

CONVENTION de BASE

between

THE REPUBLIC OF GUINEA

and

GOLDEN SHAMROCK MINES LIMITED

and

CHEVANING MINING COMPANY LTD

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CONVENTION DE BASE

THIS AGREEMENT is made the 11th day of November 1993

BETWEEN

THE REPUBLIC OF GUINEA ("RoG") represented by the Minister of Natural Resources, Energy and the Environment, His Excellency Dr. Toumany Dakoun Sakho ("the Minister") and the Minister for Planning and Finance, His Excellency Mr. Soriba Kaba

AND

GOLDEN SHAMROCK MINES LIMITED ("GSM"), a company incorporated in the State of Victoria, Commonwealth of Australia, represented by its Managing Director James Edward Askew, who has authority to sign this Agreement

AND

CHEVANING MINING COMPANY LTD ("CMC"), a company incorporated in the United Kingdom, represented by James Edward Askew as aforesaid.

PRELIMINARY STATEMENTS ("Recitals"):

- A. In accordance with the Convention de Base dated 19 October 1985, between RoG and CMC ("existing Convention de Base"), a Guinean joint venture company known as Aurifere de Guinée S.A. ("AuG") was incorporated and was granted a certain concession to explore for and mine gold, silver, diamonds and associated minerals in the Project Area as hereafter defined.

Prior to the end of 1992, AuG completed certain alluvial gold mining operations in part of the concession granted to it.

At the date of this Agreement, the shareholdings in AuG are: RoG 49% and CMC 51%.

AuG is indebted to CMC and to IFC (as defined below) for funds previously advanced to AuG in respect of those alluvial gold mining operations.

- B. By an option agreement dated 23 December 1992 ("Option Agreement") GSM obtained the option to acquire the entire issued share capital of CMC from the beneficial owners of CMC, namely NV Union Minière S.A. ("UM") and Pancontinental Mining Limited, as well as the benefit of all loans made by both of these owners to CMC. GSM exercised the option on the date of this Agreement.

- C. By a Heads of Agreement dated 9 September 1993 between RoG and GSM ("Heads of Agreement"), RoG and GSM agreed to replace the existing Convention de Base with a new agreement (being this Agreement) providing for restructuring of the shareholdings, management and indebtedness of AuG and varying the legal, commercial and fiscal conditions governing its operations so as to enable AuG to undertake fresh exploration, evaluation, development and mining activities in the area of the concession referred to in Recital A, principally of any primary gold deposits which may be located in that area.
- D. At the request of GSM, IFC is considering a proposal for the restructuring of AuG's shareholding and its financial obligations substantially as set out or referred to in Appendix 1.

OPERATIVE PROVISIONS

Article 1: Interpretation

- 1.1 In this Agreement and the Recitals and Schedules hereto, unless the context otherwise requires, or it is otherwise expressly stated, the following expressions have the following meanings:

"Affiliate" means any person that directly or indirectly through one or more intermediaries (either subsidiary or parent companies), controls or is controlled by a Party. Without limiting the generality of the above, such control is presumed to exist if one person holds, directly or indirectly, more than 50% of the issued voting shares of another person; "Affiliated" has a corresponding meaning;

"Applicable Laws" mean the laws and regulations of the Republic of Guinea and the decrees, directions, orders, executive instruments and requirements of RoG having or purporting to have the force of law and concerning or affecting the Company, the Titles, Project Activities or Services (including without limitation the Mining Code);

"Board" means the board of directors of AuG and any committee thereof established in accordance with the regulations of AuG or pursuant to this Agreement;

"Concession" means the exploration and mining concession described in the First Schedule;

"Consent" means any existing or future consent, approval, agreement, decree, registration, certification, authorisation, licence, permit, assurance, waiver, release, exemption, quota, visa or other privilege, benefit or right given, entered into, granted, issued or extended by RoG or any third party which is necessary for or incidental to the purposes of this Agreement or the carrying out of Project Activities or performance of Services, but excludes any Titles;

"Co-Operation Agreement" means an agreement to be entered into between RoG, GSM, UM, CMC and IFC for the purpose of facilitating the restructuring of the capital, regulations, management and financial affairs of AuG as provided in Article 2, which agreement shall contain provisions implementing or giving substantive effect to the arrangements set out in Appendix 1 or otherwise acceptable to the Parties;

"Decision to Mine" means a decision by the Board (taken after consideration of a feasibility study and after being satisfied that finance required for development of the proposed mining enterprise is available on reasonable terms) to commercially develop and operate a mine or mines in any part of the Project Area together with associated ore treatment and/or mineral processing plant and related works, facilities, services and rights;

"Encumbrance" means: (i) any mortgage, charge or other security or trust interest over or in respect of any of the Titles or the other property of the Company; or (ii) any third party rights over or in respect of any part of the Project Area which are inconsistent with or have priority over the rights or interests of the Company and have not been expressly agreed to by the Company;

"Fiscal Year" means a calendar year;

"RoG" includes the Government of the Republic of Guinea and its Councils, Ministers, Instrumentalities, Departments, Agencies and Regional or Prefectural Authorities however styled or organised (including without limitation the Ministry responsible for mining and the Central Bank of Guinea);

"IFC" means International Finance Corporation, an international organisation established by articles of agreement among its member countries including the Republic of Guinea;

"Investor" means CMC and any person, other than RoG, which becomes a shareholder of the Company in accordance with the provisions of this Agreement either in substitution for or in addition to CMC;

"minerals" include gold, silver and diamonds and associated minerals and any other minerals (other than strategic minerals as defined in Clause 8.7), which the Company is or becomes authorised to explore for or mine pursuant to this Agreement;

"Mining Area" means: (i) the existing Concession area; and (ii) any part of the Project Area as described in the First Schedule which the Board designates for development as a separate mining enterprise in accordance with this Agreement;

"Mining List" means the list of Goods (as defined in Clause 13.4) described in Part A of Appendix 4;

"month" means calendar month;

"Party" means each of RoG, GSM and CMC and any other person who is or becomes a party to this Agreement, and "Parties" has a corresponding meaning;

"Programme" means a programme and budget prepared by GSM or the management of AuG and approved by the Board for exploration, evaluation and/or feasibility study work in respect of any part of the Project Area;

"Project Activities" means any and all activities and operations carried on by or for the Company which have as their purpose the discovery, delineation and evaluation of commercial deposits of minerals in the Project Area, the conduct of feasibility studies, the development, construction, operation and maintenance in a Mining Area of any enterprise for the mining and treatment of minerals and/or the refining and marketing of minerals derived from a Mining Area;

"Project Area" means the area or areas described in the First Schedule (as the same may be enlarged or reduced or otherwise varied from time to time as the result of action taken by the Company or agreement of the Parties in accordance with this Agreement or by operation of Applicable Laws) and any Mining Area;

"Services" means the services described in Appendix 3;

"Taxes" means all present and future taxes, duties, levies and other RoG imposts of every nature and description (including without limitation income tax, rents, royalties, sales tax, value added tax, stamp duties, transfer tax, training levies, infrastructure use charges, prefectural or local development taxes or levies, withholding tax, excise tax, import or export tax);

"Titles" means: (i) the Concession; and (ii) each and every other mining lease, exploration licence and other mineral exploration, mining or mining purposes concession or right (howsoever styled) now or hereafter held, applied for, granted to or acquired by the Company over the Project Area or any part thereof and any extension or renewal of that lease, licence, concession or right;

"Work Plans" means work plan and budget for the development (including design, construction and commissioning) or operation and maintenance (including exploration, production, marketing and rehabilitation) of a mining enterprise in any part of the Project Area.

1.2 In the interpretation of this Agreement, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa, the masculine gender includes each other gender and vice versa and a reference to persons includes corporations and other legal entities and vice versa;
- (b) a reference to an "Article", "Clause", "Recital", "Appendix" or

"Schedule" is a reference to an Article, Clause, Recital, Appendix or Schedule of this Agreement;

- (c) the Schedules form an integral part of this Agreement;
- (d) "US\$" means United States dollars and "FG" means Guinean Francs or other official currency of the Republic of Guinea;
- (e) the expression "this Agreement" means this Agreement as the same may be varied or amended from time to time in accordance with its terms;
- (f) "%" means per centum;
- (g) a reference to "associated minerals" in relation to gold, silver or diamonds is a reference to minerals found in association with gold, silver or diamonds which must necessarily or may conveniently be mined in conjunction with or incidentally to the mining of gold, silver or diamonds, as the case may be;
- (h) a reference to "regulations of AuG" or "regulations of the Company" includes a reference to the articles of association or by-laws or rules of governance or statutes of AuG or that Company (as the case requires under Applicable Laws);
- (i) a reference to a "person" includes a company or other legal entity;
- (j) a reference to "the Company" or "Company" is a reference to AuG and to any other Guinean limited liability company established pursuant to this Agreement for the express purpose of carrying out of Project Activities in respect of any part of the Project Area as designated by the Board.

1.3 The Article headings are for the purposes of convenience only and shall not form part of this Agreement or affect the construction of it.

Article 2: Restructuring of AuG

2.1 Immediately following ratification of this Agreement as provided in Article 5, the Parties shall restructure the capital and financial rights and obligations of AuG and the management of AuG so that the following steps take place simultaneously:

- (a) the existing shareholdings are altered to:

RoG:	15%
CMC:	85%;

- (b) all AuG's existing debts are converted to shares in AuG or otherwise cancelled with the exception of: (i) US\$3.1 million of the original exploration loan made by CMC, which loan shall constitute an unsecured shareholder's loan free of interest and any other charges, and which shall not be reimbursed unless the Parties otherwise agree; (ii) AuG's existing indebtedness to IFC of US\$7.2 million which shall be dealt with in accordance with the Co-Operation Agreement; it being agreed that any resulting royalty payable to IFC by AuG shall not be deductible by AuG for corporate income tax purposes;
- (c) RoG is released from its existing loan guarantee obligations toward CMC and funds previously set aside in trust to secure such obligations are released to RoG.
- (d) GSM provides or arranges for the provision of Services to AuG in accordance with this Agreement or a separate management services agreement; and
- (e) control and direction of the business and affairs of AuG is conducted in accordance with this Agreement.

2.2 Each Party agrees to promptly:

- (a) execute and deliver all such agreements (including without limitation the Co-Operation Agreement and any separate agreement for provision of Services) and other documents;
- (b) cause AuG to pass such resolutions, make such changes to its regulations and issue the shares to RoG and to CMC;
- (c) apply for and use its best endeavours to obtain any Consents from third parties;
- (d) provide any Consent;
- (e) do all such further acts and things

as may be necessary or convenient to achieve the restructuring described in Clause 2.1 in a legally binding way.

2.3 All transfers, transactions and documents involved in the restructuring of AuG pursuant to Clause 2.1 shall be free of Taxes.

2.4 Without in any way limiting or affecting CMC's rights and obligations, GSM reserves the right to change CMC's corporate name to one which more appropriately reflects the result of the restructuring of AuG.

Article 3: Objective

- 3.1 This Agreement aims to define the technical, legal, economic, financial, fiscal and social terms and conditions under which the Company will carry out Project Activities after the restructuring of AuG as provided in Article 2.
- 3.2 It is hereby expressly agreed that upon ratification in accordance with Article 5 this Agreement shall have the full force of law and shall govern the rights and obligations of AuG and of the Parties.

Article 4: Implementation

- 4.1 The terms and conditions of this Agreement apply to all Project Activities undertaken directly or indirectly by AuG and each other Company established for such purposes.
- 4.2 It is envisaged that: (i) initially AuG, with Services provided or arranged by GSM, will undertake mineral exploration, evaluation and feasibility work targeted to determine the presence of commercial deposits of gold and associated minerals in the Project Area and to furnish the Board with sufficient information to enable a Decision to Mine to be made; and (ii) at a subsequent stage or stages and, subject to grant or confirmation of the requisite Titles, AuG or another Company will undertake the commercial development and operation of a mine or mines and associated facilities in one or more Mining Areas for the mining, treatment and sale of minerals and that GSM will provide or arrange Services to the extent required by AuG or that other Company (as the case requires).
- 4.3 If, as a result of exploration, evaluation and feasibility study work undertaken by AuG, more than one Decision to Mine is made and more than one Mining Area is established and one or more Companies is or are established in addition to AuG to conduct separate mining enterprises, the following applicable provisions of this Agreement shall, mutatis mutandis, apply to each such other Company as if it had been named therein separately from AuG.
- 4.4 Each Company shall conduct Project Activities in accordance with good and acceptable international exploration, engineering and mining standards and practices and modern and accepted scientific and technical principles using appropriate and effective methods and materials and so as to avoid unnecessary waste or loss of natural resources and unnecessary harm to the environment.
- 4.5 The Company shall conduct Project Activities without interruption during the term of this Agreement, subject always to force majeure as defined in Article 16 or to RoG expressly agreeing to a suspension of Project Activities for a stipulated period or periods.

Article 5: Approval and Effective Date

- 5.1 RoG shall within 90 days after the date of signing of this Agreement by the Parties (or within such greater number of days as they may agree), obtain the formal ratification of this Agreement in accordance with Applicable Laws. RoG shall immediately upon obtaining such ratification notify GSM of that fact and shall furnish GSM with documentary evidence of such ratification.
- 5.2 Upon the ratification of this Agreement as referred to in Clause 5.1: (i) this Agreement shall be deemed to have entered into full force and effect retrospectively from the date of execution hereof by RoG; (ii) the Parties shall ratify and confirm anything done by a Party or AuG pursuant to the Heads of Agreement prior to the date of ratification as referred to in Clause 5.1. Without limitation to the foregoing provisions of this Clause any monies expended on Project Activities by GSM or an Affiliate on behalf of AuG pursuant to the Heads of Agreement shall (subject to audit) constitute exploration expenditures for the purposes of this Agreement.
- 5.3 On and from the date of ratification of this Agreement as referred to in Clause 5.1, the existing Convention de Base shall cease to be of any further force and effect and shall cease to govern the relationship of RoG and CMC in respect of AuG and the existing Concession, but such cessation shall not operate to prejudice or affect: (i) the validity or continuance in force of the existing Concession and any other rights granted to or anything done by AuG or a Party pursuant to the existing Convention de Base or the Heads of Agreement prior to the date of ratification of this Agreement; (ii) the legal standing of AuG; or (iii) anything done pursuant to Article 2 or the Co-Operation Agreement.

Article 6: Duration of Agreement

- 6.1 Subject to the provisions herein contained, this Agreement shall continue in force until the expiration of 25 years from the date of this Agreement.
- 6.2 Notwithstanding Clause 6.1, should commercial mining operations be continuing in any Mining Area at the expiration of 23 years from the date referred to in Clause 6.1 and the Company can demonstrate to the reasonable satisfaction of RoG on the basis of mining reserves and prevailing economic conditions that those mining operations will continue beyond the expiration date of this Agreement set out in Clause 6.1: (i) the terms of this Agreement (other than Article 13) shall continue in force in respect of that Mining Area for a further period sufficient to enable the completion of the relevant mining operations in accordance with good mining practice and the rehabilitation of those parts of the Mining Area affected by those operations; (ii) the Parties shall in good faith renegotiate the Taxes and other fiscal provisions applying to those extended mining operations.
- 6.3 Notwithstanding Clause 6.1 or 6.2, this Agreement is subject to early termination in the following cases:

- (a) the Parties formally and expressly agree to terminate this Agreement from a specified date;
- (b) the last of the Titles held by AuG or any other Company expires or is relinquished or not renewed in accordance with Applicable Laws;
- (c) all Project Activities are voluntarily suspended for a continuous period of 8 months or are permanently abandoned by AuG and any other Company operating in a Mining Area;
- (d) AuG goes into voluntary liquidation (otherwise than for the purposes of reconstruction or amalgamation) or a court of competent jurisdiction places AuG in liquidation.

