not be less favourable than the common law tax regime in force in Guinea at that time; (ii) must be, in any event, at least as favourable to **the Investor** as the most favourable of the tax and customs regimes applicable at that date to other investors in Guinea; and (iii) must not have an adverse impact on the future profitability of the Project.

If the Agreement comes to an end without being renewed in accordance with the preceding paragraph, **the State** undertakes to pay to **the Investor** a compensation payment in an amount equal to the residual value of the Assets, taking into account their potential use over a period of twenty five (25) years on the terms and conditions (particularly the tax and customs regime) applicable before the date of expiry of the

Agreement (the "Compensation Payment"). The Compensation Payment shall be determined by an expert appointed by mutual agreement of the Parties at the latest thirty (30) Business Days following the date of expiry of the Agreement or, if no agreement is reached, by the secretariat of ICSID, upon the request of the most diligent Party.

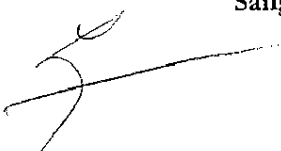
**34.2.2. : Duration of the Mining Concession:**

- (i) The duration of the Mining Concession shall be twenty five (25) years.
- (ii) At the end of the period of twenty five (25) years set out in Article 34.2.2(i) above, the mining concession shall be automatically renewed for a period of twenty five (25) years.
- (iii) If in the six (6) months preceding the expiry of the second period of twenty five (25) years set out in Article 34.2.2 (ii) above, **the Investor** delivers to **the State** its plan of upkeep and maintenance purporting to ensure the maintenance of the Refinery and the Project Installations in good operating condition over the next ten (10) years (the "Maintenance Plan"), the mining concession shall be automatically renewed for a period of ten (10) years.
- (iv) If in the six (6) months preceding the expiry of the period of ten (10) years set out in Article 34.2.2 (iii) above, **the Investor** confirms to **the State** that the Maintenance Plan has been implemented and submits a new Maintenance Plan for the next ten (10) years, then the Mining Concession shall be automatically renewed for successive periods of ten (10) years each, according to the procedure described in the present Article 34.2.2 (iv).

**34.3. : End of the Agreement/Termination**

**34.3.1:** The end of this Agreement may take place in accordance with the conditions set forth herein, subject to and without prejudice to the provisions of Articles 19, 34.2.2, 37 and 38, in the event of expiration of its duration, in the event of force majeure and in the event of serious breach of one of the material obligations or of the guarantees of this Agreement, all of which without prejudice to any Damages.

Subject to and without prejudice to the provisions of Articles 19, 34.2.2, 37 and 38, each of the Parties shall have the right to terminate the present Agreement in the event of serious breach of one of the material obligations or of the guarantees of this Agreement by another Party, all without prejudice to any Damages payable. In the event of such a breach, a written notice must be sent by the Party affected by the breach to the breaching Party, containing a request to remedy the said breach within a period of sixty (60) Business Days. In the event that, at the end of this period of sixty (60) Business






Days, the breach persists, the notifying Party shall have the right to terminate the present Agreement by written notice sent to the breaching Party, the termination having immediate effect, and without requiring to go before a court, upon the date of receipt by the breaching Party of this termination notice.

**34.3.2.** : Subject to and without prejudice to the provisions of Articles 19, 34.2.2, 37 and 38, in the event of this Agreement coming to an end:

- **The Investor** shall have the right to recover all materials, equipment, installations or other assets which it shall have bought in Guinea and/or imported and/or installed on Guinean soil, including any infrastructure or other immovable assets, and shall have the right to export these freely to any destination of its choice free of any taxes, charges, registration duties, customs duties or any other right, or to sell these in Guinea, in which case the taxes or other duties applicable shall require to be paid.
- In addition, **the Investor** may deliver to **the State** any geological research without delay carried out by it and shall equally return any research or prospecting document, feasibility studies and other data which shall have been delivered to it by **the State**. All such documents and information contained therein shall remain confidential, which shall not prevent **the Investor** from communicating these to its advisers, and shall only be able to be used by **the Investor** for the purposes of the reactivation of the Project in accordance with what is stipulated in this Agreement.

## **ARTICLE 35 :           TRANSFER – SUBSTITUTION – NEW PARTY**

### **35.1. :     Transfer between Affiliated Companies:**

**The Investor** shall have the right to assign, transfer, pledge or transfer in any other manner its rights and obligations pursuant to this Agreement to any Affiliated Company and to any entity for the benefit of any Lender.

### **35.2. :     Change of control - Transfer of Assets**

**35.2.1.** : In the event of a change of control of **the Investor** or the Subsidiary or a transfer of all the Assets of the Company to a third party who is not an Affiliated Company, **the Investor** shall inform **the State**, prior to the implementation of such a transaction, and shall communicate the identity of the transferee to it as well as the confirmation that the transferee has the financial and technical means necessary to perform this Agreement, in accordance with its terms and shall produce an undertaking by the new controlling party confirming this. This notification shall be deemed to be

accepted by **the State** in the absence of an express reply on its behalf within sixty (60) Business Days from the receipt of the notification sent to it by **the Investor**.

**35.2.2.** : In the event that **the State** raises an objection in this regard in the sixty day period set out above, the amicable conciliation procedure set out in Article 36.1 below shall apply. If at the end of the conciliation set out in Article 36.1 below, **the State** maintains its refusal or its objections, the refusal of **the State** shall amount to an expropriation and a compensation payment shall be paid to **the Investor** by **the State**. The amount of this compensation payment shall be determined by an international expert appointed by mutual agreement of the Parties or, if no agreement is reached, by the secretariat of ICSID, upon the request of the most diligent Party (the "Expert"). The Expert appointed shall determine the compensation payable upon the hypothesis that the Agreement shall continue on the same terms until the expiration of (i) the Contractual Period set out in Article 34.2.1 above; or (ii) for a further period of fifty (50) years (whichever is the longer).

**35.2.3.** : If a change of control of **the Investor** or the Subsidiary or the transfer of all the Assets of the Company to a third party non-Affiliated Company takes place without **the State** being informed in accordance with the provisions of Article 35.2.1 above, **the State** shall have the right to terminate this Agreement in application of the provisions of Article 34.3 above.

## **ARTICLE 36 : SETTLEMENT OF DIFFERENCES**

### **36.1. : Prior conciliation**

The Parties shall undertake to resolve all disputes relating to the validity, the scope, the meaning, the interpretation, the performance and the implementation of this Agreement in an amicable manner. The conciliation procedure shall be commenced, prior to any arbitration proceedings, by the most diligent Party which shall serve a conciliation request upon the other Party by recorded delivery with acknowledgement of receipt. This request shall contain the reasons for commencing litigation, a memorandum setting out the basis for the request and the claims of the Party making the request, together with the pieces of evidence and the name of the proposed conciliator, the other Party having eight (8) Business Days to notify whether it accepts the proposed conciliator or not or provide the name of the conciliator which it proposes; a failure to respond within this time period shall be the equivalent of an agreement of the second Party upon the choice of conciliator proposed by the first. Within a maximum period of 3 months from the date of its appointment, the conciliator shall endeavor to settle the disputes submitted to it and to have the Parties reach an amicable solution. This three-month period shall be reduced to sixty Business Days for the purposes of Article 35.2.2 above. In the absence of such a

solution within the aforementioned time period, the dispute shall be submitted to the provisions of the following paragraph.

In the case where the Parties, despite their efforts, are unable to resolve their differences amicably in a period of sixty (60) Business Days, disputes between the Parties shall be settled by arbitration in accordance with Article 36.2. Notwithstanding any actions undertaken to resolve a dispute hereunder, the Parties shall continue to comply with their obligations still outstanding under this Agreement.

**36.2. : Arbitration**

The Parties hereby consent to submit to the International Centre for Settlement of Investment Disputes ("ICSID") any dispute arising out of, or relating to, this Agreement, which is not settled in accordance with Article 36.1, for arbitration in accordance with the ICSID Arbitration Rules. The Parties agree to make all applications and submissions to ICSID and to take all other actions and provide any other information necessary to institute such arbitration proceedings. Unless otherwise agreed by the Parties, the arbitration proceedings hereunder shall take place in Paris, France and the number of arbitrators shall be three (3). Each Party shall have the right to appoint one (1) arbitrator, and the third arbitrator shall be selected by the two (2) other arbitrators so appointed. Each Party hereby agrees (a) to be bound by the enforcement and execution of, any final decision or award of an arbitral tribunal constituted pursuant to this Article 36.2; (b) that neither Party shall be liable for punitive damages as part of any award of such an arbitral tribunal; and (c) to share equally the fees for such arbitration.