Article 7: Rights in the Company and Assignment

7.1 The revised shareholdings in AuG are as set out in Clause 2.1.

7.2 The initial shareholdings in each Company other than AuG shall be:

RoG	15%
CMC	85%

7.3 In every case, the revised or initial 15% shareholding of RoG shall: (i) not be subject to payment of any cash consideration (RoG having confirmed or agreed to grant Titles to the Company as provided in this Agreement); (ii) be a carried or non-contributory interest which shall be maintained and assured to be always equal to 15% of the total rights and obligations of the Company throughout the term of this Agreement, subject to Clause 7.11 ("carried 15% shareholding").

In the case of AuG, the carried 15% shareholding shall continue to comprise 'A' class shares so as to distinguish that holding from the shareholding of CMC which shall continue to comprise 'B' class shares.

7.4 RoG's carried 15% shareholding in the Company shall not entail any financial obligations whatsoever to contribute to the cost of any Project Activities (whether by way of equity, loans or guarantees of the Company's financial liabilities). Nothing contained in this Clause shall limit or affect RoG's entitlement to receive dividends from the Company pro rata to its carried 15% shareholding in the Company.

7.5 CMC may, as of right, assign or transfer all or part of its shareholding in the Company and its rights under this Agreement to an Affiliate of GSM, or assign or transfer up to a 15% shareholding in the Company and corresponding rights under this Agreement to IFC. Any proposed assignment or transfer by CMC to a person other than IFC who is not an Affiliate of GSM, shall require RoG's prior Consent provided RoG shall not unreasonably withhold its Consent where CMC is able to demonstrate that its proposed assignee or transferee has the technical and/or financial resources necessary to fully and properly fulfil its obligations under this Agreement.

- 7.6 An Investor, other than CMC, may assign, or transfer all or part of its shareholding in the Company and its rights under this Agreement with the prior Consent of RoG. RoG shall not unreasonably withhold its consent when that Investor can demonstrate that the proposed assignee or transferee has the technical and/or financial resources necessary to fully and properly fulfil its obligations under the Agreement.
- 7.7 Any assignment or transfer pursuant to Clause 7.5 or 7.6 shall be free of Taxes but shall be conditional upon the proposed assignee or transferee entering into a binding agreement with RoG (in form and containing provisions to RoG's reasonable satisfaction) whereby the proposed assignee or transferee undertakes to be bound by the terms and conditions of this Agreement and to assume all obligations and responsibilities of CMC or other Investor which are the subject of the proposed assignment or transfer.
- 7.8 RoG shall have the right to purchase from the Investor at any time a further 15% shareholding in the Company ("additional equity"). The price for the additional equity shall be: (i) a fair market value as determined by independent expert valuation at the time of exercise of the right; (ii) payable in cash in US\$ within 60 days of exercise of the right; (iii) paid free of any Taxes or other deductions or set-offs to the Investor's nominated bank account.
- 7.9 For the purposes of Clause 7.8: (i) the independent expert shall be appointed, conduct his proceedings and make his determination in accordance with Clause 7.10; (ii) if there is more than one Investor at the time of exercise by RoG of its right, the Investors shall contribute the additional equity and share the purchase price between them in the proportions which their respective shareholdings in the Company bear to one another inter se at the time of exercise of such right, provided that if IFC is an Investor at that time, any reduction in IFC's shareholding will be subject to approval of IFC's board of directors.
- 7.10 The independent expert shall: (i) be internationally recognised in the mining industry and experienced in valuing mining companies; (ii) be chosen by agreement between the Parties or, in default of such agreement within 60 days of the date of RoG notifies its intention to purchase additional equity, appointed, at the request of the Parties or RoG, by the President for the time being of the International Chamber of Commerce or by his nominee; (iii) determine on technical and economic grounds customarily used in the mining industry the fair market value of the proposed additional equity.

An independent expert appointed pursuant to this Clause shall:

- (a) be instructed to make his determination as soon as practicable and, in any event, within 90 days of his appointment;
- (b) within 30 days after his appointment, provide each Party with the opportunity, through written submission, to present him with such information and discussion as such Party in good faith believes he

should be aware and consider with respect to his determination;

- (c) have the right to open and complete access to all relevant information in the possession or control of a Party or the Company as he shall reasonably request, which access shall be provided not later than 30 days after being requested by him;
- (d) give such regard as he deems appropriate to the information furnished or made available to him with respect to the Company, Project Activities and the Project Area; and
- (e) act as an expert and not as an arbitrator.

The independent expert's determination shall be final and binding on the Parties and the costs of his appointment and proceedings (including all fees and expenses) shall be borne equally by RoG and CMC.

- 7.11 The additional equity shall be a contributing (ordinary) shareholding, having the same rights and obligations attached to it as the Investor's shareholding in the Company. In the case of AuG, any additional equity shall comprise 'B' class shares, equal in all respects to CMC's shareholding in AuG.
- 7.12 Where the Company has established a mining enterprise in a Mining Area and can demonstrate to RoG's reasonable satisfaction that a reduction in the level of RoG's carried 15% shareholding is an indispensable condition precedent to either: (i) implementation by the Company of a significant planned increase in the production capacity of that mining enterprise; or (ii) the attraction of further investment capital for development of another proposed mining enterprise in a Mining Area, RoG, in the context of a review of its overall mining policy, will give sympathetic consideration to reducing its carried 15% shareholding in the Company to not less than 10%.

Article 8: Rights and Titles

- 8.1 RoG will, as and when requested by the Company, grant, give, confirm, issue or extend to the Company all Titles and Consents which are necessary or appropriate for carrying out Project Activities.
- 8.2 Without limitation to Clause 8.1, RoG hereby confirms that at the date of ratification of this Agreement the Concession is valid and in full force and effect according to its terms.

The Concession shall continue in full force and effect according to the provisions of this Agreement, in particular the First Schedule.
- 8.3 All Titles granted to the Company shall confer exclusive exploration or mining rights and shall be free from all Encumbrances. Titles issued in replacement or substitution for the Concession shall unless the Parties otherwise agree, be mining concessions issued in accordance with and subject to the Mining Code.

- 8.4 Without limitation to Clause 8.3 but subject to Clauses 6.3 and 8.7, RoG shall not without the prior approval of the Company grant any exploration or mining rights to any third parties over any lands which at the relevant time form part of the Project Area.
- 8.5 Notwithstanding anything to the contrary contained or implied in Applicable Laws, RoG warrants and agrees that the Concession shall not be subject to the progressive area reduction or retrocession requirements of Applicable laws for a period of 3 years after the date of this Agreement. With effect from that third anniversary, AuG (and any other Company which may be granted a Title) shall comply with the provisions of the First Schedule covering of reduction of the Project Area to a maximum of 1500 square kilometres.
- 8.6 Subject to Clause 8.7, if the Company discovers a commercial mineral deposit other than gold, silver or diamonds, the Company shall have the pre-emptive right to develop and mine that deposit as a separate mining enterprise subject to a new agreement to be negotiated with RoG.

Such pre-emptive right must be exercised within 90 days of the date the Company notifies RoG of such discovery in accordance with this Agreement. The new agreement shall, with the exception of the level of export tax on mineral production, contain terms and conditions which overall are no less favourable to the Company than the terms and conditions of this Agreement.

- 8.7 Clause 8.6 has no application to commercial deposits of radioactive minerals or hydrocarbon compounds ("strategic minerals"). The Company shall not be entitled to mine or exploit strategic minerals in its own right. The Company shall nevertheless retain its discoverer's right under Applicable Laws to receive fair compensation for any discovery of strategic minerals it may make in the Project Area.

Article 9: Company Organisation and Management

- 9.1 The business of AuG shall be directed and managed by the Board which shall be empowered to make all binding decisions affecting the business of AuG which are not expressly reserved to the shareholders of AuG in general meeting under the regulations of AuG.
- 9.2 The appointment of directors to the Board, voting of directors at Board meetings (including the supporting votes required to validly pass resolutions relating to certain matters), the proceedings of the Board and the management of the day to day affairs of AuG shall be governed and conducted in accordance with the rules set out in Appendix 2.
- 9.3 Without limitation to the scope and application of Appendix 2 but subject to Clause 9.4, the Parties shall cause the regulations of AuG to be amended to the extent necessary to give effect to the foregoing provisions of this Article and Appendix 2.
- 9.4 Notwithstanding the foregoing provisions of this Article, the Parties agree and

shall ensure that the shareholders of AuG agree that they will not without RoG's prior approval:

- (a) amend the regulations of AuG otherwise than as necessary to give effect to the foregoing provisions of this Article and Appendix 2;
- (b) change the basic nature of the business of AuG;
- (c) voluntarily liquidate or wind up AuG; or
- (d) merge AuG with any other company.

9.5 The Parties agree and shall ensure that the shareholders of AuG agree that neither the Board nor the shareholders of AuG in general meeting will resolve or authorise the management of AuG to:

- (a) substantially reduce the permanent workforce of AuG;
- (b) otherwise than due to force majeure as defined in Article 16, curtail or suspend operations of a mining enterprise or close that mining enterprise;
- (c) embark on any course of action which may have a material adverse effect on the socio-economic stability in the region of the Project Area or on the physical environment of that region; or
- (d) establish any reserves or provisions in the financial accounts of AuG or adopt any other financial management measures which could have a material adverse effect on the likely level or timing of receipt of Taxes by RoG from AuG having regard to the terms of this Agreement

without the matter first being discussed with RoG.

Any discussions required pursuant to this Clause shall be carried out in a spirit of co-operation with due regard to the interest and objectives of the respective Parties including the shared desire of the Parties to realise the commercial success of AuG and each mining enterprise operated by AuG in a manner which benefits the growth and development of the economic and social structure of Guinea.

Article 10: Exploration and Services

10.1 GSM, either directly or through CMC, shall progressively fund AuG for carrying out exploration, evaluation and feasibility study work in or in respect of the Project Area in accordance with annual Programmes prepared by or under the supervision of GSM and approved by the Board. It is intended that AuG will be responsible for all exploration, evaluation and feasibility study work in any part of the Project Area prior to that part being designated by the Board as a separate Mining Area.

- 10.2 The scope and content of each Programme shall be determined by GSM so long as, through CMC, it holds at least 10% of the issued share capital of AuG. Thereafter the scope and content of each Programme shall be determined by the Board. Each Programme shall contain sufficient detail of the activities to be undertaken and the budgeted costs thereof to enable the Board to effectively evaluate the same.
- 10.3 Expenditure or exploration made pursuant to the Heads of Agreement prior to the date of ratification of the Agreement shall be deemed to form part of the first approved Programme hereunder.
- 10.4 GSM undertakes that over the 3 years commencing on the date of this Agreement:
- (a) Programmes will provide for an aggregate expenditure of at least US\$4.5 million; and
 - (b) an aggregate amount of US\$4.5 million is actually expended by or on behalf of AuG or made available for expenditure by AuG on Programmes (of which not less than US\$1.0 million is expended in the first 12 months of that 3 year period).
- 10.5 GSM's undertakings in Clause 10.4 are subject to GSM's right (exercisable on 60 days' notice to RoG) to withdraw from further funding of Programmes at any time after not less than US\$1.0 million has been expended on Programmes, where GSM is of the opinion that the results of exploration to the date of withdrawal do not warrant further expenditure on Project Activities.
- 10.6 For the purposes of Clauses 10.4 and 10.5:
- (a) GSM will satisfy its undertakings in Clause 10.4 if it makes a total of US\$4.5 million available for expenditure on Programmes within the abovementioned 3 year period, notwithstanding that by reason of force majeure (as defined in Article 16) AuG or its consultants and contractors are prevented from completing the Programmes and from fully expending US\$4.5 million within that 3 year period;
 - (b) if GSM withdraws from further funding of Project Activities pursuant to Clause 10.5 or fails to satisfy its undertakings in Clause 10.4, GSM's rights, title, and interest under this Agreement and its then current shareholding in CMC shall be dealt with in accordance with the Co-Operation Agreement;
 - (c) subject to paragraph (d) of this Clause, failure by GSM to satisfy its undertakings in Clause 10.4 shall not create or give rise to any right or claim in favour of RoG to receive or have awarded monetary compensation, damages or penalty payments from GSM;
 - (d) if GSM fails to cause US\$1.0 million to be expended on Programmes, GSM shall be liable to pay to RoG by way of liquidated damages the

difference between US\$1.0 million and the amount actually expended on Programmes under this Article.

- 10.7 After GSM has funded not less than US\$6.0 million of expenditure on Programmes and Work Plans, further expenditure on Programmes and Work Plans shall (unless otherwise provided in the Co-operation Agreement or otherwise agreed between the Investors) be funded by the shareholders pro rata to their then existing shareholdings (excluding the carried 15% shareholding of RoG but including any additional equity purchased by RoG under Article 7) and unless otherwise agreed between the shareholders shall take the form of unsecured, interest free shareholder loans.
- 10.8 Funds in excess of US\$6.0 million made available by GSM or by shareholders under this Article to meet expenditures on Programmes shall constitute and be treated as unsecured, interest free, shareholder loans to AuG, some or all of which shall, in the event the Board makes a Decision to Mine, be converted to equity (shares) in AuG (or if the Board so decides, in the capital of new Company other than AuG). Nothing in this Clause shall affect RoG's carried 15% shareholding and RoG shall without obligation on its part be issued with such further shares as are necessary to maintain its carried shareholding at 15%.
- 10.9 GSM undertakes to provide or arrange for provision of applicable Services, so that Programmes are carried out in a proper and efficient manner. As needs be GSM and CMC shall enter into a separate management services agreement with AuG to give full effect to this undertaking.
- 10.10 In providing or arranging Services for Programmes, GSM shall either directly or through consultants and contractors:
 - (a) act as agent for AuG, and any contract or transaction entered into in connection with Project Activities will be in the name of AuG or a disclosed agent for AuG;
 - (b) have access to the Project Area and use of the fixed and moveable property of AuG (wherever located);
 - (c) open and operate (either directly or through CMC) one or more bank accounts in the name of AuG for the purpose of efficiently managing and separately recording expenditures on Project Activities;
 - (d) second to AuG (either on a full or part time basis) the services of expert expatriate personnel as deemed appropriate by GSM, provided in each case such personnel shall remain subject to the direction of GSM or CMC;
 - (e) invoice AuG (either directly or through CMC) at monthly intervals for all costs and expenses properly incurred in provision of Services subject to the following: (i) no fee or other remuneration in the nature of a profit to GSM or to CMC will be claimed or included in

- (ii) in order to recover in reasonable measure general overhead and administrative costs of GSM associated with Services prior to a Decision to Mine, each invoice may include a charge (separately shown) not exceeding 8% of the total of other costs and expenses properly included in that invoice;
 - (f) maintain and cause AuG to maintain full and accurate records and separate accounts in respect of Services, conforming to internationally accepted accounting practice consistently applied as will enable AuG to satisfy its obligations under Applicable Laws and the reporting, verification and auditing requirements of this Agreement.
- 10.11 Where any Services are performed by an Affiliate of GSM which customarily offers such services to the public, GSM shall ensure that the charges made by that Affiliate are at competitive commercial rates and the Services are performed according to good internationally accepted standards.
- 10.12 For the purposes of satisfying GSM's undertakings in Clause 10.4 the following shall constitute qualifying expenditures:
- (a) costs and expenses properly invoiced to AuG by GSM or CMC in accordance with Clause 10.10; and
 - (b) the following costs incurred by AuG and either paid on AuG's behalf by GSM or CMC or paid by AuG reimbursed by either of them: (i) costs of leasing and running an office in Conakry (as required); (ii) costs of conducting Board meetings (including travel, accommodation and associated costs of directors in attending those meetings); (iii) costs of operating and maintaining plant, vehicles, equipment, amenities and facilities for or in connection with Project Activities; and (iv) salaries, wages and allowances of AuG employees (other than those of seconded expatriate personnel who are not placed on the payroll of AuG, which shall form part of the cost of Services).