**36.3. : Waiver of sovereign immunity**

The State hereby specifically waives any right of sovereign immunity as to it and its property in respect of the enforcement and execution of any final decision or award of an arbitral tribunal constituted pursuant to Article 36.2. No claim or counterclaim may be made under the pretext that **the Investor** has received or might receive under an insurance contract from any third party (be it public or private) an indemnification or other compensation in respect of part or all of the damages and interest suffered by it.

**36.4. : Applicable Law**

This Agreement shall be submitted to and interpreted in accordance with French law, without regard to the principles of conflicts of law or laws governing creditors' rights.

### 36.5. : Payment

A minute of conciliation agreed between the Parties, or a decision of an arbitral tribunal pronounced in accordance with the provisions of this Agreement, shall bind the Parties and must be performed immediately, without the Parties being entitled to any right of recourse. Any competent court endorse the arbitral decision in order to allow the performance of this decision, the sums due requiring to be paid by either Party in US Dollars to the account of the beneficiary and at the bank and place of its choice. The sums in question shall be exempt from taxes and any other deduction or charges related to the fiscal or quasi-fiscal authorities.

### 36.6. : Interest

The amounts set out in the minute of conciliation or the decision of an arbitral tribunal in the context of this Agreement, shall include interest calculated from the date of the event giving rise to the conflict situation and until the date of payment in full.

## ARTICLE 37 :        MODIFICATION

37.1. : Any provision which is not set out in the text of this Agreement may be proposed by one or other of the Parties and examined in detail. Each Party shall endeavour to reach a mutually acceptable solution, in order to put the new provisions in an amendment agreement signed by the Parties and which shall be approved by **the State** on the same conditions as this Agreement and the Exhibits hereto. Any change proposal which would not be accepted by both Parties, in a written amendment, shall have no effect on the terms of this Agreement or on the rights and obligations set forth herein.

37.2. : In the event of an unexpected and irreversible change in the essential economic factors on which the viability and feasibility of the Project is based which would render impossible for **the Investor** the continuation of the Project at a satisfactory level of profitability and to the extent that the circumstances surrounding this change are not attributable to **the Investor**, **the State** agrees to put in place, by way of amendment to this Agreement, additional adjustments in order to redress the impact of these changes and to reinstate the conditions in which **the Investor** expected to implement the Project.

37.3. : In the event that an unexpected and irreversible change in the essential economic factors occurs at the end of a period of fifty (50) years from the Effective Date of this Agreement, **the State** shall have the right to require **the Investor** to open negotiations on the Fiscal and Customs Regime set out in this Agreement. Any new tax regime in the context of this re-negotiation (i) shall not be less favourable than the common law tax regime in force in Guinea at that time; (ii) must be, in any event, at least

as favourable to **the Investor** as the most favourable of the tax regimes applicable at that date to other investors in Guinea; and (iii) must not have a significantly unfavourable and lasting impact on the future profitability of the Project.

In the event that no agreement is reached between the Parties within sixty (60) Business Days from the date of receipt by **the Investor** of the notice by **the State** invoking an unexpected and irreversible change in the essential economic factors, then **the State** shall purchase the Assets from **the Investor** at a value determined by an international expert appointed by the mutual agreement of the Parties, or, in the event of disagreement, by the general secretariat of ICSID upon the request of the most diligent Party (the "Expert"). The Expert appointed shall determine the consideration owed by **the Investor** upon the hypothesis that the Agreement shall continue on the same terms until the expiration of (i) the Contractual Period set out in Article 34.2.1 above; or (ii) for a further period of fifty (50) years (whichever is the longer).

#### **ARTICLE 38 : FORCE MAJEURE**

**38.1.** : For the purposes of the present agreement, "Force Majeure" shall mean any event which is beyond the control of either Party and which renders impossible the performance by that Party of its obligations or which renders it so difficult that it may be held to be impossible in such circumstances; the events of Force Majeure including, among others: wars, military insurrection, riots, civil unrest, earthquakes, fire, explosion, storms, flooding and other climatic upheaval, strikes, lock-outs or other action of protest (with the exception of acts of the government or cases where such strikes, lock-outs or other action of protest are within the control of the Party invoking the Force Majeure).

For the purposes of the present agreement, Force Majeure shall not include :

- (i) events resulting from negligence or a deliberate act of one of the Parties or one of its subcontractors, agents or employees;
- (ii) neither an insufficiency of funds, nor a default in payment shall be construed as Force Majeure.

**38.2.** : The Party who invokes an event of Force Majeure shall immediately after the occurrence of an event of Force Majeure, and within a maximum period of 7 Business Days from the date of its occurrence, send to the other Party a notice by recorded delivery with acknowledgement of receipt, establishing the elements constituting the Force Majeure and the probable consequences on the application of the Agreement.

**38.3.** : If, following an event of Force Majeure, the suspension of the obligations of the Parties exceeds a period of three (3) months, the Parties shall meet as soon as possible to examine the effects of such events on the performance of the Agreement and, in particular, on the financial obligations of any nature of **the Investor** or of its Affiliated Companies. The Parties shall seek a solution allowing the initial project to be adapted to the new situation in such a manner as to allow **the Investor** to continue with the Project. In the event the Parties do not reach an agreement as to how to remedy the event of Force Majeure within an additional period of one (1) month, **the State** undertakes to pay to **the Investor** a compensation payment in an amount equal to the value of the Assets, taking into account their potential use during the period remaining until the end of (i) the Contractual Period set out in Article 34.2.1 above; or (ii) for a further period of fifty (50) years (whichever is the longer), on the terms and conditions (particularly the tax and customs regime) applicable before the date of occurrence of an event of Force Majeure (the "Force Majeure Compensation").

The Force Majeure Compensation shall be determined by an expert according to the criteria set out in the preceding paragraph appointed by mutual agreement of the Parties at the latest thirty (30) days following the date of expiry of the Agreement or, if no agreement is reached, by the secretariat of ICSID, upon the request of the most diligent Party.

#### **ARTICLE 39 : LANGUAGE AND MEASUREMENT SYSTEM**

This Agreement is drafted in French and in English. All reports or other documents written or to be written in the application of this Agreement shall be written in French; while the documents and items may be presented in English, it is specified that in the event of any comprehension difficulties, **the Investor** undertakes to have any important document or annex translated without delay.

In the event of contradiction between the French text and the English text, the French text shall prevail.

The applicable measurement system shall be the metric system.

#### **ARTICLE 40 : CONFIDENTIALITY**

**40.1.** : This Agreement, its Exhibits, and any documentation relative to the results of the different studies circulating between the Parties, shall be strictly confidential.

**40.2.** : Without prejudice to the generality of the foregoing, the Parties agree that (a) each Party shall have the right to disclose this data and information to the Lenders, any Direct Sub-Contractor, investors in the Project and shareholders of GLOBAL; and (b) the provisions of this Article 40 shall not prevent the disclosure by **the State** of limited information concerning the general development of the status of the Project Installations to its local media, provided that there is prior consultation with **the Investor**.

**ARTICLE 41 : NO WAIVER**

Except in the event of an express written waiver, the fact that one Party shall not have exercised, in full or in part, the rights granted to it under this Agreement shall not in any way constitute an abandonment of the rights which it has not exercised.

**ARTICLE 42 : NOTICES**

**42.1. : Form of Notice**

Any notice made in the context of this Agreement shall require to be in writing and delivered to the recipient by recorded letter with acknowledgement of receipt or by special courier or by attested telex, whether or not preceded by a fax to the following addresses:

**42.1.1.** : All notices to the Republic of Guinea may be validly made to the Minister for Mines and Geology at the address below:

**Minister for Mines and Geology**  
ANAIM – CBG Building  
BP 295 Conakry,  
Republic of Guinea  
Tel: 224 45 45 46 Fax: 224 41 19 13

**42.1.2.** : All notices to **the Investor** must be made to **the Investor** at the address below:

**Global Alumina,**  
**For the attention of Mr. Bruce J. Wrobel (CEO)**  
World Headquarters  
c/o Stewart McKelvey Stirling Scales  
44 Chipman Hill, 10th Floor  
P.O. Box 7289

Saint John, New Brunswick E2L 4S6  
Canada  
Tel : +1 (506) 632-1970 Fax : +1 (506) 652-1989

**42.2. : Change of address**

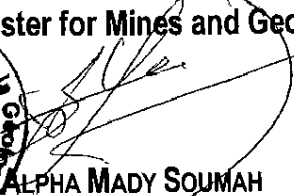

Any change of address must be notified in writing as soon as possible by the relevant Party to the other Party or Parties.

**ARTICLE 43: EXHIBITS**


Exhibits 1 to 8 of this Agreement are an integral part of this Agreement. In the event of contradiction with the provisions of an Exhibit, the provisions of this Agreement shall prevail.