Article 11: Feasibility Studies and Decision to Mine

- 11.1 If as a result of exploration and evaluation work in the Exploration Area a gold or other mineral deposit showing potential for commercial development is discovered in the Project Area, GSM or the Board (as the case may be) may determine to carry out a feasibility study in respect of that deposit as part of a Programme.
- 11.2 Each feasibility study shall have as its purpose a study of the feasibility of establishing a separate mining enterprise within part of the Project Area and shall be sufficiently comprehensive and detailed that it may be submitted to a reputable lending institution for the purpose of financing the development and operation of that mining enterprise, including without limitation:
- (a) the location of the deposit and the area of the proposed mining

enterprise;

- (b) the nature, shape, size, grade and metallurgical characteristics of the deposit;
 - (c) the proposed development (including description of the design, construction and commissioning activities and timetable, major items of plant, vehicles and equipment required, rates of production and processing of ore, nature and extent of treatment to be undertaken and types and quantities of marketable gold or other mineral products to be produced and infrastructure services and facilities to be provided or used);
 - (d) the likely employment and supply requirements of the proposed mining enterprise;
 - (e) the likely physical impact of development and operation of the proposed mining enterprise on the environment;
 - (f) a Work Plan for development (including initial capital and working capital costs);
 - (g) financial studies setting out anticipated cashflows, revenues, operating costs, profitability and return on investment (based on projected prices for gold or other minerals); and
 - (h) likely sources, types and terms of financing for the mining enterprise.
- 11.3 Each Party and each shareholder of AuG shall be promptly furnished with a copy of every feasibility study together with evidence and terms of available finance relating thereto and shall be entitled to elaboration or verification of any material item which that Party or shareholder reasonably considers inadequately addressed or inaccurate. GSM undertakes to use its best endeavours to ensure that the requested elaboration or verification is provided within a reasonable time.
- 11.4 A Decision to Mine shall be made as soon as practicable (and in any event within 90 days) after the relevant feasibility study and any information required under Clause 11.3 has been provided to the Parties and the shareholders.
- 11.5 In the case of the first Decision to Mine, development and operation of the relevant mining enterprise will be carried out by AuG. In the case of a second or subsequent Decision to Mine, development and operation of the relevant mining enterprise will also be carried out by AuG unless the Board forms the opinion that timely financing and development of the second or subsequent mining enterprise will be facilitated by establishing another company separate from AuG to own the relevant mining enterprise.
- 11.6 The Parties agree that in order to obtain appropriate financing for development of a mining enterprise it may be necessary for shareholders of AuG to do all or

any of the following: (i) convert existing shareholders' loans (whether secured or unsecured) to equity; (ii) make further subordinated shareholder loans; and (iii) subscribe for further shares (either ordinary shares or preference shares). Subject to Clauses 7.3 and 7.4, each Party agrees that to the extent necessary to obtain financing as referred to in this Clause, the shareholders in AuG shall be obliged to make the debt to equity conversions, make the further subordinated loans and/or subscribe for the further shares as is necessary to ensure that appropriate finance can be obtained to enable timely implementation of the Decision to Mine.

- 11.7 Upon the first Decision to Mine, further subordinated loans and further subscriptions for shares in AuG required for development of the relevant mining enterprise, shall be made by shareholders pro rata according to their respective percentage shareholdings in AuG at the date of the Decision to Mine provided that RoG's carried 15% shareholding shall not be subject to this Clause or counted in determining pro rata shareholder contributions of loans and subscriptions for shares.
- 11.8 Without limitation to the provisions of Article 4, where the Board decides to establish a new Company to own a second or subsequent mining enterprise separate from AuG:
- (a) the initial shareholdings in that Company shall be the same as those in AuG (in terms of the shareholders, their respective percentage shareholdings and the rights and obligations attaching to their shareholdings, including in the case of RoG a carried 15% shareholding as described in Clauses 7.3 and 7.4);
 - (b) the regulations of that Company shall be the same or substantially the same as those of AuG as amended to give effect to Article 9 and Appendix 2; and
 - (c) provisions to the effect of Article 9 and Appendix 2, shall govern the organisation and management of that Company as if reference in Article 9 and Appendix 2 to Project Activities were references to corresponding activities in or in respect of the relevant Mining Area.

Article 12: Development and Operations

- 12.1 Forthwith after the first Decision to Mine, the Parties shall cause AuG to take all steps necessary to:
- (a) secure finance appropriate for development of the mining enterprise - for which purposes the Parties shall cause AuG to grant or provide such Encumbrances as may reasonably be necessary;
 - (b) establish the boundaries of the Mining Area - which unless the Parties otherwise agree shall not contain a greater land area than is necessary to encompass all mineral deposits which on the basis of the relevant feasibility study may properly be mined as a single mining enterprise

- together with all associated treatment plants, works, facilities and amenities;
- (c) apply for and obtain any necessary or appropriate Titles and Consents for the financing, development and operation of the mining enterprise; and
 - (d) have detailed engineering studies, environmental impact studies and (if needs be) marketing investigations carried out as part of the Services in respect of the mining enterprise and the Mining Area.
- 12.2 AuG or other applicable Company shall commence physical construction or enter into binding contracts for physical construction of the mining enterprise within 12 months of the date of the relevant Decision to Mine (subject to force majeure as defined in Article 16).
- 12.3 GSM undertakes to provide or arrange for provision to AuG and any other Company of applicable Services so that Work Plans for development and operation of each mining enterprise can be carried out in a proper and efficient manner and the provisions of Clauses 10.10 and 10.11 shall apply as though references to the Project Area were to the Mining Area, references to Project Activities were to development, construction, operation and maintenance activities in the Mining Area and the reference in paragraph 10.10(e)(ii) to a maximum 8% charge for recovery of GSM's general overhead and administrative costs associated with Services was to a 5% charge.
- 12.4 Where in the case of a second or subsequent Decision to Mine, the Board decides to establish another Company to own the relevant mining enterprise, then with effect from the time that other Company is established (or as soon thereafter as practicable) the Parties shall in accordance with Applicable Laws:
- (a) cause AuG to transfer to that other Company all Titles and Consents and all other property of AuG exclusively referable to the relevant Mining Area (including without limitation all relevant exploration data, evaluation results, feasibility studies and primary or supporting information);
 - (b) execute such agreements and other documents, provide such Consents and take all other action as may be necessary or convenient to place that other Company in a position where it can develop and operate the relevant mining enterprise in the subject Mining Area in accordance with the relevant provisions of this Agreement and the terms of financing secured by the Board; and
 - (c) cause that other Company, as part of the development costs of the relevant mining enterprise, to reimburse to AuG the costs and expenses incurred by AuG pursuant to Article 10 in evaluation and feasibility study work exclusively referable to the relevant Mining Area.

- 12.5 Upon the transfer or grant (as the case may be) of all necessary or appropriate Titles and Consents to another Company pursuant to Clause 12.4, the relevant Mining Area shall for the purposes of this Agreement cease to form part of the Project Area. AuG shall apply the proceeds of reimbursement under Clause 12.4 towards further Programmes in respect of the balance of the Project Area outside the relevant Mining Area.
- 12.6 Development and operation of each mining enterprise shall be carried out in accordance with:
- (a) the applicable provisions of this Agreement, any management services agreement and any shareholders agreement;
 - (b) the terms and conditions of the relevant Titles and Consents;
 - (c) the terms and conditions of the relevant financing agreements;
 - (d) Work Plans based on the parameters of the relevant feasibility study;
 - (e) rehabilitation plans based on the recommendations of the relevant environment impact study; and
 - (f) to the extent consistent with the above paragraphs, Applicable Laws.
- 12.7 Without derogating from the requirements of Applicable Laws, each environmental impact study shall be prepared by independent expert consultants having due regard to World Bank guidelines and the Guinean "Code de l'Environnement" current at the time of preparation and in addition to analysing the potential impact of the proposed mining enterprise on land, air, biological resources and human settlements, such study shall outline measures which should be adopted to mitigate adverse impacts.
- 12.8 Based on the environmental impact study and consistent with Applicable Laws the Company shall adopt and progressively implement a plan for effective rehabilitation of those parts of each Mining Area disturbed or affected by operations.
- 12.9 Each Work Plan shall include:
- (a) an itemised budget with capital and operating costs separately grouped and showing separately FG and foreign currency components;
 - (b) an itemised estimate of cash requirements and expenditures, showing separately FG and foreign currency components;
 - (c) details of Project Activities to be carried out;
 - (d) an itemised estimate of production,

for or during the period covered by that Work Plan.

- 12.10 In respect of each mining enterprise any mining, processing or treatment of ore prior to sale or export by the Company shall be conducted in accordance with such generally accepted international standards as are economically feasible, and in accordance with such standards the Parties shall ensure that the Company undertakes to use all reasonable efforts to optimise the recovery of minerals from proven reserves and of minerals from the ore provided it is economically feasible to do so.
- 12.11 Each mining enterprise shall be operated so as to produce marketable products which in the case of gold or silver means a gold or silver dore suitable for refining into gold or silver bullion and in the case of base metals means a marketable concentrate.
- 12.12 The Company shall have the right to export from Guinea all gold and other products obtained from each mining enterprise and for these purposes to enter into refining, marketing and sales contracts with refiners, agents and consumers in accordance with generally accepted international business practices, at the best prices and on the best terms compatible with world market conditions obtainable in the circumstances then prevailing.
- 12.13 Any sales commitments to an Affiliate of a Party shall be made only at prices based on or equivalent to arms length sales and in accordance with such terms and conditions as would apply if the parties had not been Affiliated.
- 12.14 No Party or shareholder of the Company and no Affiliate of that Party or shareholder shall be entitled to purchase gold produced by the Company at a discount from prevailing world market prices or to receive any commission from the Company in connection with sale of the Company's gold production.

In the event the Company produces products other than gold dore, no sales shall be made to an Affiliate of a Party or of a shareholder at a discount where the products other than gold are intended for consumption by that Affiliate; however where that Affiliate is acting as a sales agent, it shall be entitled to a selling commission at but no greater than the prevailing market rate so that the net proceeds of sale received by the Company are not less than those receivable where the sales agent had not been Affiliated with a Party or shareholder.

- 12.15 The Company shall not enter into any contract for sale or refining of its products for a term in excess of 3 years without prior approval of RoG, which approval shall not be unreasonably withheld or delayed.
- 12.16 If after the date of this Agreement, a commercial gold or other mineral refinery or smelter is established in Guinea for processing gold dore or mineral concentrates to gold bullion or to marketable metal stage, the Company shall, consistent with its rights and obligations elsewhere in this Agreement, give bona fide consideration to processing its gold dore or other mineral products through

such refinery or smelter provided the charges, metal recoveries and services therefor are economic and competitive.

Article 13: Taxes and Fiscal Matters

- 13.1 Subject to the terms and conditions of this Agreement, the Company shall pay to RoG and fulfil its Tax liabilities as provided in this Article.
- 13.2 The Company shall not be subject to any Taxes other than as specifically provided in this Article. Without limitation to the foregoing and for avoidance of doubt no stamp duties, registration fees, transfer tax or similar imposts shall be payable on or in respect of any: (i) issue of shares in the Company; (ii) transfer of shares or property in the Company between Affiliates or as part of the restructuring of AuG; (iii) transfer or reimbursement referred to in Clause 12.4 from AuG to an Affiliate; (iv) loan agreements entered into by the Company; (v) any mortgage, charge or other security interest given by the Company for financing purposes; and (vi) any other document required for the purposes of this Agreement.
- 13.3 The Company shall pay an export tax calculated on the value of all products derived from a Mining Area and exported from Guinea as follows:

- (a) in the case of gold: (i) the value of each ounce of gold in each export shipment used in computation shall be the 15.00 hours US\$ gold fixing as agreed by members of the London Gold Bullion Market on the 3rd day following the day of the export shipment as quoted for that day in the Metal Bulletin; (ii) the export tax per ounce of gold in each export shipment shall be computed as a percentage of the per ounce value determined in accordance with paragraph (i) above as follows:

Per Ounce Value of Gold	Export Tax Percentage
• less than US\$475,	3%
• more than US\$475,	5%; and

- (iii) the value ranges in paragraph (ii) above shall be subject to adjustment with effect from each and every anniversary after the date of this Agreement to take account of general inflation in the United States of America (as reflected in the consumer price index) over the 12 months preceding each anniversary date;
- (b) in the case of diamonds and minerals other than gold: the export tax shall be fixed by RoG having regard to the levels of royalty or export tax fixed by other countries in West Africa in which diamond and corresponding mineral production is being commercially undertaken, but in no case shall exceed 9% of market value at time of shipment;
- (c) export taxes shall be paid: (i) in US\$ or such other currency as may be agreed between RoG and the Company; (ii) on or before the last day of

the month following each calendar quarter, in respect of export shipments made in that calendar quarter; and

- (d) each payment shall be accompanied by a statement in reasonable detail showing the basis of computation of export taxes due in respect of export shipments made in the preceding calendar quarter.

13.4 In the following provisions of this Agreement, the expression "Goods" includes all plant, machinery, equipment, vehicles, tools, apparatus, components, computer and telecommunications equipment and accessories, spare parts, consumables, materials and substances directly required for Project Activities or related infrastructure and accommodation in accordance with approved Programmes or approved Work Plans but expressly excludes vehicles for private domestic use, personal effects of expatriate personnel, foodstuffs and petroleum products.

13.5 Goods imported into Guinea by the Company or by consultants, contractors or sub-contractors during the period and for the purposes of: (i) exploration; (ii) construction and commissioning of a mining enterprise of the Company; (iii) the first 2 years of commercial production of a mining enterprise of the Company; and (iv) the expansion of a mining enterprise of the Company, shall enjoy the following exemptions:

- (a) those Goods imported for a limited period and due to be re-exported once exploration, construction or production is completed will enjoy duty free status under RoG's temporary admission customs regime;
- (b) other imported Goods will be exempt from all import taxes and duties and like imposts, including RTL. *except = 0.5% duty*
- (c) Goods referred to in paragraph (a) above will, upon re-export, be exempt from all export taxes and duties and like imposts including RTL.

13.6 For the purposes of Clause 13.5 the Parties agree that items included in the Mining List qualify for exemption from import taxes and duties and like imposts including RTL. The Mining List will be subject to periodic review and revision by RoG to ensure the customs exemption regime in respect of the mining industry in Guinea is operating fairly.

13.7 Goods imported into Guinea which do not qualify for exemption under Clause 13.5 shall be subject to customs duties as follows:

- (a) 5.6% of value on importation during the first 10 years of commercial operation of the relevant mining enterprise;
- (b) 10% of value on importation after the end of the 10th year of commercial operation of the relevant mining enterprise.