Made at Conakry on  
(in four (4) originals in French and in English)

FOR AND ON BEHALF OF THE  
REPUBLIC OF GUINEA  
15 OCT. 2004

By the Minister for Mines and Geology  
  
ALPHA MADY SOUMAH  


FOR AND ON BEHALF GLOBAL  
(GPC.U)

By the President and Chief Executive  
Officer (CEO)  
  
MR. BRUCE J. WROBEL

FOR AND ON BEHALF OF GAC

MR. Bernard Cousineau







**LIST OF EXHIBITS**

- Exhibit 1 : Division of share capital of **the Investor**
- Exhibit 2 : Accounting and Tax Exhibit
- Exhibit 3<sup>1</sup> : Infrastructure Agreement
- Exhibit 4 : Industrial Zone
- Exhibit 5 : Port Area
- Exhibit 6 : Concession Area
- Exhibit 7<sup>2</sup> : Port Agreement
- Exhibit 8 : Schedule

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<sup>1</sup> This exhibit will be established upon signature of the Infrastructure Agreement.

<sup>2</sup> This exhibit will be established upon signature of the Port Agreement.



## Exhibit 1 : Division of share capital of the Investor

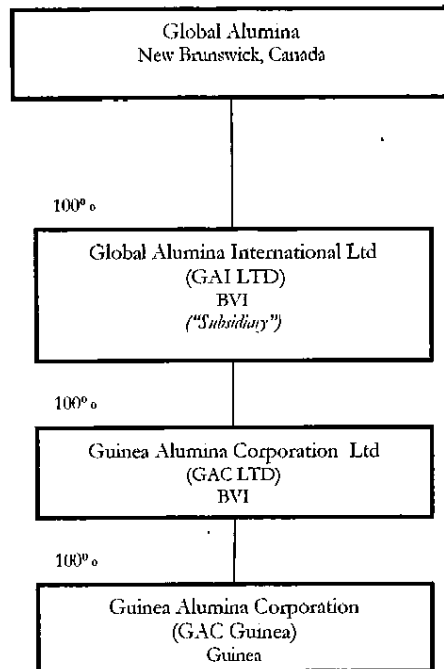
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Sangaredi Alumina Refinery - Basic Agreement

A handwritten signature in black ink, consisting of a large, stylized initial 'S' followed by a horizontal line extending to the right.A handwritten signature in black ink, appearing to be 'Al' followed by '390'.

**Global Alumina  
Corporate Structure**  
July 23, 2000

This white paper lays out in brief the ownership structure, and rationale, for the Guinea Alumina Corporation's (GAC Guinea) Alumina Refinery Project in Guinea.



Recognizing both the opportunity and the need to secure substantial sums of capital from many different investors resident in many different countries, GAC Guinea's founders established it as a single-purpose corporate entity in the British Virgin Islands (BVI), a widely accepted jurisdiction which imposes no income tax on companies incorporated within its jurisdiction. GAC LTD, in turn, established GAC Guinea, its wholly-owned subsidiary, in Guinea to facilitate development work performed domestically, and, ultimately, to serve as the direct owner/operator of the refinery.

GAC LTD is wholly-owned by GAI LTD. It was established within the BVI to serve solely as the investment entity through which the GAC Alumina Refinery Project would be developed, built, owned and operated. By retaining this two-tiered BVI corporate structure, Global is preserving for its investors the most tax-efficient means for off-shore investment strategies. By retaining GAI LTD between Global and GAC LTD, for example, Global may reinvest dividends from the GAC Alumina Refinery Project into an additional refinery project in Guinea through GAI LTD without incurring current tax liability from the investors' home jurisdictions on the reinvested dividends.

This two-tiered, tax haven structure is very commonly accepted by investors worldwide as a most flexible, tax-efficient and sensible means of investing their capital into major, cross-border infrastructure investments.

Recently, GAI LTD completed a \$50 million private placement and a series of transactions that resulted in GAI LTD becoming a wholly-owned subsidiary of Global Alumina, a New Brunswick, Canada, public company. At the conclusion of these transactions, GAI LTD's shareholders became shareholders of Global Alumina, a company now traded on the Toronto Venture Exchange, and GAI LTD became wholly-owned by Global Alumina. We elected to become a Canadian public company and to list our shares on the Toronto Venture Exchange as it is among the largest, most knowledgeable and favorable markets for investments in African mining and mineral processing companies.

The current structure, therefore, is Global Alumina, a Canadian public company, owns 100% of GAI LTD, a BVI-based investment holding company, which in turn owns GAC LTD, a BVI-based investment entity with the sole purpose of completing the GAC Alumina Refinery Project, owns GAC Guinea, the Guinean entity with the sole purpose of completing the GAC Alumina Refinery Project.

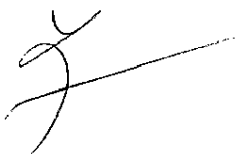
MJC

**Global Aluminum Products Corporation**  
**Major Shareholders**  
**August 2004**

<b>Total Outstanding Shares</b>	<b>102,659,623</b>	
Herakles Capital	13,272,000	12.93%
Karalco Resources et al	1,200,000	1.16%
Broadbay Investments Ltd	1,600,000	1.56%
Zefan Ltd	1,600,000	1.56%
Urquin Finance Ltd	1,600,000	1.56%
L-R Global Partners	5,900,000	5.75%
BTR Global Trading	4,700,000	4.58%
Merrill Lynch Invest Mgrs	4,000,000	3.90%
Bruce J. Wrobel	4,000,000	3.90%
Marubeni Corporation (option 25%)	3,000,000	2.92%
AGF Growth Equity Fund	3,000,000	2.92%
Sceptre Investment Ltd	2,650,000	2.58%
AIG Global Investment Corp	2,000,000	1.95%
RAB Special Situations LP	2,000,000	1.95%
Patrick Welsh	2,000,000	1.95%
Mitsubishi Corporation (option 25%)	1,600,000	1.56%
Alan Gayer	1,600,000	1.56%
Helios Offshore Fund	1,500,000	1.46%
EPIC Limited Partnership	1,400,000	1.36%
Reservoir Capital	1,000,000	.97%
Lombard Odier Darier	1,000,000	.97%
Banque OBC	1,000,000	.97%
Frank Donohue	1,000,000	.97%

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Sangaredi Alumina Refinery - Basic Agreement






**Private and Confidential**  
October 1, 2004

Mr. Michael J. Cella  
Chief Financial Officer  
Guinea Alumina Products Corporation Limited  
405 Lexington Avenue, 25th Floor  
New York, New York  
U.S.A. 10174

PricewaterhouseCoopers LLP  
PO Box 82  
Royal Trust Tower, Suite 3000  
Toronto Dominion Centre  
Toronto, Ontario  
Canada M5K 1G8  
Telephone +1 416 863 1133  
Facsimile +1 416 363 8215  
Direct Tel. 416 947 8289  
Direct Fax 416 814 3200

Dear Michael:

As requested by you, please find hereafter our comments on the structure retained by Global for the purpose of the investment in the Sangaredi alumina refinery project in the Republic of Guinea. This structure is depicted in the attached diagram.

This dual holding company structure incorporated in the British Virgin Islands has been set up with the aim of providing Global the most favourable taxation, while retaining the control of the project through the chain of shareholdings. Indeed, such a two-tier structure, set up in a jurisdiction which is known for not taxing the income of the companies incorporated herein, is very commonly chosen by the investors throughout the world as a very flexible and fiscally advantageous means of investing their funds in significant cross-border infrastructure projects.

In each case, the British Virgin Islands company is a single purpose vehicle, i.e. whose purpose is to hold their respective subsidiaries (GAI BVI controls GAC BVI, on the one hand, and GAC BVI controls GAC Guinea, on the other hand) for the Sangaredi alumina refinery project.

As a result, by interposing GAC BVI between Global and GAC Guinea, for instance, Global can, through GAC BVI, reinvest the dividends of the GAC Guinea refinery project in new projects, such as a complementary refinery project in Guinea, whilst avoiding the taxation of the dividends thus reinvested in Canada.

This document was written by PricewaterhouseCoopers LLP ("PwC") in connection with the provision of tax services solely for the account of a PwC client. Any use which a person other than the PwC client makes of this document and any reliance on, or decisions made on the basis of, the contents of this document are the responsibility of such person. PwC accepts no responsibility for damages, if any, suffered by a person other than the PwC client as a result of decisions made or actions taken in reliance on the contents of this document.

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

**Sangaredi Alumina Refinery - Basic Agreement**



Mr. Michael J. Cella  
 Guinea Alumina Products Corporation Limited  
 October 1, 2004

Likewise, any capital gain made by GAI BVI related to the Sangaredi project,<sup>1</sup> which is reinvested in another project in Guinea, would be taxed neither in the British Virgin Islands nor in Canada.

This ownership structure mainly reduces the total tax burden associated with the Sangaredi project in three ways, each of which is discussed briefly below:

- (i) it preserves the benefits of the Guinea tax holiday regime granted by Guinea under the Basic Agreement;
- (ii) it permits the deferral of Canadian tax on profits resulting from Guinean operations;
- (iii) it permits the deferral or saving of capital gains tax.