13.8 Expatriate personnel of or seconded to the Company and of consultants,

contractors and sub-contractors to the Company shall enjoy exemption from Taxes on the import of personal effects (including furniture and appliances) during the first 6 months following commencement of employment in Guinea and on the re-export of those personal effects following completion of their employment in Guinea.

13.9 Petroleum products required by the Company and its consultants, contractors and sub-contractors for Project Activities shall be dealt with as follows:

- (a) heavy fuel oil used for power generation shall be free of all Taxes for the duration of this Agreement, unless RoG is able to provide electricity for such purposes from the public electric grid on competitive terms;
- (b) diesel fuel, which RoG shall ensure is available in adequate quantities for the duration of this Agreement, shall be calculated and paid for as at the price ruling in the mining sector in Guinea and the factors used in such calculation are set out in Part B of Appendix 4 as they may be adjusted from time to time;
- (c) lubricants and other petroleum products readily available in Guinea shall be sold at preferential prices as set forth in Part C of Appendix 4 as they may be adjusted from time to time.

13.10 All items other than Goods imported into Guinea by or on behalf of the Company, its employees, consultants, contractors or sub-contractors and not expressly dealt with in the preceding clauses of this Article, shall be subject to customs duty or import tax in accordance with Applicable Laws.

13.11 The Company shall pay corporate income tax throughout the term of this Agreement at the rate of 30% on all taxable income received or accrued by the Company, whether originating from within or without Guinea.

13.12 In the case the Company is operating more than one mining enterprise, for income tax purposes, the operating period shall be deemed to commence on the date of commencement of commercial operation of the first mining enterprise.

13.13 For purposes of calculation of taxable income the rules for computation of corporate tax ("BIC") set out in the Second Schedule shall apply with the express exception that the Company shall not be entitled to claim an income tax deduction for any gold royalties paid to IFC as a consequence of the restructuring of AuG pursuant to Article 2. Without limitation to the Second Schedule:

- (a) taxable income shall be calculated by making allowance for accelerated depreciation on depreciable assets in accordance with the declining balance method over 5 years from the date of acquisition or completion of construction;

- (b) losses may be brought forward for a period of up to 5 years; and
 - (c) an investment allowance of 5% will apply for investments in depreciable assets made during the year.
- 13.14^a The Parties shall ensure that the Company only pays dividends on shares: (i) out of after tax income; (ii) consistent with any debt repayment obligations under financing secured for development of a mining enterprise or for expansion of that mining enterprise; and (iii) after taking into account expenditure commitments under approved Programmes and approved Work Plans.
- 13.15 The Company shall withhold and remit to RoG withholding taxes fixed at the rate of 10% on services provided to the Company as part of or in connection with Project Activities by persons who do not have a permanent establishment in Guinea for income tax purposes, (including services involving use of rights or property) provided that no withholding tax shall apply in respect of Services directly provided by GSM or CMC in accordance with this Agreement or a separate management and technical services agreement as contemplated in this agreement by reason of those Services being provided at cost.
- 13.16 The Company shall withhold and remit income taxes on salaries and wages of its Guinean employees according to Applicable Laws. In addition, the Company will in each year set aside and apply towards training of Guinean employees an amount at least equal to 1.5% of the aggregate of all salaries and wages of Guinean employees paid in the preceding year. To the extent that this minimum amount is not fully expended on training in the year of application, the unexpended balance shall be paid as a training levy or tax. If in any year the Company expends more than the applicable minimum amount on training, the excess expenditure shall be deductible for income tax purposes as provided in the Second Schedule.
- 13.17 Expatriate individuals who are employed by the Company or seconded to the Company as part of Services or employed by its consultants or contractors to work in Guinea, shall be subject to an income tax equal to 10% of total salaries paid for work performed in Guinea. Non cash allowances and benefits, pension or superannuation payments, social security and health care payments shall be disregarded for these purposes and exempt from tax.
- 13.18 The policy enunciated in Applicable Laws for provision for reconstitution of the mining deposit ("PRG") shall be applied in accordance with the Second Schedule.
- 13.19 The Company shall be subject to a prefectural or local development tax equal to 0.4% of gross sales revenues each year. Such tax shall be paid in the same manner and time as the export tax under Clause 13.3.
- 13.20 RoG undertakes that the Company shall be entitled to establish and maintain an

external account or accounts and receive into such account or accounts the following monies:

- (a) any equity or capital contribution in foreign exchange made at any time by the shareholders of the Company;
- (b) all credits or loans in foreign currency that may be granted to the Company from time to time, provided that the Company shall give notice to the Central Bank of Guinea of any credit or loan it intends to obtain for the purpose of Project Activities and indicating the terms of such credit or loan arrangement;
- (c) 75% or such other percentage of the gross proceeds of all sales in foreign currency of gold, and other minerals produced by the Company as may be approved by RoG having due regard to the debt financing or capital investment requirements of a particular mining enterprise of the Company;
- (d) the foreign exchange proceeds from investment of any monies in the external account or accounts.

The remaining 25% or other agreed percentage of gross proceeds of sales not payable into the external account or accounts, shall be paid into or maintained by the Company in a bank account in Guinea (either with the Central Bank of Guinea or by a bank approved by it) in FG or other lawful currency in Guinea and applied towards costs, expenses and charges: (i) of or in respect of Company employees (other than expatriate personnel); and (ii) for or in connection with goods and services supplied by contractors, consultants and business enterprises resident in Guinea.

13.21 The Parties acknowledge and agree that the external account or accounts shall be used exclusively for the payment by the Company of the following:

- (a) payment of principal, interest and other costs and fees in respect of any borrowing in foreign currency by the Company for a mining enterprise;
- (b) remuneration of expatriate personnel of the Company and any costs, expenses and charges paid or to be paid in foreign exchange for or in connection with Services or to suppliers, consultants or contractors whose goods or services are reasonably required for the purpose of Project Activities;
- (c) the costs of recovery, export and sale of gold or other minerals (if any) pursuant to the implementation of a mining enterprise;
- (d) payment of any dividend to the shareholders of the Company.

13.22 RoG hereby confirms and warrants to the Company and to its shareholders that

the Company shall not be required to deduct or withhold any Taxes from any payment from the external account or accounts of:

- (a) any interest or other costs paid in respect of any borrowing by or on behalf of the Company in foreign currency;
- (b) subject to 13.15, any payments for or in connection with Services or to consultants and contractors for supply of goods or services, where such payments are made in foreign currency; or
- (c) any dividends paid to the shareholders of the Company.

13.23 The types and rates of Taxes payable by the Company in accordance with this Article shall remain fixed for the duration of this Agreement unless the Parties otherwise agree. No new or additional Taxes shall be imposed on the Company in respect of any mining enterprise established by it in a Mining Area in accordance with this Agreement.

Article 14: Facilitation of Enterprise and Promotion of National Interest

14.1 In addition to the provisions of Titles and Consents as provided in Article 8, RoG undertakes with the other Parties and with the Company that:

- (a) no part of the right or interest of the Company in or in respect of the Project Area or a Mining Area shall be expropriated by RoG without prompt payment of fair and reasonable compensation therefor in such amount or awards as shall be determined by agreement or by award by arbitration as provided in this Agreement;
- (b) except as provided for in Article 7 in respect of RoG's right to purchase additional equity, the shareholders of the Company shall not be compelled by Applicable Laws to cede any right or interest they may have in or in respect of the capital of the Company and any mining enterprise of the Company to any other person whether wholly or in part;
- (c) in order to secure the repayment of the Company's obligations to any external financier, the Company may mortgage or charge to such external financier any and all of the Company's rights and interests in the Titles and its assets and undertaking;
- (d) the Company and its agents, consultants and contractors shall have access to and use of all geological and other information held by RoG and relating to the Project Area, including past exploration and mining reports and results;
- (e) the Company and its agents, consultants and contractors shall have the right: (i) subject to Applicable Laws and generally applicable international treaties and conventions, to fly over the territory of the

Republic of Guinea and to fly in and out of Guinean territory using chartered or privately owned aircraft and to use any recognised airstrip in Guinea and to land aircraft anywhere in the Project Area; (ii) in case of emergency, to fly personnel out of Guinea without interference or delay;

- (f) to the extent necessary for Project Activities or Services the Company, its agents, consultants and contractors may construct, install or obtain, or gain access and may operate or use within any part of the Project Area: (i) communications systems in accordance with applicable regulations (including without limitation, VHF, CB radios, satellite communications networks and other telecommunications equipment); (ii) adequate supplies or sources of power, water and construction materials such as sand, gravel and stone; (iii) pipelines, power lines, roads, airstrips and other infrastructure facilities; and (iv) housing and accommodation and health, education and social amenities.
- 14.2 RoG shall do everything within its power to ensure that the Company has access to and use of relevant public infrastructure facilities and services on no less favourable terms than those generally applicable in the mining sector. Where the Company has access and use of public infrastructure facilities (such as the Siguiri airport), it may to the extent that it deems necessary or appropriate, at its own cost and as part of approved Programmes or Work Plans upgrade, repair and maintain such facilities and expenditure so incurred shall be treated as expenditure on Project Activities.
- 14.3 Infrastructure facilities constructed or installed in any part of the Project Area by or on behalf of the Company: (i) will be constructed to the capacity and standards which meet but do not exceed the needs of the Company unless otherwise agreed with RoG; (ii) will be repaired and maintained by the Company as part of Project Activities; (iii) subject to the Company and its agents, consultants and contractors having priority, will in the case of roads outside restrictive areas, be available for public use free of charge.
- 14.4 RoG agrees that the Company and its consultants and contractors will be free to recruit and employ or use the services of expatriate personnel in Guinea to carryout Project Activities as they deem reasonably necessary. In respect of such expatriate personnel and their families and personal effects, RoG undertakes to facilitate their entry, residence and working in and passage from Guinea through the issue of necessary visas and work permits, customs and taxation clearances and the like as required under this Agreement or Applicable Laws.
- RoG confirms that it will not adopt any policy measures which could reasonably be construed as discriminatory towards such expatriate personnel.
- 14.5 GSM and CMC shall use their best endeavours to ensure that: (i) the Company does not recruit or employ expatriate personnel who are citizens of a country hostile to the Republic of Guinea; and (ii) expatriate personnel employed by the

Company do not engage in any activities which could undermine the national security or the public peace of Guinea.

- 14.6 The Parties shall ensure that the Company adopts and implements the following policies in relation to employment of Guinean nationals in Project Activities and in procurement of goods and services for the purposes of Project Activities:
- (a) the Company shall employ Guinean nationals to the maximum extent practicable consistent with efficient operations;
 - (b) the Company shall not be restricted in its assignment or discharge of personnel; provided that subject to the foregoing requirements the terms and conditions of such assignment and discharge or disciplining of Guinean personnel shall be carried out in compliance with Applicable Laws;
 - (c) the Company shall seek to provide direct Guinean participation in the management of the Company after the exploration phase and to this end CMC undertakes to use its best endeavours to have the Company recruit and employ a suitably qualified Guinean national as its director or manager of mining within 5 years of commencement of commercial operations of the Company's first mining enterprise;
 - (d) the Company shall introduce and conduct a comprehensive training program for Guinean personnel in Guinea in order to meet the requirement for various classifications of full time employment for its mining enterprise within the shortest practicable period of commencing development of that mining enterprise and shall also conduct a programme to acquaint all expatriate employees and contractors with the relevant laws and customs of Guinea;
 - (e) the Company shall at all times provide equal treatment, facilities and opportunities among employees in the same job classification with respect to salaries, facilities and opportunities within the mining sector regardless of nationality;
 - (f) if the Company establishes a mining enterprise it shall furnish such free medical care and attention to all its employees as is reasonable and shall establish, staff and maintain a dispensary or clinic which shall be reasonably adequate under the circumstances;
 - (g) the Company shall make maximum use of Guinean sub-contractors where goods or services available from them are competitive as regards price, continuity of supply, timing and quality of workmanship with those obtainable elsewhere;
 - (h) the Company shall not be obliged to engage the services of local sub-contractors unless the sub-contractors are technically or appropriately skilled or otherwise capable of carrying out the work in a satisfactory manner;

- (i) after the first Decision to Mine, the Company shall appoint for such period as is reasonably necessary, a number of its staff to: (i) identify goods or services required for Project Activities which can be provided by Guinean nationals or local businesses; and (ii) advise Guinean nationals desirous of providing those goods or services or establishing such businesses of those opportunities and the requirements of the Company; and
 - (j) the Company shall, to the extent the same does not interfere with the proper and timely performance of Project Activities, provide advice to groups of local miners in the Project Area in basic small scale, non-mechanical gold mining techniques, specifically shallow, alluvial gold mining operations.
- 14.7 RoG shall assist the Company in arrangements for any necessary resettlement of local inhabitants whose resettlement from any part of the Project Area or a Mining Area is necessary and the Company shall pay for the resettlement and give reasonable compensation for any dwelling, privately owned lands (including such landownership based on any Guinean customs or customary laws, generally or locally applicable) or other improvements (such as crops or plantations) in existence on any such parts which are taken or damaged by the Company in connection with Project Activities.

Article 15: Reports and Data

- 15.1 In addition to the matters referred to in Clause 9.15 the Investor agrees with RoG that the Company shall:
- (a) in respect of exploration in the Project Area, furnish the Minister not later than 60 days after 30 June and 31 December in each Fiscal Year with a report of the exploration activities undertaken during the preceding 6 months ending 30 June or 31 December (as the case requires) and the results obtained, accompanied by: (i) copies of any geological or geophysical maps of any part of the Project Area prepared by the Company or on its behalf by consultants or contractors as part of services; (ii) copies of maps indicating all places in the Project Area where drilling or trenching has occurred or exploratory pits sunk in the relevant 6 months period; (iii) copies of logs of all drill holes, pits and trenches and of assay results of any analytical mineral samples recovered from them;
 - (b) forthwith notify the Minister of: (i) any significant discovery of gold or other mineralisation in the Project Area which shows potential for economic development; (ii) any other significant event or occurrence directly or indirectly affecting the conduct of Project Activities;
 - (c) prior to commencement of development of a mining enterprise: (i) furnish the Minister with a copy of the feasibility study and environmental impact study and details the financing arrangements on

which the relevant Decision to Mine is based; (ii) and provide the Minister with a proposed construction schedule in respect of that mining enterprise; and (iii) keep the Minister informed of the progress of construction;

- (d) during commercial operation of a mining enterprise furnish the Minister within 30 days after each calendar quarter with operating reports containing: (i) a description of Project Activities carried out in the quarter and operating statistics for the quarter; (ii) a summary of gold and other mineral products exported and sold during the quarter; and (iii) profit and loss and net cashflow statements for the quarter;
- (e) furnish RoG as and when required with such other reports and other information required under the conditions of any Titles or any applicable Consents or Applicable Laws.

15.2 Except as otherwise provided in Clause 15.3, RoG shall have title to all data and reports submitted by the Company to the Minister or RoG pursuant to the provisions of Clause 15.1. Such data and reports will be treated as strictly confidential by RoG to the extent that the Company shall so request, provided, that data belonging to the public domain (because of having been published in generally accessible literature or of their mainly scientific rather than commercial value, such as general geological and geophysical data) and data which have been published pursuant to Applicable Laws or laws of a foreign country in which a shareholder may be domiciled (such as the annual report of public companies) shall not be subject to the foregoing restrictions. The term "data" as used in this Clause shall include (without limitations) any and all documents, maps, plans, worksheets and other technical data and information, as well as data and information concerning financial and commercial matters.