**(i) Preserve the benefits of the Guinea tax holiday regime**

If Global operated the Sangaredi project as a directly owned branch, Canadian tax (approximately 35%<sup>2</sup>) would be levied on the full profits resulting from the Guinean activities. A foreign tax credit would be granted for Guinea taxes paid or payable thereon each year. As a result, while the investment would benefit from a total tax exemption according to the Basic Agreement, Canadian tax would nevertheless be payable, which would be effectively negating the benefit resulting from the favourable regime proposed under the Basic Agreement.<sup>3</sup> This would also be the case if Global operated Sangaredi through a wholly owned subsidiary, except that the Canadian tax would arise on the operating profits that would be paid by this subsidiary as dividends, noting that the passive income of the subsidiary (e.g. interest) would be taxed in Canada, even if not paid as dividends.

**(ii) Defer Canadian tax on production profits**

The dividends paid by a Guinea corporation to Global would attract 35% Canadian tax. The proposed structure will permit the accumulation of these dividends in the British Virgin Islands, that would possibly be remitted later to Canada or reinvested without attracting Canadian tax. If these profits were remitted after the tax holiday period, Global might, under certain conditions provided for by the Canadian tax regulations, claim a credit for any Guinea tax paid on the more recent earnings, even if the distribution is actually paid in respect of earlier profits exempted from Guinean tax.

<sup>1</sup> Passive income, such as gains from portfolio and certain other investments, would be taxed in Canada ("FAPI").

<sup>2</sup> 35.12% is the current corporate tax rate for a company in New Brunswick.

<sup>3</sup> To our knowledge, Canada has not negotiated any « tax sparing » agreement with Guinea that could preserve this benefit.

(2)



Mr. Michael J. Cella  
Guinea Alumina Products Corporation Limited  
October 1, 2004

(iii) **Save tax on disposition**

While the above noted benefits can arise with just one holding company, using a second sub-holding company (in our case GAI BVI) will allow any capital gain realized by GAC BVI to be reinvested in other projects, without triggering Canadian tax, or be remitted to Canada at a preferential tax rate.<sup>4</sup>

Yours very truly,

Gregory New

Encl.

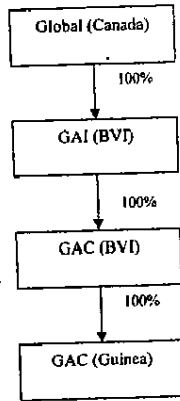
<sup>4</sup> 50% of the gain can be remitted to Canada without any Canadian tax. In some cases, the remaining 50% can be effectively remitted as a capital gain that is taxed at 50% of regular tax rates in Canada.

(3)

**Sangaredi Alumina Refinery - Basic Agreement**

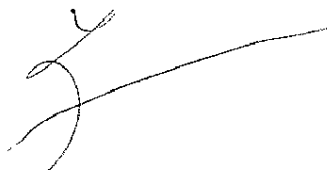


Diagram of International Structure for Sangaredi Alumina Project



Glossary:

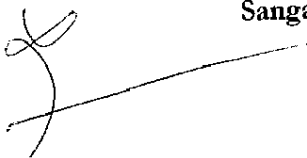
Global	Guinea Alumina Products Corporation, a Canadian (New Brunswick) company
GAI	Global Alumina International Ltd, a BVI company
GAC	Guinea Alumina Corporation, Ltd., a BVI company
GAC	Guinea Alumina Corporation S.A., a Guinea corporation



**Exhibit 2 : Accounting and Tax Exhibit**

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**Sangaredi Alumina Refinery - Basic Agreement**

A handwritten signature in black ink, consisting of a stylized, cursive script.A handwritten signature in black ink, consisting of a stylized, cursive script.

### Exhibit 3<sup>3</sup> : Infrastructure Agreement

<sup>3</sup> This exhibit will be completed upon signature of the Infrastructure Agreement.

---

**Sangaredi Alumina Refinery - Basic Agreement**

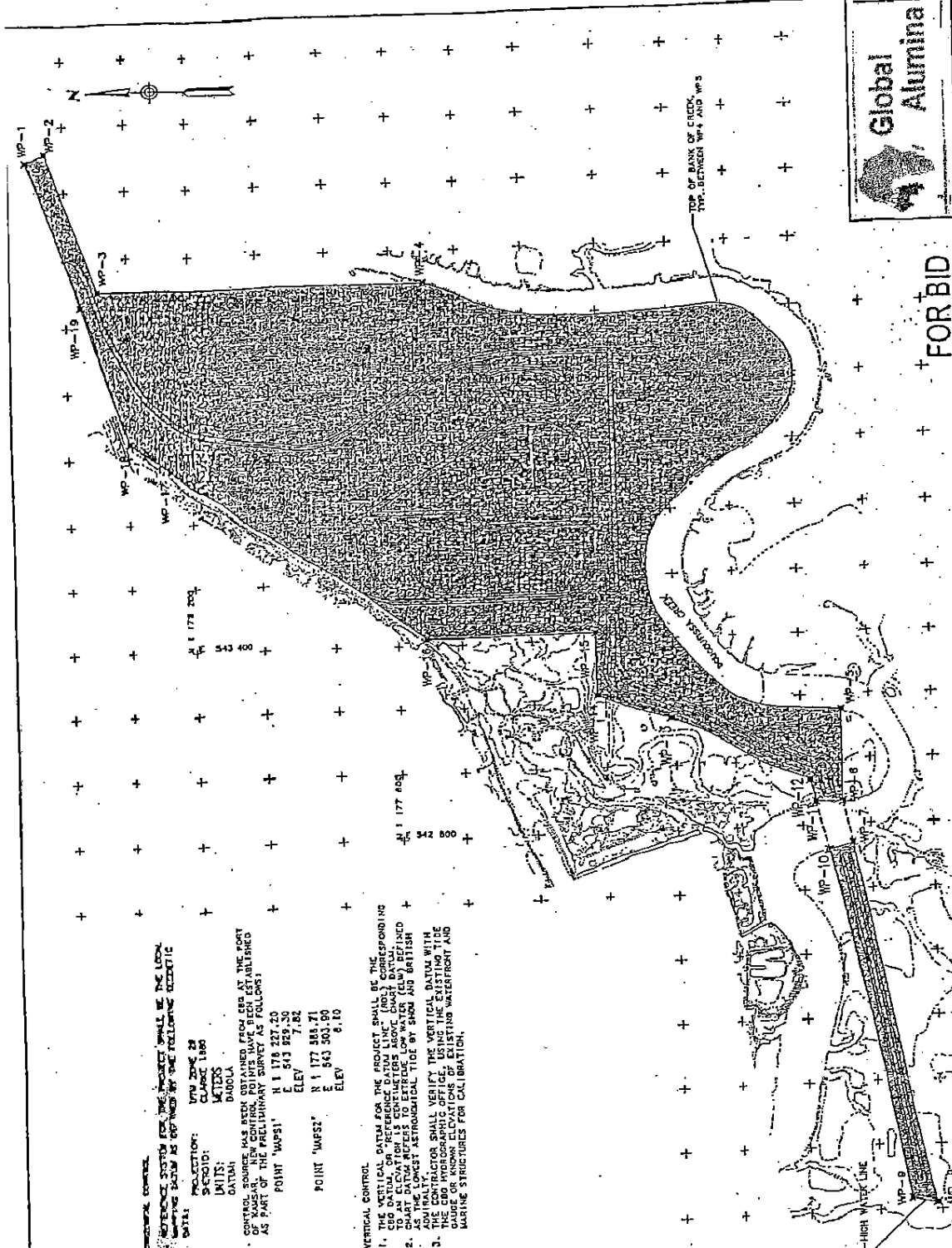


## Exhibit 4 : Industrial Zone

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Sangaredi Alumina Refinery - Basic Agreement





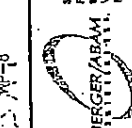
DRAWING NO. G-4  
 PROJECT NO. EA02EAL002  
 DATE:                             
 SHEET NO. 4 OF 30

**FOR BID**

Guinea Alumina Corporation  
 Port of Kamsar Development  
 Phase 1 Construction

DRAWN BY: AMBL  
 DESIGN BY: STZ  
 CHECK BY: ECLE  
 PROJ MGR: JCE

13301 17th AVENUE S.  
 FEDERAL WAY, WA, USA  
 98003-3900  
 PHONE: (206) 835-1200  
 FAX: (206) 835-1220



**VERTICAL CONTROL**  
 REFERENCE SYSTEM FOR THIS PROJECT SHALL BE THE LOCAL DATUM. ELEVATION DATA IS OBTAINED BY THE FOLLOWING METHODS:

CONTROL POINTS:  
 POINT 'WPS1' N 1 178 227.20 ELEV 543.400  
 POINT 'WPS2' N 1 177 366.71 ELEV 543.810

**VERTICAL CONTROL**  
 1. THE VERTICAL DATUM FOR THE PROJECT SHALL BE THE LOCAL DATUM, OR REFERENCE POINTS ABOVE LOCAL DATUM.  
 2. AS THE LOWEST ASTROMETRIAL TIDE BY SHORE AND BATHYMETRIC SURVEYS OF THE SITE PRIOR TO BEGINNING CONSTRUCTION. THESE SURVEYS WILL BE USED FOR FINAL DESIGN OF RECLAMATION AND, TOGETHER WITH REGULAR PROGRESS SURVEYS, AS A BASIS FOR PROGRESS PAYMENTS.  
 3. UPON COMPLETION OF RECLAMATION AND ROUGH GRADING, THE CONTRACTOR SHALL PERFORM A FINAL AS-BUILT BATHYMETRIC AND TOPOGRAPHIC SURVEY BY THE CONTRACTOR.  
 4. ALL SURVEYS SHALL BE CONDUCTED WITH A MINIMUM GRID RESOLUTION OF 25 METERS.  
 5. ALL SURVEYS SHALL BE CONDUCTED WITH A MINIMUM POINT FILE SIZE OF 100 METERS.  
 6. SURVEY DETAILS OF SURVEY PROCEDURES, EQUIPMENT, FORMATS, AND SCHEDULE TO THE OWNER FOR REVIEW PRIOR TO BEGINNING WORK.

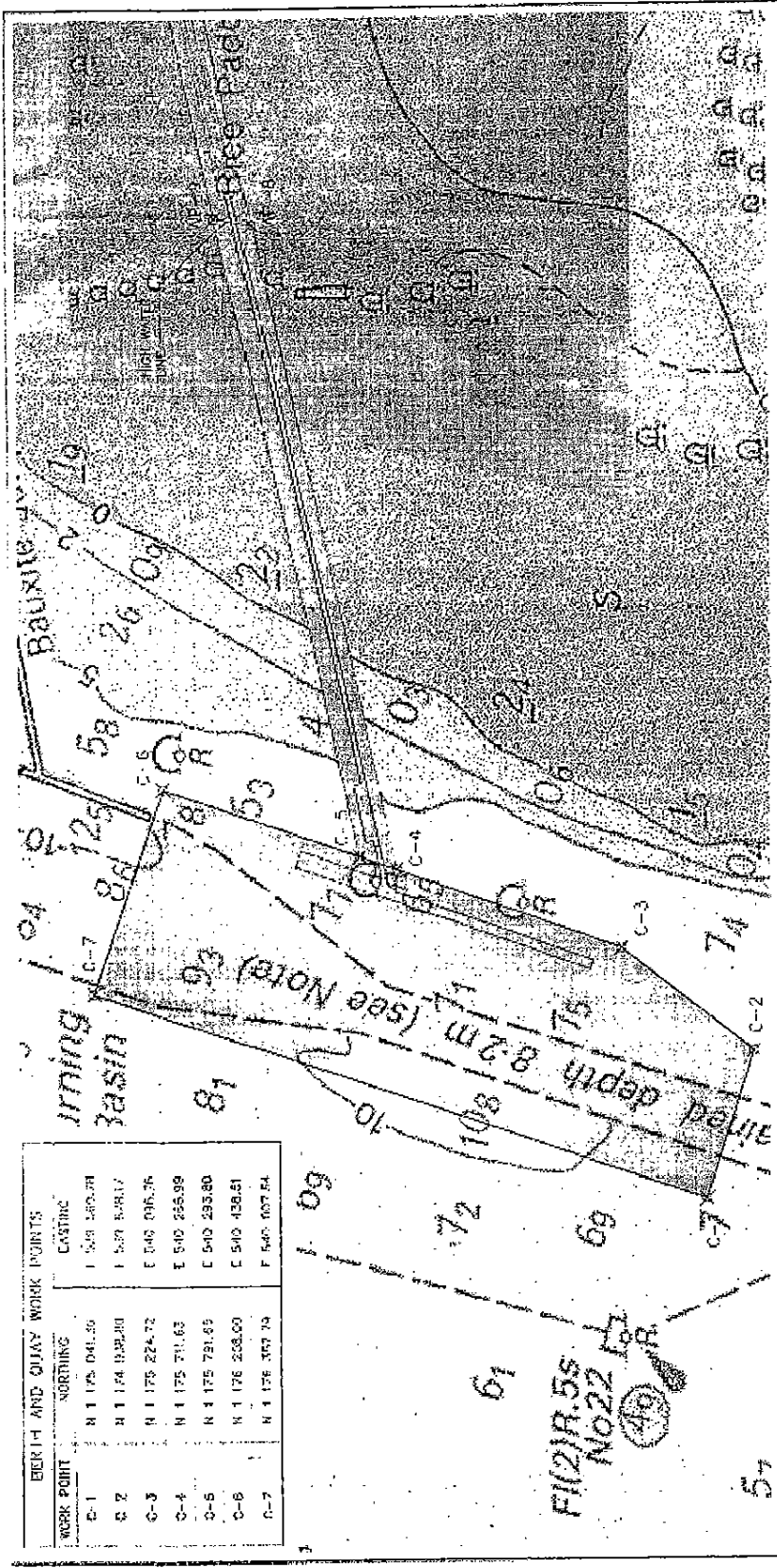
WORK POINT	PROPERTY LIMIT WORK POINTS	
	NORTHING	EASTING
WP-1	N 1 178 723.07	E 344 899.48
WP-2	N 1 178 661.06	E 344 914.68
WP-3	N 1 178 484.61	E 344 501.82
WP-4	N 1 177 452.83	E 344 501.82
WP-5	N 1 178 338.05	E 343 184.75
WP-6	N 1 178 290.05	E 342 872.26
WP-7	N 1 178 259.53	E 342 743.24
WP-8	N 1 178 071.22	E 341 820.54
WP-9	N 1 178 048.19	E 341 835.25
WP-10	N 1 178 339.03	E 342 723.84
WP-11	N 1 178 351.22	E 342 872.83
WP-12	N 1 178 377.02	E 342 910.00
WP-13	N 1 178 810.85	E 343 148.88
WP-14	N 1 177 026.13	E 343 221.53
WP-15	N 1 177 026.13	E 343 420.82
WP-16	N 1 177 508.53	E 343 430.82
WP-17	N 1 178 373.19	E 343 937.20
WP-18	N 1 178 398.50	E 344 041.45
WP-19	N 1 178 655.02	E 344 438.48

WORK POINT	REVISION DESCRIPTION	BY	DATE

*[Handwritten signature]*

### Exhibit 5 : Port Area





BECKHAM AND QUAY WORK POINTS	
WORK POINT	NORTHING
C-1	N 1 175 041.50
C-2	N 1 174 932.00
C-3	N 1 175 224.72
C-4	N 1 175 711.63
C-5	N 1 175 721.65
C-6	N 1 176 233.00
C-7	N 1 176 372.70

CASTING	
F 509	140.28
F 509	548.17
E 540	095.76
E 540	255.99
E 540	253.80
C 540	438.51
F 540	007.54

**Global Alumina**

DATE: 06/01/2011  
 TIME: 11:00  
 DRAWN BY: [Name]  
 CHECKED BY: [Name]  
 PROJECT NO: 20 11 36

---

**FOR BID**

**Guinea Alumina Corporation**  
**Port of Kamsar Development**  
**Phase 1 Construction**

SCALE: 1:1000

DATE: 06/01/2011

TIME: 11:00

DRAWN BY: [Name]

CHECKED BY: [Name]

PROJECT NO: 20 11 36

---

**PLAN QUAY AND TRESTLE LIMITS**

SCALE: 1:1000

DATE: 06/01/2011

TIME: 11:00

DRAWN BY: [Name]

CHECKED BY: [Name]

PROJECT NO: 20 11 36

---

**BECKHAM AND QUAY WORK POINTS**

SCALE: 1:1000

DATE: 06/01/2011

TIME: 11:00

DRAWN BY: [Name]

CHECKED BY: [Name]