In respect of data relating solely to areas relinquished by the Company from the Project Area pursuant to Article 8, the foregoing restrictions shall cease to apply as from the date of relinquishment of such areas. In addition, where this Agreement has been terminated pursuant to Article 6, the foregoing restrictions shall cease to apply.

15.3 Notwithstanding Clause 15.2, exclusive know-how of the Company, its consultants, contractors or Affiliates contained in data or reports submitted by the Company to the Minister or RoG pursuant to the provisions of Clause 9.2 or 15.1 and which shall have been identified as such by the Company, shall only be used by RoG in relation to the administration of this Agreement and shall not be disclosed by RoG to third parties, without the prior consent of the Company. Such exclusive know-how as long as it remains exclusive know-how of the Company, its consultants, contractors or Affiliates (as the case may be) remains the sole property of the Company, its consultants, contractors or Affiliates (as the case may be).

15.4 RoG shall at its own cost have the right at all reasonable times to have access to and to audit or verify the context of the Company's commercial, technical and

financial records, either by RoG officials or independent auditors or advisers.

Article 16: Force Majeure

- 16.1 For the purposes of this Agreement "force majeure" means any event or circumstance beyond the reasonable control of a Party or the Company and occurring or arising without its fault or negligence which prevents or delays performance by that Party or the Company of its obligations hereunder, including without restriction: (i) war, sabotage, riot, insurrection, civil commotion, national emergency (whether in fact or law), martial law, fire, flood, cyclone, earthquake, landslide, explosion, strike, lockout, boycott or other labour difficulties, epidemic or quarantine; (ii) inability to obtain, breakdown of or damage to essential plant, facilities, equipment or supplies; (iii) loss, breakdown or shortage of necessary transport; (iv) restriction, restraint, prohibition, expropriation or embargo by legislation, regulation, decree or other legally enforceable order of any government or governmental or other competent authority; (v) refusal, non-grant, revocation, cancellation or suspension of any necessary Consent or the non-execution, non-entry into force or termination of any necessary agreement; or (vi) delay or failure to act on the part of any person (other than the Party affected) involved in the restructuring of AuG.
- 16.2 Any failure by a Party or by the Company to carry out any of its obligations under this Agreement shall not be deemed a breach of contract or default if such failure is caused by force majeure, that Party or the Company having taken all appropriate precaution, due care and reasonable alternative measures with the objectives of avoiding such failure and of carrying out its obligations under this Agreement. If any activity is delayed, curtailed or prevented by force majeure, then anything in this Agreement to the contrary notwithstanding, the time for carrying out the activity thereby affected and the term of this Agreement specified in Article 6 shall each be extended for a period equal to the total of the periods during which such causes or their effects were operative, and for such further periods, if any, as shall be necessary to make good the time lost as a result of such force majeure.
- 16.3 Where a Party or the Company is affected by force majeure in performance of its obligations, it shall as soon as practicable notify each Party which is not so affected and if applicable the Company thereof, stating the cause and the Parties shall endeavour to do all reasonable acts and things within their power to remove such cause, provided, that a Party shall not be obligated to resolve or terminate any disagreement with third Parties, including labour disputes, except under conditions acceptable to it or pursuant to the final decision of any arbitral, judicial or statutory agencies having jurisdiction to finally resolve the disagreement. As to labour disputes, the Company may request RoG to cooperate in a joint endeavour to alleviate any conflict which may arise.

Article 17: General

- 17.1 This Agreement is governed by and shall be construed in accordance with the laws of the Republic of Guinea. RoG declares that this Agreement is authorised under and conforms to Applicable Laws in force at the date hereof.
- * It is expressly agreed that this Agreement shall govern the relationships of the Parties in respect of the subject matter hereof for the duration of this Agreement and in the event of any inconsistency between the terms of this Agreement and Applicable Laws, the terms of this Agreement shall favour to the extent of that inconsistency.
- 17.2 Any dispute or difference between the Parties concerning the construction or operation of this Agreement or the rights or obligation of a Party hereunder shall, except where a procedure for resolution of such dispute or difference is expressly provided elsewhere in this Agreement, or the Parties otherwise agree in respect of a particular dispute or difference, be submitted to the jurisdiction of the International Centre for Settlement of Investment Disputes for settlement by conciliation or arbitration.
- 17.3 Any arbitral award made in respect of a dispute or difference submitted to arbitration pursuant to Clause 17.2 shall be final and binding upon the Parties and judgement thereon may be entered in any court of competent jurisdiction or application made to such court for judicial acceptance and an order for enforcement of that award.
- 17.4 If a dispute or difference is submitted to arbitration pursuant to Clause 17.2, the Parties shall, during the period of such arbitral proceedings and pending the making of the arbitral award, continue to perform their respective obligations under this Agreement so far as circumstances will allow without prejudice to a final adjustment in accordance with that arbitral award.
- 17.5 Any notice, advice, report, request, confirmation, approval, offer, acceptance, direction, Consent required or permitted or authorised under this Agreement ("notice") shall be in writing and:
- (a) must be legible and addressed as set out below:
 - (i) if to RoG: The Minister for Natural Resources, Energy and the Environment
- Address: BP 295 Conakry
Republic of Guinea
- Attention: The Minister
Telex: (0995) 22350 MINGEO GE

(ii) if to GSM
or to CMC: C/- Golden Shamrock Mines Limited

Address: 4th Floor, 15 Queen Street
Melbourne 3000
Victoria, Australia

Attention: Legal & Commercial Department
Facsimile: 61 3 629 7274
Telex: AA 154899 GSMLTD

or to any other address specified by a Party to the sender by written notice;

- (b) must be signed by a director, manager or secretary of the sender;
- (c) in the case of a telex, must be stated or purport to be sent under the signature of a director, manager or secretary of the sender;
- (d) is deemed to be duly given by the sender and received by or served on the addressee:
 - (i) if by delivery in person, when delivered to the addressee;
 - (ii) if by post, when received by the addressee;
 - (iii) if by telex, on receipt by the sender of the answerback code of the addressee; or
 - (iv) if by facsimile transmission, when received by the addressee,but if the delivery or receipt is on a day which is not a business day at the place of the addressee or is after 4.00pm (addressee's time) it is deemed to be duly given on the next business day at the place of the addressee; and
- (e) can be relied on by the recipient and the recipient will not be liable to any other person for any consequences of that reliance if the recipient believes it to be genuine, correct and duly authorised by the sender.

17.6 Waiver of any breach or provision of, or any default under, this Agreement must be in writing and signed by the Party granting the waiver. A breach of, or default under, this Agreement is not waived by any failure or delay in exercising any provision of this Agreement. A failure or delay in exercising or the partial exercise of any provision of this Agreement is not a waiver of that provision.

17.7 A variation of any term of this Agreement must be in writing and signed by the Parties. It is explicitly agreed that the Schedules and Appendices hereto may be

amended from time to time by the written agreement of the Parties without requiring formal ratification in accordance with Applicable Laws.

- 17.8 This Agreement supersedes all previous agreements, negotiations and understandings with respect to its subject matter including, without limitation, the Heads of Agreement and the existing Convention.
- 17.9 Each Party shall pay its own costs and expenses (including legal expenses) in respect of or in connection with the preparation and execution of this Agreement and the documents executed under this Agreement (including any document resulting from the restructuring of AuG).
- 17.10 In entering into this Agreement the Parties recognise that it is impracticable to make provision for every contingency which may arise in the course of operation of this Agreement and if unfairness to either Party is disclosed or reasonably anticipated due to some event or change in circumstances beyond the reasonable control of that Party, the Parties shall, upon request of either of them, forthwith consult in good faith with a view to removing the cause or ameliorating the effects of such unfairness provided that failure of the Parties to agree to remove the cause or ameliorate the effects of such unfairness shall not constitute a dispute or difference for the purposes of Clause 17.2.
- 17.11 Each Party shall do any thing and execute all documents reasonably required by the other Party to give effect to the transactions contemplated by this Agreement.
- 17.12 This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
- 17.13 This Agreement is drafted and signed in both French and English language versions. Each notice under this Agreement shall be in both French and English.

In the event of any inconsistency between the French and English versions of this Agreement or any notice, the French version shall prevail to the extent of that inconsistency.

IN WITNESS WHEREOF the Parties have entered into this Agreement on the day and year first herein before written.

DULY SIGNED for THE REPUBLIC OF GUINEA by the Minister for Planning and Finance His Excellency, Mr Soriba Kaba; and the Minister for National Resources, Energy and the Environment, His Excellency, Dr Toumany Dakoun Sakho

)
)
)
) Signature
)
)
) Signature



DULY SIGNED for and on behalf of GOLDEN SHAMROCK MINES LIMITED by its duly authorised representative in the presence of:

)
)
) Signature

Paula Lamaker
.....
Witness
David D. McJannet

DULY SIGNED for and on behalf of CHEVANING MINING COMPANY LIMITED by its duly authorised representative James Edward Askew in the presence of:

)
)
) Signature

Paula Lamaker
.....
Witness
David D. McJannet

FIRST SCHEDULE

Description of Project Area

Project Area means an area of 8384 km² referred to in the letter of the Minister to AuG dated 11th November 1992 and the AuG title description of 21 June 1988 as modified (copies of which comprise Annex "A" hereto) being the area described by the Coordinates set out in annexes to that letter.

Description of Concession

1. By this Agreement the Concession means the concession described in Article 12 of the existing Convention de Base other than Clauses (f) and (g) thereof (a copy of which Article comprises Annex "B" hereto) which confers exclusive and irrevocable rights on AuG to explore for and exploit deposits of gold, silver, diamonds and other associated minerals in an area which in this Agreement is defined as the Project Area, subject to 2 and 3 below.
2. The area subject to the Concession (i.e. the Project Area) at the date of this Agreement is a single area of 8384 km². Over the period of 3 years from the date of this Agreement, AuG has the exclusive rights to explore for and mine gold, silver, diamonds and other associated minerals in that Project Area of 8384 km². By the end of that 3 year period AuG must select and delineate not more than 5 separate sub-areas or blocks within that Project Area. Each block must be of a minimum size of not less than 250 km². The aggregate area covered by the blocks must not exceed 1500 km². It is permissible to select and delineate any number of blocks between 1 and 5 provided the aggregate area does not exceed 1500 km². The block or blocks so selected and delineated shall, at the expiration of the above 3 year period, become the Project Area in respect of which AuG has exclusive exploration and mining rights for the duration of this Agreement and any extension of this Agreement in accordance with Article 6. These parts of the 8384 km² Project Area as it exists at the date of this Agreement which are not selected and delineated as a block or blocks for inclusion in the 1500 km² Project Area, shall revert to the public domain.
3. Once the selection and delineation of the blocks has been effected in accordance with 2 above, no further or subsequent reduction of the Project Area (i.e. retrocession) shall be required under the Mining Code, so unless AuG otherwise requests the grant of substitute or replacement Titles the Concession shall operate with full force and effect in respect of those blocks in accordance with the provisions of this Agreement.
4. For good order it is acknowledged that AuG was granted a mining permit in respect of a 335 km² block within the Project Area for a 10-year period commencing 24 September 1986 (a copy of this mining permit comprises Annex "C" hereto). By the end of the 3 years after the date of this Agreement AuG shall decide whether or not to count the area of this mining permit as a block for the purposes of 2 above. If AuG does decide to retain the mining permit as a block, the mining permit itself shall be treated as part of the Concession and its duration shall be extended to a period or periods equal to then unexpired balance of the term of this Agreement or any extension of that Agreement in accordance with Article 6 and any references in

(ii)

that mining permit to the existing Convention de Base shall be treated as references to this Agreement.

STANDARD MINING
AGREEMENT

MAY 1951

1951

CONVENTION DE BASE
DE LA SOCIÉTÉ CANADIENNE DE MINES

THIS AGREEMENT is made this 1st day of May 1951 between the
Mines Division of the Government of Canada, on the one part,
and the Canadian Mining Association, on the other part,
whereof the names and addresses of the parties are given in
Schedule A to this Agreement.

WITNESSED AND SIGNED
this 1st day of May 1951.



Attachement

REPUBLIQUE DE GUINEE
TRAVAIL JUSTICE SOLIDARITE

MINISTERE DES RESSOURCES
NATURELLES, DES ENERGIES
ET DE L'ENVIRONNEMENT

Conakry, le 11 NOV. 1992

N° 1895

MINIST/CAB/CM/92

Le Ministre

VOITRE REF

A MONSIEUR LE DIRECTEUR GENERAL
DE LA SOCIETE AURIFERE DE GUINEE

OBJET :

(A u G)

Monsieur le Directeur Général,

J'ai accusé réception de votre lettre n° 221/DG/AuG/SIG/92 en date du 24 juin 1992 relative aux limites des concessions minières entre la SOCIETE AURIFERE DE GUINEE (AuG) et la SOCIETE MINIERE DE DINGUIRAYE (SMD). Je vous en remercie.

En réponse, j'ai l'honneur de vous informer que le chevauchement des deux permis résulte d'une délimitation à l'époque des superficies optionnelles de recherche sur la base des frontières administratives des Régions de Siguiri et Dinguiraye devenues Préfectures.

Compte tenu de l'importance des investissements déjà réalisés par la SMD dans les travaux de recherches sur le site de LERO, nous avons jugé équitable de maintenir cette zone dans la concession de cette Société (SMD).

Aurifère Guinée
Courrier Arrive le 20-11-92
Sous le N° 111

En conséquence, les limites de votre concession sont définies désormais par les coordonnées géographiques ci-annexées, soit une superficie totale de 8.384 Km². Cette superficie sera réduite par le système de la rétrocession, à 1.500 Km² conformément aux dispositions visées à l'article 12 alinéa (f) de votre Convention.

En vous souhaitant bonne réception, recevez, Monsieur le Directeur Général, mes salutations distinguées.-



DR. TOUMANY DAKOÛN SAKHO

COPIE : Directeur Général Adjoint

RIFERENZE LINEE

Coordonnées des sommets du polygone délimitant la concession :

<u>POINTS</u>	<u>LATITUDE NORD</u>	<u>LONGITUDE OUEST</u>
A.	11° 20' 00"	9° 09' 46"
B.	11° 20' 00"	9° 30' 00"
C.	11° 21' 00"	9° 30' 00"
D.	11° 21' 00"	9° 40' 00"
E.	11° 22' 00"	9° 40' 00"
F.	11° 22' 00"	9° 50' 00"
G.	11° 23' 00"	9° 50' 00"
H.	11° 23' 00"	9° 58' 45"
I.	11° 30' 00"	10° 00' 00"
J.	11° 40' 00"	10° 03' 00"
K.	11° 40' 00"	10° 00' 00"
L.	11° 49' 30"	10° 00' 00"
M.	11° 49' 30"	9° 57' 00"
N.	11° 45' 00"	9° 57' 00"
O.	11° 45' 00"	9° 50' 00"
P.	11° 51' 00"	9° 50' 00"
Q.	11° 51' 00"	9° 40' 00"
R.	11° 52'	9° 40' 00"
S.	12° 00' 00"	9° 30' 00"
T.	12° 00' 00"	9° 20' 00"
U.	12° 04' 00"	9° 20' 00"
V.	12° 04' 00"	8° 54' 30"

AURIFERE DE GUINEE

LIMITES DE LA CONCESSION D'EXPLORATION POUR

OR DE LA SOCIETE AURIFERE DE GUINEE

1) Préambule :

Le territoire dont la définition suit constitue une seule entité et est entièrement inscrit dans les limites administratives de la préfecture de Siguiri.