PROJECT NO: 20 11 36

*[Handwritten signatures]*

**Exhibit 6 : Concession Area**

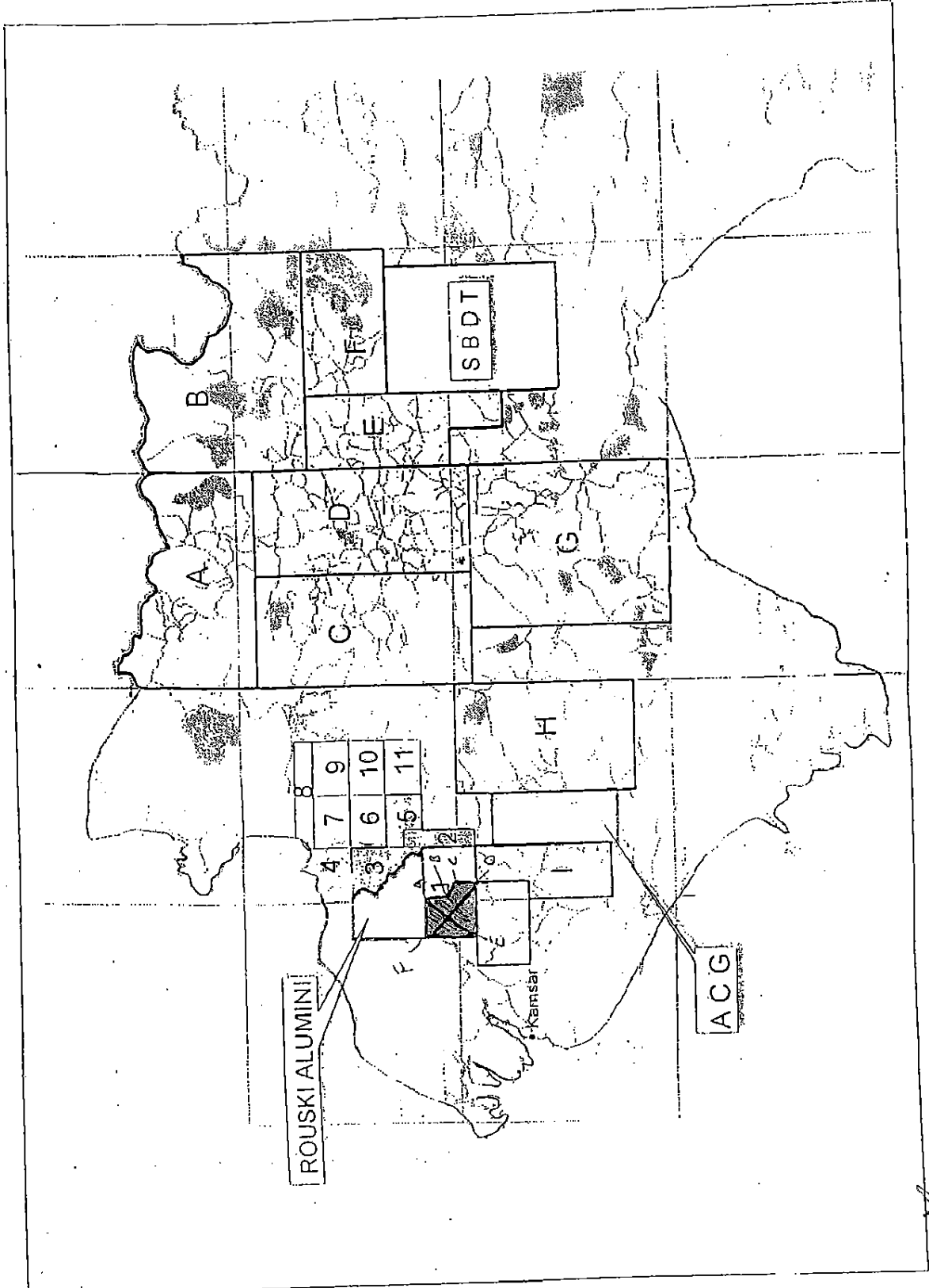
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Sangaredi Alumina Refinery - Basic Agreement





# COORDONNEES DE LA CONCESSION MINIERE DE GAC



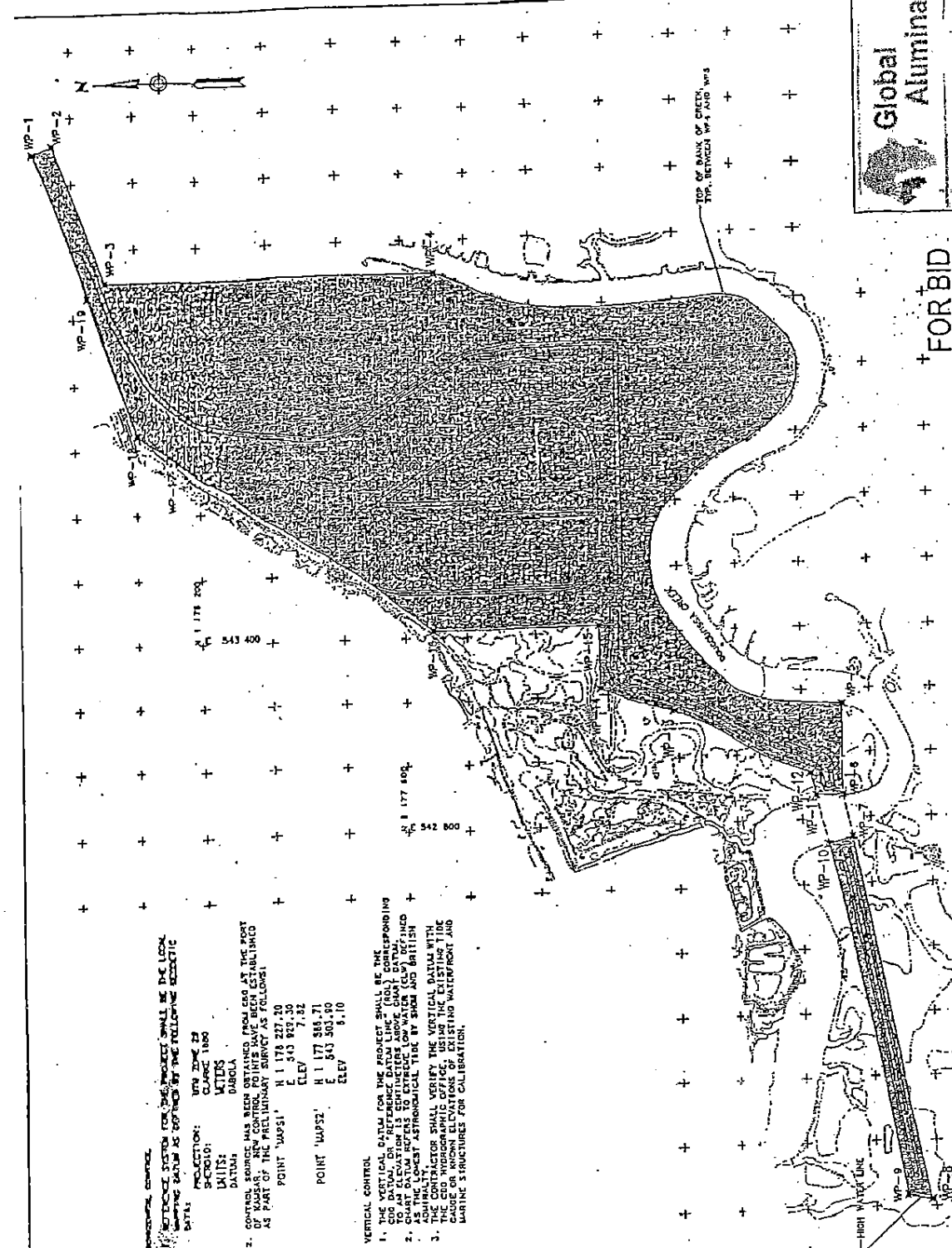
## Coordonnées Géographiques

Points	Latitude Nord	Longitude Ouest
A	11° 10' 00"	13° 58' 00"
B	11° 02' 00"	13° 58' 00"
C	11° 00' 00"	13° 54' 00"
D	10° 55' 00"	13° 54' 00"
E	10° 55' 00"	14° 10' 00"
F	11° 10' 00"	14° 10' 00"

Superficie = 690km<sup>2</sup>

*Handwritten signature/initials*

*Handwritten signature/initials*



FOR BID

DRAWING NO. G-4  
 PROJECT NO. FAI/EGAL/08  
 DATE: 11/15/11  
 SHEET NO. 1 OF 30

Guinea Alumina Corporation  
 Port of Kamsar Development  
 Phase 1 Construction

DRAWN BY: JARH  
 DESIGN BY: JTB  
 CHECK BY: JCB  
 PROJ. MGR: JCB

20251 PTA AVENUE, S.  
 HOUSTON, TX, USA  
 PHONE: 281-290-3200  
 FAX: 281-290-3200  
 BERGER ABRAHAM  
 BERGER ABRAHAM & ASSOCIATES, L.L.P.

**SURVEY NOTES**  
 1. THIS DATA IS INTENDED TO BE USED FOR PRELIMINARY CONSTRUCTION OF THE PROJECT SHALL BE THE LOCAL DATUM AS SHOWN BY THE FOLLOWING ELECTRIC DATUM:  
 DATUM: WGS84  
 ELEVATION: 100  
 UNITS: METERS  
 CONTROL SOURCE HAS BEEN OBTAINED FROM CGO AT THE PORT OF KAMSAR. NEW CONTROL POINTS HAVE BEEN ESTABLISHED AS PART OF THE PRELIMINARY SURVEY AS FOLLOWS:  
 POINT 'W051' N 1 178 230.30 ELEV 7.32  
 POINT 'W052' N 1 178 888.71 ELEV 543 303.90  
 ELEV 8.10

**VERTICAL CONTROL**  
 1. THE VERTICAL DATUM FOR THE PROJECT SHALL BE THE CGO DATUM OR REFERENCE DATUM LINE (LOCAL DATUM).  
 2. THE DATUM REFERS TO EXTRINSIC LOW WATER (ELW) AS THE LOWEST ASTRONOMICAL TIDE BY SMOO AND BRITISH.  
 3. THE CONTRACTOR SHALL VERIFY THE VERTICAL DATUM WITH THE CGO HYDROGRAPHIC OFFICE, USING THE EXISTING TIDE GAUGE STRUCTURES FOR CALIBRATION.

**PROPERTY LIMIT WORK POINTS**

WORK POINT	NORTHING	EASTING
WP-1	N 1 178 721.87	E 544 889.48
WP-2	N 1 178 861.68	E 544 814.38
WP-3	N 1 178 494.85	E 544 504.82
WP-4	N 1 177 492.83	E 544 504.82
WP-5	N 1 178 205.08	E 543 154.75
WP-6	N 1 176 286.06	E 542 872.26
WP-7	N 1 176 259.53	E 542 743.24
WP-8	N 1 176 011.32	E 541 610.34
WP-9	N 1 176 066.18	E 541 625.83
WP-10	N 1 176 294.05	E 542 752.84
WP-11	N 1 176 281.22	E 542 673.83
WP-12	N 1 176 277.02	E 542 940.30
WP-13	N 1 176 810.85	E 543 148.65
WP-14	N 1 177 026.13	E 543 271.53
WP-15	N 1 177 026.13	E 543 430.82
WP-16	N 1 178 006.83	E 543 430.82
WP-17	N 1 178 273.13	E 543 887.40
WP-18	N 1 178 394.50	E 544 041.82
WP-19	N 1 178 558.02	E 544 439.40

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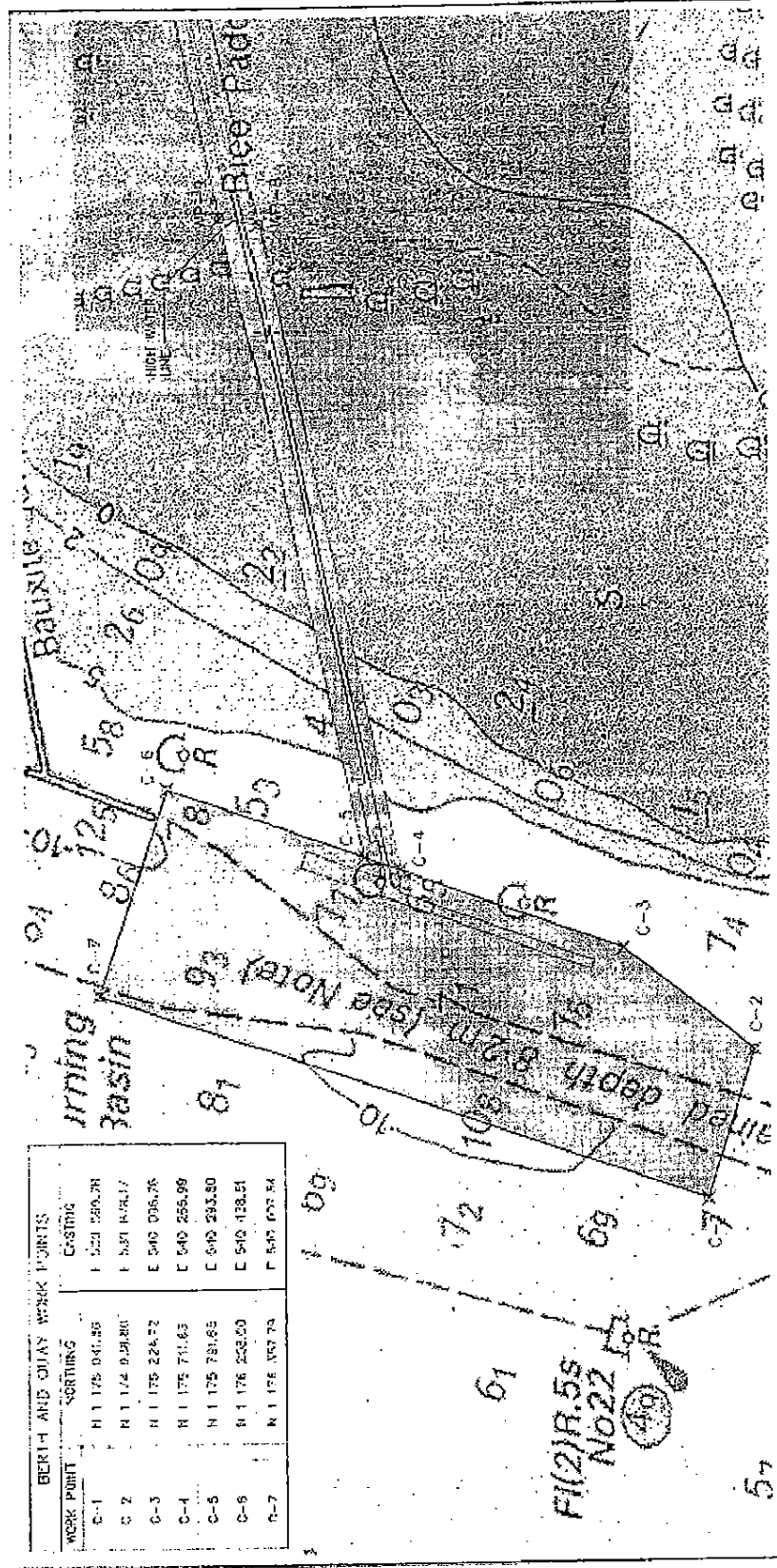
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WP-18	N 1 178 394.50	E 544 041.82
WP-19	N 1 178 558.02	E 544 439.40

**REVISION DESCRIPTIONS**

NO.	DATE	BY	DATE



BECKH AND QUAY WORK POINTS	
WORK POINT	NORTHING
C-1	H 1 175 041.85
C-2	H 1 174 038.80
C-3	H 1 175 224.72
C-4	H 1 175 711.63
C-5	H 1 175 731.65
C-6	H 1 176 223.20
C-7	H 1 176 157.73

**Global Alumina**

FOR BID

Guinea Alumina Corporation  
Port of Kamsar Development  
Phase 1 Construction

NUMBER: S-1  
ISSUED BY: S-1  
DATE: 20 11 30

PLAN QUAY AND DREDGE LIMITS

SCALE: 1:500

DATE: 20 11 30

REVISIONS:

NO.	DESCRIPTION	DATE
1	ISSUED FOR BIDDING	20 11 30

APPROVED FOR BIDDING

DATE: 20 11 30

BY: [Signature]

PROJECT: PORT OF KAMSAR DEVELOPMENT PHASE 1 CONSTRUCTION

[Handwritten signature]

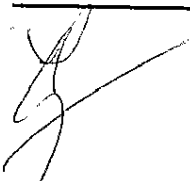
## Exhibit 7<sup>4</sup> : Port Agreement

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<sup>4</sup> This exhibit will be completed upon signature of the Port Agreement.