Pour rappel, la superficie de cette dernière, mesurée sur les cartes au 1/200.000e (feuilles Bamako Ouest, Faraba, Sirakoro, Siguiri, Kankan et Dinguiraye) est de 17.779 ' kilomètres carrés.

2) Limites :

A partir du point frontière entre Guinée et Mali situé sur l'axe routier Siguiri-Bamako à Kourémalé, la limite suit cette même frontière en direction Sud d'abord, Est ensuite jusqu'à un point situé à 1 km de la berge rive droite du fleuve Niger.

De là, en direction Sud-Ouest d'abord, Ouest ensuite et Sud enfin selon la courbe située constamment à 1km de la berge rive droite du fleuve Niger, jusqu'à sa rencontre avec la latitude de 11°20' Nord.

A

A → B De là, en direction Ouest suivant la latitude de 11°20' Nord jusqu'à sa rencontre avec la longitude de 9°30' Ouest.

B → C De là, vers le Nord suivant la longitude de 9°30' Ouest jusqu'à sa rencontre avec la latitude de 11°21' Nord.

C → D De là, vers l'Ouest suivant la latitude de 11°21' Nord jusqu'à sa rencontre avec la longitude de 9°40' Ouest.

D → E De là, vers le Nord suivant la longitude de 9°40' Ouest jusqu'à sa rencontre avec la latitude de 11°22' Nord.

E → F De là, vers l'Ouest suivant la latitude de 11°22' Nord jusqu'à sa rencontre avec la longitude de 9°50' Ouest.

F → G De là, vers le Nord suivant la longitude de 9°50' Ouest jusqu'à sa rencontre avec la latitude de 11°23' Nord.

G → H De là, vers l'Ouest suivant la latitude de 11°23' Nord jusqu'à sa rencontre avec la limite administrative entre la Préfecture de Siguiri et la Préfecture de Dinguiraye, la longitude de 9°58'45" Ouest.

H → I De là, vers le Nord-Ouest suivant cette limite entre préfectures jusqu'à sa rencontre avec la latitude de 11°50' Nord, jusqu'au point de rencontre entre la latitude de 11°30' Nord de la longitude 10°00'.

I - J De là, vers le Nord-Ouest jusqu'au point de rencontre entre la latitude de 11°40' Nord de la longitude 10°03' Ouest.

SOCIETE AURIFERE DE GUINEE

- J-K De là, vers l'Est suivant la latitude de $11^{\circ}40'$ Nord jusqu'à sa rencontre avec la longitude de $10^{\circ}00'$ Ouest.
- K-L De là, vers le Nord suivant la longitude de $10^{\circ}00'$ Ouest jusqu'à sa rencontre avec la latitude de $11^{\circ}49'30''$ Nord.
- → M De là, vers l'Est suivant la latitude de $11^{\circ}49'30''$ Nord jusqu'à sa rencontre avec la longitude de $9^{\circ}57'$ Ouest.
- M → N De là, vers le Sud suivant la longitude de $9^{\circ}57'$ Ouest jusqu'à sa rencontre avec la latitude de $11^{\circ}45'$ Nord.
- N → O De là, vers l'Est suivant la latitude de $11^{\circ}45'$ Nord jusqu'à sa rencontre avec la longitude de $9^{\circ}50'$ Ouest.
- O → P De là, vers le Nord suivant la longitude de $9^{\circ}50'$ Ouest jusqu'à sa rencontre avec la latitude de $11^{\circ}51'$ Nord.
- P → Q De là, vers l'Est suivant la latitude de $11^{\circ}51'$ Nord jusqu'à sa rencontre avec la longitude de $9^{\circ}40'$ Ouest.
- Q → R De là, vers le Nord suivant la longitude de $9^{\circ}40'$ Ouest jusqu'à sa rencontre avec la latitude de $11^{\circ}52'$ Nord.
- R → S De là, vers l'Est Nord-Est jusqu'au point de rencontre entre la latitude de $12^{\circ}00'$ Nord de la longitude de $9^{\circ}30'$ Ouest.
- S → T De là, vers l'Est suivant la latitude de $12^{\circ}00'$ Nord jusqu'à sa rencontre avec la longitude de $9^{\circ}20'$ Ouest.
- T → U De là, vers le Nord suivant la longitude de $9^{\circ}20'$ Ouest jusqu'à sa rencontre avec la latitude de $12^{\circ}04'$ Nord.
- U → V De là, vers l'Est suivant la latitude de $12^{\circ}04'$ Nord jusqu'à sa rencontre avec la frontière Guinée-Mali.

De là, vers le Sud-Est suivant la frontière Guinée-Mali jusqu'au point frontière sur l'axe routier Siguiri-Bamako à Kourémalé.

3) Superficie concernée :

La superficie du territoire ainsi défini, mesurée sur les cartes au 1/200.000e (feuilles Bamako-Ouest, Faraba, Sirakoro, Siguiri et Dinguiraye), s'élève à 8.890 kilomètres carrés soit 50% du territoire de la concession originelle.

Koron, le 21 Juin 1988

FIRST SCHEDULE

Annex "B"

II. CONCESSION ET TITRES MINIERES

Concession

Article 12

- a) Dans les trente (30) jours qui suivront l'entrée en vigueur de la présente Convention, la République de Guinée octroiera à la Société une concession minière exclusive et irrévocable pour les gisements d'or, d'argent, de diamant et autres minéraux associés existant sur le territoire de la Préfecture de Siguiri définie et délimitée par ses coordonnées géographiques reportées sur une carte à l'échelle de 1/200,000 selon annexe 6 de la présente Convention. Cette désignation formera une partie intégrale du "document de titre et de permis d'exploitation" émis en faveur de la Société.
- b) A l'intérieur de cette concession, la Société aura le droit exclusif de procéder à l'extraction, au drainage, au transport, à la transformation, à la vente de l'or, de l'argent, du diamant et des minéraux associés. La Société aura aussi le droit d'acquérir ou de construire toutes usines, installations, matériel et machines y ayant trait, de les exploiter et de prendre toutes mesures à cet égard ou autrement qu'elle jugera nécessaire en vue d'une bonne exploitation de la concession.
- c) Cette Concession aura une durée pour le moins égale à la durée de cette présente convention, mais en aucun cas inférieure à la durée de vie des mines en exploitation.
- d) Cette concession est accordée libre de toutes redevances et charges sans exception.
- e) Si des biens mis en valeur, tels que terrains, immeubles, bois ou autres matériaux, voies d'eaux ou autres infrastructures sont situés dans le périmètre d'exploitation, la Société devra indemniser les propriétaires conformément aux textes et règlements en vigueur en matière de droit civil. Le Gouvernement fera tout en son pouvoir pour que la Société n'ait pas à payer plus que la valeur marchande des équipements ou immeubles en question.
- f) Une fois défini les 3 blocs d'exploration totalisant 1.500 km², le reste du périmètre fait retour au domaine public guinéen avec les données correspondantes recueillies. Les 1.500 km² seront délimités selon la législation minière en vigueur en la matière. Le Gouvernement accorde toutefois aux Partenaires un droit de préemption pour signer un nouveau protocole d'accord de prospection sur tout ou partie de cette zone.
- g) A l'intérieur de cette concession, le Gouvernement délivrera à la Société, au fur et à mesure des besoins de celle-ci, les titres miniers et permis d'exploitation pour lui permettre de mener à bien une exploitation aussi profitable que possible des gisements d'or, d'argent, de diamant et autres minéraux associés.

REPUBLIQUE DE GUINEE

Annex "C"

N° 5708 / SOG. MINES

 MINISTRE DES RESSOURCES NATURELLES
 ENERGIE ET ENVIRONNEMENT

A R R E T E

- Vu la déclaration de prise effective du pouvoir par l'Armée en date du 3 Avril 1984 ;
- Vu la proclamation de la Deuxième République ;
- Vu l'Ordonnance n° 009/PRG/84 du 18 Avril, prorogeant la validité des lois et Règlements en vigueur au 3 Avril 1984 ;
- Vu l'Ordonnance n° 321/PRG/85 du 22^e Décembre portant réorganisation du Gouvernement de la Deuxième République ;
- Vu l'Ordonnance n° 007/PRG/86 du 19 Mars 1986 portant réorganisation du Ministère des Ressources Naturelles, Énergie et Environnement ;
- Vu la Convention de Base du 29 Mars 1985 entre la République de Guinée et Chevaning Mining Company Limited, ratifiée par Ordonnance n° 143/PRG du 29 Juin 1985 et sur recommandation de la Direction Générale des Mines.

A R R E T E

- Article 1er : Un permis d'exploitation d'une superficie de 335 km² couvrant les gisements de DIDI et KOROM est accordé à la Société mixte "S.A.G." SOCIETE MIXTE DE GUINEE.
- Article 2 : Ce permis constitue le premier bloc d'exploitation de la Concession Minière d'une superficie de 1.500 km² octroyée à la S.A.G., conformément à sa Convention de base.
- Article 3 : Le plan du permis concerné est joint en annexe sur une carte à l'échelle 1 : 200.000 dont les limites sont définies par les coordonnées géographiques suivantes :
- | | NORD | OUEST |
|----|--------|-------|
| 1. | 11°31' | 9°19' |
| 2. | 11°33' | 9°19' |
| 3. | 11°37' | 9°25' |
| 4. | 11°37' | 9°38' |
| 5. | 11°31' | 9°38' |
- Article 4 : La Société paiera les droits d'enregistrement et de timbre conformément à la législation en vigueur.
- Article 5 : La Société Mixte S.A.G. s'engage à exploiter la zone selon les règles de l'art et conformément à la législation minière en vigueur.

Ministry of the Interior of Guinea
Arrêté du 15 Octobre 1986

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Suite

- Article 6 : Le permis d'exploitation sera inscrit dans un registre spécial de la Direction Générale des Mines, tenu à cet effet.
- Article 7 : Le présent permis est accordé pour une durée de dix (10) ans et reste soumis aux dispositions de la Convention de Base de S.A.G. ainsi qu'aux textes d'application y afférant qui pourraient être élaborés ultérieurement, d'une part et de l'autre du code minier, pour autant que ces dispositions ne soient pas contraire à la convention de base.
- Article 8 : Le présent Arrêté prend effet à compter de la date de sa signature.
- Article 9 : La Direction Générale des Mines est chargée de l'application du présent Arrêté qui sera enregistré et publié au Journal Officiel de la République.

Conakry, le 15 Octobre 1986



Dr. Ousmane SYLLA

Ampliation :

S.G.G.....	12
M.R.E.D.	10
I.M.G./Kankan.....	2
D.P.M.G./Siguiri.....	3
D.G.M.....	4
S.A.G.....	5
J.O.....	4/40.

SECOND SCHEDULE

Rules for Computation of Income Tax Pursuant to Article 13

1. "Year" means (A) the calendar year or part thereof during which the Company shall first become liable for income taxes herein provided, (B) each subsequent full calendar year from January 1 to December 31, inclusive during the term of this Agreement and (C) the calendar year or part thereof in which this Agreement shall terminate.
2. "Products" means all ores, minerals, concentrates, precipitates and metals mined and produced and other material derived therefrom after deducting any quantities thereof which are lost, discarded, destroyed or used in research, mining, processing or transportation.
3. "Operating Expenses" in any year means the amount deductible from income of all expenses attributable to the Project Activities in such year. Operating expenses shall include, inter alia, the following types of expenses:
 - (a) Expenses in respect of material, supplies, equipment and utilities.
 - (b) Expenses for contracted services on behalf of the Project Activities.
 - (c) Expenses for premiums for insurance (foreign and domestic) on physical assets, inventories and for premiums against business and operational interruptions, to the extent that such premiums are paid to un-Affiliated Parties.
 - (d) Expenses in respect of damage or losses not compensated for by insurance or otherwise.
 - (e) Expenses for royalties, interest and other payments including those to Affiliates for patents, designs, technical information and services within reasonable limit.
 - (f) Expenses in respect to losses resulting from obsolescence, theft or destruction of inventory.
 - (g) Expenses for rentals such as, for example, those charged for equipment, plant, land and buildings.
 - (h) Expenses for all Taxes (including without limitation, lump sum and withholding payments with respect to employees' remuneration paid by the Company and any other levies paid pursuant to this Agreement, except income tax (BIC).
 - (i) Expenses for treating, smelting and other processing expenses.

(ii)

- (j) Expenses for handling, loading, storing, transporting and shipping.
- (k) Expenses for repairs and maintenance.
- (l) Expenses for commissions and discounts.
- (m) Expenses for deductions permitted by paragraph 4 through 12 below and other expenses related to the Project Activities.

4. "Depreciation" in any year means the deduction from income of an amount in respect of depreciable assets on a declining balance basis computed over a 5 year period (that is 40% in year 1; 24% in year 2; 14% in year 3; 11% in year 4 and 11% in year 5).

Depreciable assets include, by way of example, buildings, plant, machinery, equipment, dredges, vehicles used in connection with Project Activities, roads, bridges, power lines, pipelines, employee housing and employee health, education and welfare facilities and their respective equipment, construction in progress and other tangible assets depreciable under generally accepted accounting principles, plus any things made available by the Company for public purposes, such as, among others, roads, schools and clinics and their respective equipment.

"Investment Allowance" in any year means 5% of its total investment by the Company in depreciable assets in that year.

5. "Amortisation" in any year means the deduction from income of an amount in respect of amortisable assets computed on a declining balance basis over a 5 year period as per paragraph 4 above in respect of depreciations.

Amortisable assets include, by way of example, (A) patents, franchises, concessions, licences, leasehold interest and other intangible assets amortisable under generally accepted accounting principles and (B) all expenses incurred and capitalised prior to commencement of any phase of Project Activities in question, including exploration, development, construction, employee training and education and all other tax deductions allowed under this Agreement or permitted under Applicable Laws.

6. "Preproduction expenses" previously expended and capitalised and directly related to Project Activities may be consolidated into the account of the Company as a tax deductible item by way of amortisation. These preproduction expenses must be audited and approved by RoG.

7. "Selling, general and administrative expenses" in any year are deductible from income and include but are not limited to management expenses, compensation fees for services rendered abroad, executive salaries, communication expenses, dues and subscriptions, selling expenses, public relations, office expenses, marketing expenses (but not unrelated product research), legal and auditing expenses, general overhead expenses, including reasonable charges of Affiliates to be allocated to the Guinean operations to the extent that these charges represent actual cost of services provided in such year.

(iii)

The following items shall also be included in selling, general and administrative expenses of the Company:

- (a) Wages, salaries and other compensation, including employee remuneration, of personnel employed or engaged by the Company and any of the Affiliates of the Company who are assigned to the Project Activities on a temporary, part-time or permanent basis. Employee benefits paid by the Company include payment in respect of sickness, disability, termination, pensions, savings plans, incentives, training and other education programmes provided they are not categorised as a fringe benefit.
- (b) All necessary facilities provided in the Project Area or in the neighbourhood thereof for employees including but not limited to facilities for housing, sustenance, recreation and transport.
- (c) Administrative overhead charges for product research, market development and technical services of personnel employed or engaged by any of the Affiliates of the Company, who are not assigned to the Company but who render such services for the benefit of the Project Activities.
- (d) All necessary travel expenses incurred in connection with Project Activities in Guinea and to and from Guinea and other countries. In case such personnel are assigned to the Project Activities, such travel expenses shall include reasonable relocation expenses of them and their dependants to and from Guinea and their country of residence.
- (e) Charges for laboratory and technical services rendered to the Company by any of its Affiliates and/or contractors. Such charges shall consist of the cost of such services and shall be limited to not more than the cost an un-Affiliated Party would charge for such services.

- 8. "Interest Expenses" paid or accrued in any year on loan capital provided that the interest on loans does not exceed the generally applicable market rate at the time of borrowing.
- 9. "Losses" in any year means the excess of all deductions over the gross income in such year.

In the event a loss is incurred in any year, such a loss can be carried forward and may be deducted from taxable income accruing in the 5 years next succeeding the year in which such a loss was incurred.

- 10. "Exploration Expenses" in any year means all amounts deductible from income in respect of expenses incurred in such year in connection with exploring or evaluating mineral deposits, including but not limited to drilling, pumping, labour, clearing, access roads, power and water connection, service charges for erecting transmission lines, piping, communications facilities of the property and other similar expenses incurred in preparing a Mining Area for development, mining and processing of minerals.

11. "Other Expenses" in any year means amounts deductible from income in respect of proper expenses incurred in the year in gaining or producing income or incurred for the purpose of Project Activities in such year as provided in accordance with Applicable Laws.
12. "Provision pour Reconstitution due Gisement", or PRG, in any year is a provision for future exploration, establishing a reserve. If any part of the PRG reserve is not used within 3 years of having been added to the reserve, such portion will be deemed an addition to taxable income in the next year, and the reserve will be diminished by that amount.
13. "Gross income" means all amounts paid to or accrued by the Company:
 - (a) In the case of products sold or accrued by the Company, gross income means the gross proceeds received or accrued from the sale of the products free on board transporting aircraft or vessel at point of export shipment in Guinea on the basis described in Article 13.
 - (b) Receipts of a capital nature shall be treated in accordance with Applicable Laws.
 - (c) Other income of the Company actually received or accrued and not mentioned above.
14. "Taxable income" in any year means gross income in such a year after deducting therefrom all amounts in respect of expenses, costs and allowances as permitted by this Agreement and to the extent that there is no conflict therewith by the prevailing laws and regulations.

APPENDIX 1

Key Points of Cooperation Agreement

It is envisaged by GSM and CMC that the Cooperation Agreement (which may also be known and referred to as the Second Restructuring Agreement) shall be entered into between RoG, GSM, UM, CMC and IFC as soon as practicable after the date of this Agreement and will make provision for or acknowledge the matters set out below. It is also envisaged by GSM and CMC that the Cooperation Agreement will not become operative until this Agreement is ratified in accordance with Article 5. The matters set out below are under consideration by IFC at the date of this Agreement and this Appendix and Annex "B" hereto do not constitute binding commitments on the part of IFC.

1. The following existing loans to AuG will be converted to shares in AuG or otherwise cancelled in return for restructuring the existing shareholdings in AuG and for grant of certain gold royalty rights:
 - (i) First, existing loans from CMC (both secured and unsecured) and accrued interest comprising the following: US\$8.4 million tranche 'A' secured loan; US\$6.0 million tranche 'B' secured loan; US\$3.9 million unsecured exploration loan; US\$20.1 million unsecured advances and US\$8.3 million accrued interest, will all be converted to shares in AuG or otherwise cancelled and the shareholdings in AuG being initially altered from: RoG 49%, CMC 51%, to: RoG 15% and CMC 85% and the additional shares to be issued to achieve these new percentage holdings shall: (A) in the case of RoG be issued free of consideration or payment; (B) in the case of CMC be issued at par in consideration of the said loan conversion/cancellation; (C) be calculated by reference to the proposed loan cancellation referred to in 1(ii) below.
 - (ii) Secondly, US\$3.0 million of the secured loan from IFC totalling US\$7.2 million, will be cancelled in consideration for transfer of a 15% shareholding in AuG to IFC by CMC following 1(i) above, so that the resultant percentage shareholdings in AuG will become: RoG 15%, CMC 70% and IFC 15%. Upon taking a transfer of the 15% shareholding, IFC will agree to be bound by the applicable provisions of this Agreement, in particular Article 9.
 - (iii) Thirdly, the US\$4.2 million balance of the IFC secured loan together with accrued interest (which will be capitalised) of US\$0.564 million shall after the share transfer referred to in 1(ii) above, continue in force as an interest free loan secured by a charge over the existing alluvial gold mining assets of AuG unless and until converted to a gold production royalty as per 4 below.
 - (iv) Fourthly, all existing financing and security agreements, instruments and arrangements (other than the charge referred to in 1(iii) above) relating to the above loans will be terminated or otherwise released and discharged.
2. Simultaneously with the happening of 1(i) above and as part of 1(iv) above:
 - (i) RoG shall be released from its existing guarantee obligations to CMC in

(ii)

account to secure those obligations shall be released to RoG;
and

(ii) the parties to the Cooperation Agreement shall procure the termination of the various financing and security agreements listed in Annex "A" hereto which are still extant, other than the "Convention de Cession" or Assignment Agreement of 5 July 1991 in particular certain payment obligations of CMC in the event of "Retour à Meilleure Fortune".

3. Subject to 6 below, GSM/CMC shall solely contribute by way of unsecured interest free shareholder loans the first US\$6.0 million (without time limit in respect of the last US\$1.5 million of that amount) towards the costs of Programmes and Work Plans without dilution of IFC's 15% equity. Thereafter, providing a Decision to Mine has been made, Clause 10.7 of this Agreement shall apply in respect of further funding of Programmes and of Work Plans so that GSM/CMC will contribute 70/85th and IFC 15/85th unless RoG purchases additional equity in AuG. GSM will convert the above sum of US\$6.0 million to equity in AuG at an appropriate time being a time not later than the time of making the first Decision to Mine. If GSM/CMC withdraws from funding Project Activities pursuant to Clause 10.5, it will release AuG from all then outstanding shareholder loans made by it.

4. Conversion of the IFC secured loans to a gold production royalty shall only take place after GSM/CMC has in accordance with Article 10 of this Agreement (particularly Clauses 10.4 and 10.6) funded Programmes to at least US\$4.5 million.

Conversion to equity in AuG of the US\$6.0 million GSM/CMC shareholder loans referred to in 3 above shall not affect either RoG's 15% shareholding or the IFC's 15% shareholding and both of those shareholders will be issued with additional shares as needs be to maintain those percentage holdings.

IFC's gold production royalty will be calculated and payable by AuG and any other applicable Company (as defined in this Agreement) which establishes a gold mining enterprise in the Project Area pursuant to this Agreement in accordance with the relevant provisions of Annex "B" hereto. AuG and any other applicable Company shall not be entitled to any corporate income tax ("BIC") deductions in respect of such royalty payments to IFC.

5. In the event of the Board making the first Decision to Mine:

(i) the various options as set out in Annex "B" hereto will become available to GSM/CMC and IFC respectively; and

(ii) UM will become entitled to a gold production royalty from CMC in accordance with clauses 6.9, 6.10 and 6.11 of the Option Agreement (as set out in Annex "C" hereto) which clauses shall be construed and applied as though references therein to 'AuG' included references to any Company (as defined in this Agreement) which establishes a gold mining enterprise in the Project Area pursuant to this Agreement.

6. If GSM withdraws from further funding of Programmes in accordance with Clause 10.5 of this Agreement or fails to satisfy its undertakings in Clause 10.4 of this

(iii)

Agreement:

- (i) GSM's ownership right title and interest in CMC shall be dealt with in accordance with clause 6.7 of the Option Agreement (as set out in Annex "C" hereto); and
- (ii) IFC's secured loan as per 1(iii) above will remain in full force.

If UM does not exercise its rights under clause 6.7 of the Option Agreement to resume ownership of CMC, AuG will for the purposes of clause 6.3 of this Agreement be deemed to have permanently abandoned all Project Activities.

(iii)

Agreement:

- (i) GSM's ownership right title and interest in CMC shall be dealt with in accordance with clause 6.7 of the Option Agreement (as set out in Annex "C" hereto); and
- (ii) IFC's secured loan as per 1(iii) above will remain in full force.

If UM does not exercise its rights under clause 6.7 of the Option Agreement to resume ownership of CMC, AuG will for the purposes of clause 6.3 of this Agreement be deemed to have permanently abandoned all Project Activities.

EXTRACT OF OPTION

6.9 If after the date of exercise of the Option, AuG commences or recommences gold mining operations in the Concession Area, GSM shall pay or cause CMC or AuG (as the case requires) to pay UM a royalty in respect of gold produced by AuG from the Concession Area ("Royalty") as follows:

- (i) the Royalty shall apply to all gold, other than gold to which the Republic is entitled, produced after the first year of commercial operation from each individual mining project established or recommenced after the date of exercise of the Option ("qualifying gold");
- (ii) the aggregate amount of the Royalty shall be subject to the limitation set out in Clause 6.11;
- (iii) unless the Parties otherwise agree in writing, the Royalty shall not be affected by any royalty or other impost on the production, sale or export of gold now or hereafter imposed by the Republic under any law having general application throughout Guinea;
- (iv) the Royalty payable in respect of qualifying gold produced in each Quarter shall, subject to Clause 6.11, be the applicable % of the simple arithmetic average of the US\$ spot gold price over that Quarter as determined in accordance with the following table multiplied by the quantity of qualifying gold produced in such Quarter:

Table

US\$ Spot Gold Price per Ounce	Royalty %
• less than 350	nil
• 350 to 400	2.5
• 400.01 to 425	3.5
• 425.01 to 450	4.5
• 450.01 to 475	6.0
• greater than 475	7.5;

- (v) the amount of Royalty determined to be payable in respect of qualifying gold produced in a Quarter shall be paid to UM in US\$ within thirty (30) days after the end of that Quarter to the credit of UM's nominated bank account.

6.10 For the purposes of Clause 6.9:

- (i) a reference to "gold to which the Republic is entitled" is a reference to the Republic's entitlement to gold in specie or to the proceeds of the sale of gold obtained by AuG from the Concession Area whether that entitlement accrues to the Republic as a shareholder in AuG or under the Convention;
- (ii) a reference to "each individual mining project" includes a reference to:
 - (a) each Primary Gold Resource which is mined as an independent mining operation with its own, exclusive ore crushing and treatment plant;
 - (b) each Primary Gold Resource which is mined as part of a mining enterprise having two or more mines and a common ore crushing and treatment plant but which Primary Gold Resource is located at least three (3) kilometres from any other mine in the Concession Area;
 - (c) an alluvial gold mining operation in the Concession Area carried on as a single mining enterprise with a separate processing plant;
- (iii) a reference to "the US\$ spot gold price" is a reference to the afternoon US Dollar fixing price of the London Gold Market as quoted in Metal Bulletin;
- (iv) the US\$ spot gold price ranges set out in the Table in Clause 6.8 shall be subject to indexation and adjusted yearly for inflation from the date commercial production from the Concession Area is achieved or 1996, whichever shall last occur, onwards according to changes in the simple arithmetic average of United States, Canadian and Australian national consumer price indices from those indices applying on 1 January 1995, which date shall be used as the base date for purposes of indexation;
- (v) each Quarterly payment of Royalty shall be accompanied by a statement setting out:
 - (a) the quantity of qualifying gold produced in the relevant Quarter;
 - (b) the simple arithmetic average of the US\$ spot price over the relevant Quarter;
 - (c) GSM's or CMC's calculation of the amount of Royalty for the relevant Quarter; and
 - (d) such supporting information as UM may reasonably require to verify the basis of GSM's or CMC's calculation;
- (vi) UM's employees and agents shall at all times, at UM's own cost and upon giving reasonable prior notice to GSM, have access to the gold production records of AuG subject to observance of the confidentiality provisions of this Agreement.

6.11 Royalties shall be subject to the following limitations:

- (i) where the aggregate amount of Royalty paid to UM reaches US\$30,000,000, each Royalty % per ounce of gold set out in the Table in Clause 6.9 shall be reduced to one half of the stated % figure and such reduced % rates of Royalty shall apply to all qualifying gold produced after the aforementioned US\$30,000,000 aggregate Royalty payment has been reached;
- (ii) where the aggregate amount of Royalty paid to UM reaches US\$60,000,000, the Royalty shall cease to be payable and shall terminate absolutely.

"Primary Gold Resource" means any gold bearing in situ resource in the Concession Area other than a gold bearing resource comprising alluvium deposited by existing or former surface river systems;

APPENDIX 1

Annex "C"

- 6.7 Upon the occurrence of any of the following events, upon the written request of UM, GSM shall (a) transfer to UM for no consideration other than the terms of this Agreement, GSM's then existing right, title and interest in the Project, including, without limitation, GSM's current shareholding in CMC or in AuG (as the case may be) and the benefit of all then outstanding loans owing by CMC or by AuG (as the case may be) to GSM, exclusive of any loans or advances made by GSM to CMC or AuG since the exercise of the Option by GSM and prior to the expenditure by GSM of US\$4,500,000 in accordance with Clause 6.2 (the "Exploration Loans"), which Exploration Loans shall for all purposes be deemed to be of no force or effect from and after the date of transfer by GSM to UM pursuant to this Clause 6.7; and (b) upon such transfer to UM, GSM shall assume the obligations of CMC and AuG, if any, to pay all amounts due by CMC and AuG to any person in connection with loans or advances made by such person to CMC or AuG (as the case may be) since the date of exercise of the Option and prior to the expenditure by GSM of US\$4,500,000 in accordance with Clause 6.2:
- (i) GSM ceases further expenditure on exploration in the Concession Area with UM's concurrence in accordance with Clause 6.4;
 - (ii) GSM ceases further expenditure on exploration in the Concession Area pursuant to the Expert's determination in accordance with Clause 6.6;
 - (iii) Subsequent to the expenditure by GSM of US\$4,500,000 in accordance with Clause 6.2, GSM advises UM in writing that GSM has elected to decline to authorise, through CMC or otherwise, any further funding of AuG's operations in the Concession Area or
 - (iv) Subsequent to the expenditure by GSM of US\$4,500,000 in accordance with Clause 6.2 GSM advises UM in writing that CMC or AuG (as the case may be) have ceased to engage in any substantial exploration or mining activities in the Concession Area for a period of eighteen (18) consecutive months.

Notwithstanding anything set forth above to the contrary, the rights granted to UM under this Clause 6.7 shall automatically terminate and be of no further force or effect upon the first to occur of the following: (a) UM fails to request GSM to transfer the assets described above within sixty (60) days after the occurrence of one of the events set forth in Paragraphs (i), (ii), (iii) or (iv) above; (b) the obligations of CMC to the BIAO Banks under the Assignment Agreement have been satisfied in full; (c) the obligation of UM to guarantee the performance of CMC to the BIAO Banks under the Assignment Agreement is terminated or otherwise released; or (d) UM has received Royalty from GSM, CMC or AuG (as the case may be) in accordance with Clause 6.9 equal to US\$3,500,000.