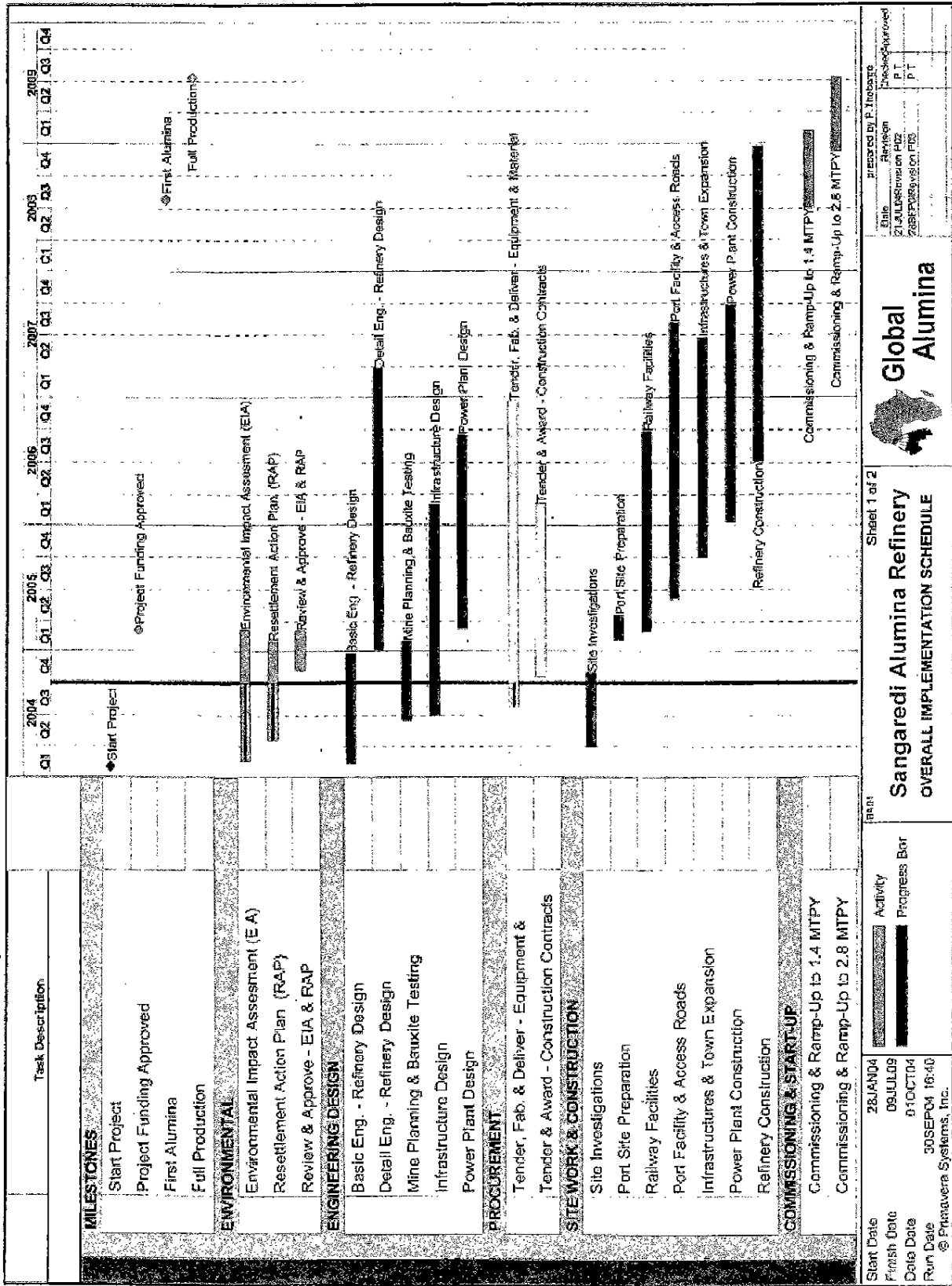
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**Sangaredi Alumina Refinery - Basic Agreement**



**Exhibit 8 :Schedule**





Prepared by: P. Torbagci  
 Checked/Approved: P.T.  
 Date: 21 JUL 2004  
 Revision: 01  
 2388P036.rvt  
 2388P036.rvt



Sheet 1 of 2  
**Sangaredi Alumina Refinery**  
**OVERALL IMPLEMENTATION SCHEDULE**

Start Date: 28JAN04  
 Finish Date: 09JUL09  
 Data Date: 01OCT04  
 Run Date: 30SEP04 16:40  
 © Printavera Systems, Inc.

*Handwritten signature*

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
1	0	00	Mine
	1	00	Mine Development
		10	Development & Exploration Drilling
		20	Mine Equipment
		30	Mine Development
		40	Mine Area Drainage
	2		Mine Utilities
		10	Buildings
		20	Mine Access Road
		30	Water Supply & Storage
		40	Fuel Systems & Storage
		50	Communications
		60	Mobile Equipment
	4		Mine Process
		10	Load-out Facility and Ramp
		20	Crusher
		30	Screening Plant
		40	Conveyors
		50	Stockpile and Blanding
		60	Drying
	8		Mine Electrical Distribution
		60	Mine Electrical Distribution
	9		Mine Control Systems & Communications
		90	Mine Control Systems & Communications

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
2	0	00	Railways
	1	00	Mainline & Passing loops
		10	Mainline & Passing Loops
		20	Transfer Stations
	3		Refinery Sidings
		10	Refinery Sidings
	4		Mine Sidings
		10	Mine Sidings
	6		Rolling stock
		10	Rolling Stock
	9		Railway Operation Infrastructure
		10	Railway Operation Infrastructure
		20	Controls & Signalling
		30	Communications

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
3	0	00	Alumina Refinery
	1	00	Main Process Plant
		10	Process Plant General
		13	Bauxite Receiving & Crushing
		15	Bauxite Blending & Storage
		24	Bauxite Grinding
		25	Lime Slaking
		26	Desilication
		30	Digestion
		32	Flocculant Preparation
		33	Mud Washing & Settlers
		34	Mud Filtration
		35	Green Liquor Filtration
		36	Sand Removal
		40	Green Liquor HD
		41	Evaporation
		43	Liquor Purification / Oxalate Destruction
		45	Precipitation
		46	Hydrate Classification
		47	Cooling Water
		50	Hydrate Filtration & Calcination
		51	Alumina Handling & Storage
		80	Electrical Distribution System
		90	Process Control Systems
		91	Communications
		92	Advanced Control System
	3		Raw Material Storage
		06	Lime Unloading & Storage
		08	Caustic Storage
		09	Acid Storage
		50	Fuel storage
	4		Air Supply and Distribution
		10	Plant Air
		20	Instrument Air
	6		Water Storage & Distribution
		10	Raw Water
		20	Water Treatment & Storage - Refinery
		30	Filtered Water
		40	Gland Seal
		50	Potable Water
		60	Fire Water Supply & Distribution
		70	Storm Drainage System
		80	Yard Sanitary
	6		Refinery Site - General
		10	Refinery Roads
		20	Refinery Mobile Equipment
		30	Utility Racks
	7		Service Buildings
		10	Refinery Central Building
		11	Laboratory
		12	Central Control Room
		13	Wash and Locker Room
		14	Security & Medical Room
		15	Training Room
		20	Maintenance / Warehouse Building
		30	Equipment Cleaning Building
		40	Carpenter and Paint Shop
		50	Garage and Mobile Equipment

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
4	0	00	<b>Auxiliary Facilities</b>
	1	00	Power Plant / Steam Plant
		10	Coal Handling
		20	Boiler and Turbine House
		30	Ash Disposal / Dam
		40	Main Sub-Station
		50	Electrical Distribution System
		60	Water Treatment Plant
		70	Steam Distribution
	2		<b>Lime Plant</b>
		10	Limestone Plant
		20	Lime Kin
		30	Lime Storage
	3		<b>Waste Management</b>
		10	Sewage System/Waste Water Treatment
		20	Acid Waste Disposal
		30	Solid Waste Disposal

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
5	0	00	<b>Infrastructure</b>
	1		<b>Port Facilities</b>
		10	Port
		20	Bulk Liquids Handling & Storage
		30	Bulk Solids Handling & Storage
		40	Service Buildings - Port
		50	Mobile Equipment - Port
	2		<b>Access &amp; Haul Roads</b>
		10	Access Road to Refinery Site
	3		<b>Water Supply</b>
		10	Water Supply Dam
		20	Water Treatment Plant
		30	Water Supply to Refinery Site
		40	Power Supply
		50	Access Roads
	4		<b>Red Mud Dam</b>
		10	Disposal and Reclaim Ponds
		20	Pipeline - Red Mud
		30	Tailing Disposal & Reclamation
		40	Power Supply
		50	Access Roads

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
6	0	00	<b>Business Systems</b>
	1	00	<b>Management Information Systems</b>
		10	Management Information Systems
	2		<b>Operating &amp; Maintenance Systems</b>
		10	Operating & Maintenance Systems

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
7	0	00	<b>Township Construction</b>
	1	00	<b>Housing</b>
		10	Housing - Refinery
		20	Housing - Port
	2		<b>Community Facilities</b>

WORK BREAKDOWN STRUCTURE			
Area	Sub-Area	System	DESCRIPTION
9	0	00	<b>Indirect Cost</b>
	1	00	<b>General Indirects</b>
		10	Temporary Construction Set-up
	2		<b>Temporary Facilities &amp; Services</b>
		10	Construction Camp - Mine
		20	Construction Camp - Refinery
		30	Construction Camp - Port
		40	Catering Services
	3		<b>Spares</b>
		10	Spares - Mine
		20	Spares - Refinery
		30	Spares - Port
	4		<b>Freight</b>
		10	Freight
	5		<b>EPCM</b>
		10	EPCM
	6		<b>Owner Costs</b>
		10	First Fills
		20	Owners Team
		30	Training
		40	Taxes and Duties
		50	Insurances
		60	Operations
	7		<b>Allowances</b>
		10	Allowances
	9		<b>Contingency</b>
		10	Contingency