APPENDIX 2

Rules for Direction and Management of AuG

1. The Board shall consist of not more than 7 directors. A shareholder shall be entitled to appoint 1 director for each whole 15% of issued share capital held by that shareholder, provided always that RoG shall be entitled to appoint 2 directors irrespective of the percentage of its shareholding and IFC shall be entitled to appoint 1 director so long as its shareholding is not less than 10% of total issued share capital. Each director shall be entitled to appoint an alternate or substitute director to act for him in his absence either for a specified period or generally.
2. A quorum of the Board shall comprise not less than 2 directors representing 2 or more shareholders, one of which must be CMC so long as it holds not less than 50% of the total issued share capital and one of which must be RoG.
3. Each director shall be entitled to 1 vote for each 1% of share capital owned by his appointer provided that where a shareholder is entitled to appoint more than 1 director, all the directors appointed by that shareholder shall vote as a block with the right to vote being exercised on behalf of that shareholder by its more or most senior appointee present at the relevant meeting of the Board.
4. The Chairman of the Board shall be one of the directors appointed by the shareholder with the largest single shareholding, provided that shareholding is not less than 50% of the total issued share capital. If no shareholder has 50% or more of the total issued share capital, the Chairman shall be appointed by agreement between the members of the Board. The Chairman shall not have a second or casting vote on any matter to be decided by the Board.
5. Prior to the first Decision to Mine, all binding decisions of the Board (including without limitation, the approval of Programmes and appointment of the chief executive officer) shall require the supporting vote of directors representing a shareholder holding alone or 2 or more shareholders holding in aggregate 70% or more of the issued share capital provided that after the restructuring of AuG as provided in Article 2 and prior to that Decision to Mine, the Board may only: (i) issue further shares or vary the rights attaching to existing shares in the capital of AuG; (ii) create any Encumbrance over AuG; or (iii) authorise AuG to incur new indebtedness other than loans in accordance with Clause 10.7 or 10.8, with the approval of all directors for the time being.
6. The first Decision to Mine and the development Work Plan relating to it shall require the supporting vote of directors representing a shareholder holding alone or 2 or more shareholders holding in aggregate 70% or more of the total issued share capital.
7. After the first Decision to Mine and the development Work Plan relating to it, all binding decisions of the Board (including without limitation, the making of subsequent Decisions to Mine) shall require the supporting vote of directors representing at least 2 un-Affiliated shareholders holding in aggregate not less than

(ii)

75% of the issued share capital other than decisions on the following matters which shall require the supporting vote of directors representing a shareholder holding alone or shareholders holding in aggregate 51% or more of the issued share capital:

- (a) Programmes or Work Plans providing for expenditure of less than US\$1.5 million over any 12 months period;
 - (b) any Project Activities necessary in the opinion of the chief executive officer for the maintenance, renewal or extension of any Title or Consent or the preservation or protection of any other property of AuG or of the health and safety of employees or of the environment;
 - (c) acquisition or disposal of vehicles or equipment in any 12 months to an aggregate value of less than US\$1.0 million.
8. The day to day affairs of AuG shall be managed by the chief executive officer who shall be appointed by and responsible to the Board provided that prior to the first Decision to Mine the chief executive officer shall be an appointee of CMC, seconded to AuG as part of the provision of Services. The chief executive officer need not be a director, but shall reside in Guinea during his tenure of office.
 9. Board meetings shall be held once every 6 months or at such other times as the Chairman or, in his absence, the chief executive officer, deems necessary for the efficient management of AuG. At least 21 days' notice of meeting shall be given to each director whether or not that director is in Guinea. Board meetings shall be held in Guinea unless the Parties otherwise agree. Each director shall be entitled to invite up to 2 advisers to attend and assist that Director at Board meetings. Advisers shall not be entitled to vote and shall not be entitled to speak at any meeting at which he is present unless invited to do so by the Chairman.
 10. The chief executive officer (even if he is not a director) will attend each Board meeting for the purposes of reporting on the progress of Project Activities, explaining proposed Programmes and Work Plans and generally assisting the Board in making fully informed decisions. The chief executive officer may be accompanied by members of senior AuG management where in his opinion it is necessary to provide technical or financial details to the Board on any significant matter.
 11. A person shall be appointed to act as secretary of AuG and to attend and take minutes of Board meetings and otherwise attend to AuG's corporate administration requirements under Applicable Laws.
 12. A resolution in writing signed by all the directors for the time being shall be valid and binding as if it had been duly passed at a validly convened meeting of the Board.
 13. Prior to the first Decision to Mine:
 - (a) directors' expenses in attending Board meetings will be paid or reimbursed by AuG and directors shall be entitled to modest directors' fees, as set out by

(iii)

the Board having regard to the fact that AuG will not have a positive cash flow at that stage;

- (b) AuG shall maintain a representative in Conakry for purposes of liaison with RoG and handling its external affairs but AuG shall not be required to have a permanent office in Conakry.

14. After the first Decision to Mire:

- (a) directors, in addition to expenses incurred in attending Board meetings shall be entitled to receive reasonable directors' fees, as set from time to time by the Board;
- (b) AuG shall, if it has not already done so, establish and maintain a permanent office in Conakry.

15. Each Party that is a shareholder in AuG agrees that it will exercise its respective voting rights as a shareholder in AuG to procure that AuG shall:

- (a) carry out Project Activities and conduct its business with due diligence and efficiency and in accordance with sound engineering, financial and business practises and approved Programmes and Work Plans and cause all shareholder loans and other financing obtained by AuG to be applied exclusively to Project Activities and related business operations;
- (b) keep its insurable assets and business insured with financially sound and reputable insurers against loss or damage in such manner and to such extent as shall be no less than that generally accepted as customary in regard to assets and business of like character;
- (c) maintain proper and effective cost control and management information systems and maintain books of account and other records adequate to reflect truly and fairly the financial condition of AuG and the results of Project Activities and related business activities in conformity with Guinean and internationally generally accepted accounting principles consistently applied;
- (d) furnish each shareholder within 60 days after the end of each half of each Fiscal Year:
- (i) a copy of AuG's complete financial statement for such half-year;
 - (ii) a report on any factors materially affecting or which might materially affect Project Activities or AuG's financial condition;
 - (iii) a report on the implementation and progress of the approved Programmes and/or approved Work Plans including any factors materially affecting, or which might materially affect, the carrying out of Project Activities;

(iv)

- (e) furnish each shareholder within 120 days after the end of each Fiscal Year with a copy of its complete financial statements for such Fiscal Year (which are in agreement with its books of account and prepared in accordance with Guinean and internationally generally accepted accounting principles consistently applied), together with an audit report thereon;
 - (f) appoint an internationally recognised firm of accountants as auditors of AuG (whose fees and expenses shall be for the account of AuG) and authorise such auditors to communicate directly with RoG at any time regarding AuG's accounts and management;
 - (g) obtain, maintain in force or, where appropriate, promptly renew and perform and observe all the conditions and restrictions contained in any Title or necessary Consent.
16. The books of accounts of AuG and financial records relating to Project Activities shall be maintained in FG's and in US\$ or such other currency as the Parties agree.
 17. As between the Parties, the monies of account and payment shall be US\$ unless otherwise agreed in respect of a particular transaction or series of related transactions.
 18. Without limitation to anything contained in this Article so long as AuG remains an Affiliate of GSM, the accounts and financial records of AuG shall be maintained and all financial reports and statements of AuG shall be prepared in such form and detail as will meet the Australian accounting, taxation and statutory requirements of GSM.
 19. The accounts of AuG in respect of each Fiscal Year (including the balance sheet as at the end of each Fiscal Year) shall be approved by the shareholders of AuG in general meeting not later than 180 days after the end of that financial year.
 20. The accounts, records and assets of AuG shall be audited at the end of each Fiscal Year by the auditors in accordance with Applicable Laws and internationally recognised auditing practice and procedures. Each of the shareholders shall be entitled to a copy of each of the auditors' reports.
 21. Without limiting or affecting any right which RoG may have under this Agreement or Applicable Laws, a duly authorised representative of a shareholder shall have the right at any reasonable time and at his own expense and risk, to enter the Project Area and observe Project Activities, but in so doing that representative shall be subject to the safety and security policies and procedures of AuG and the directions of AuG senior staff.
 22. No business shall be transacted at any general meeting of shareholders of AuG unless a quorum is present at the time when the meeting proceeds to business.

The quorum required for any general meeting of shareholders of AuG shall be not less than 2 shareholders un-Affiliated to each other present in person or by proxy or duly authorised representative and entitled to vote at that meeting, and being shareholders holding in the aggregate not less than 75% of the total issued share

(v)

capital (irrespective of the class of those shares). If a quorum required for any general meeting of shareholders is not present within 1 hour after the time appointed for the meeting, the relevant provisions of Applicable Laws shall apply in respect of adjournment of the meeting and the quorum required for the adjourned meeting.

Articles of Association

(1) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(2) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(3) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(4) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(5) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(6) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(7) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(8) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(9) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(10) The Articles of Association shall be subject to the provisions of all Applicable Laws.

(11) The Articles of Association shall be subject to the provisions of all Applicable Laws.

APPENDIX 3.

Description of Services

Services mean:

- (a) management services, advice and assistance in respect of all aspects of Project Activities;
- (b) financial, insurance, accounting, taxation, legal, personnel and general administration services in connection with or incidental to Project Activities;
- (c) without limiting the generality of the foregoing paragraphs, undertaking or arranging in connection with Project Activities, (either directly or through advisers, consultants, contractors and similar personnel engaged by GSM or CMC on behalf of the Company):
 - (i) recruitment or secondment to the staff of the Company of necessary expatriate expert personnel and selection and training of other Company personnel;
 - (ii) preparation of Programmes and Work Plans and budgets; economic, technical and environmental studies; development proposals and mine plans; management, operating and financial reports required under this Agreement and all reports and returns required under Applicable Laws or the Titles or applicable Consents;
 - (iii) definition and supervision of mineral exploration (using geological, geophysical and geotechnical methods), drilling, sampling, assaying, metallurgical testing, site investigations for engineering and environmental data;
 - (iv) provision of engineering and design services, procurement and supply of all necessary plant, machinery and equipment (including vehicles and mobile machinery) and consumables (including reagents and spare parts and construction and operating supplies);
 - (v) management of construction and commissioning of mining enterprises;
 - (vi) management of mining, treatment and rehabilitation operations and the production, transportation, storage and delivery of gold and other mineral products;
 - (vii) application for and acquisition, extension, renewal, maintenance and variation of Titles and Consents;
 - (viii) acquisition or provision of mining infrastructure and related services and facilities (including power, water, transport, communications, employee housing and welfare);

(ii)

- (ix) negotiation and implementation of agreements and arrangements for or in relation to the refining, transportation and marketing of gold and other minerals and monitoring and reporting on market conditions;
 - (x) provision of agency services for the Company in Australia, Europe and the United States of America (including without limitation personnel recruitment, purchasing, marketing, insurance and banking services);
 - (xi) compliance with all Applicable Laws including without limitation, laws relating to safety requirements, working conditions and compensation and benefits to employees;
 - (xii) the making of applications for, and obtaining all relevant Consents and extensions and variations of Consents or as and when required by AuG obtaining Consents on behalf of AuG (including, for the avoidance of doubt, in relation to the employment or working in Guinea of any expatriates recruited on behalf of or seconded to AuG;
 - (xiii) proper disbursement of all funds provided by or on behalf of the Company to carry out Services, including without limitation, payment of all sums payable by GSM or CMC with respect to acquisition of all goods and services and all property and rights necessary or appropriate in connection with Project Activities; and
 - (xiv) payment on behalf of the Company of all Taxes and other charges payable in connection with Project Activities or pursuant to the Titles, or otherwise; and
- (d) such other services as may be agreed from time to time between the Company and GSM or CMC whether pursuant to this Agreement or a separate management and technical services agreement.

APPENDIX 4

Part A

Mining List

As set out in Annex "A"

Part B

Calculation of Price of Diesel Fuel

As set out in Annex "B"

Part C

Calculation of Price for other Petroleum Products

As set out in Annex "B" other than for imported

lubricants which shall be subject to customs

duty in accordance with Clause 13.7

APPENDIX 4

PART A

<u>SERIAL NO.</u>	<u>DESCRIPTION OF ITEM</u>
001	ADHESIVES, ALL TYPES
002	AMALGAM BARRELS BUCKETS AND PANS
003	AMMETERS - ELECTRIC
004	ANVILS
005	ARMATURES
006	ASBESTOS - CRUDE, WASHED, GROUND AND WASTE
007	AXES - FELLING, HAND, AND OTHER TYPES
008	AXLE BOXES - SPECIALLY DESIGNED FOR MINING PURPOSES
010	BAGS - ASSAYING, SAMPLING, DUST COLLECTION, AND OTHER
011	BALANCES - ASSAYING, CHEMICAL AND WEIGHTS, AND OTHER
012	BALANCES - SPECIFIC GRAVITY
013	BALL BEARINGS, ROLLER BEARINGS AND NEEDLE ROLLER BEARINGS
014	BARs - FIRE
015	BATTERIES - ALL KINDS, INCLUDING THOSE SPECIALLY DESIGNED FOR MINING EQUIPMENT
016	BELT FASTENERS AND TIGHTENERS
017	BELTING - FOR CONVEYORS, CUT OR UNCUT
018	BELTING, LACES AND BANDS OF ALL TYPES FOR DRIVING MACHINERY
019	BLACK LEAD
020	BLOWLAMPS
021	BOILER HOUSE PLANT INCLUDING ECONOMISERS, SUPERHEATERS, CONDENSERS, SOOT REMOVERS, GAS RECOVERERS AND RELATED ITEMS
022	BOLTS - CLUTCH, UNDERGROUND SAFETY ROOF AND OTHER
023	BOOTS - ANTIC, RUBBER, SAFETY AND OTHER
024	BOTTLES - GUTTA PERCHA, GLASS, PLASTIC, CERAMIC AND

(ii)

OTHER

025 BRASS INGOTS AND RODS

026 BRONZE, ALL SHAPES

027 BRUSH - BURETTE, CYLINDER, TEST TUBE AND OTHER

028 BRUSHES - CAMEL HAIR, DYNAMO, FILTER CLEANING,
FOUNDRY AND OTHER

029 BUCKETS AND DISHES - AMALGAM

040 CARBON - FOR TREATMENT OF ORE (ACTIVATED CARBON)

041 CALCIUM CARBIDE

042 CARBON BRUSHES (ELECTRICAL)

043 CARPET STRIP - DIAMOND MINING, FOR RECOVERY OF
DIAMONDS

044 CEMENT

045 CEMENT CLINKER - FOR MINING CONSTRUCTION PURPOSES

046 CHAINS - STEEL FOR MACHINERY

047 CHARTS - WINDER

048 CHECKER PLATES

049 CHEMICAL ELEMENTS, INORGANIC AND ORGANIC CHEMICAL
COMPOUNDS, BEING CHEMICALS AND REAGENTS USED IN
ASSAYING AND PRODUCTION

050 CLOTH - ALL KINDS AS USED IN MILLING, MINING,
EXPLORATION OR OTHER MINERAL - RELATED ACTIVITIES

051 COKE

052 COMPUTERS - COMPUTERS AND RELATED EQUIPMENT
INCLUDING DISPLAY MONITORS, PRINTERS, DRAFTING
ACCESSORIES, MAGNETIC OR OTHER DATA STORAGE MEDIA

053 CONDENSERS - ELECTRICAL

054 CONVEYING EQUIPMENT, ALL KINDS AND SPARE PARTS

055 COPPER WIRE - INSULATED OR BARE

056 CORDUROY - GOLD MINING FOR RECOVERY OF GOLD

057 COTTER PINS

058 CRAYONS, WATERPROOF

059 CRUCIBLE MUFFLE TONS

060 CRUCIBLE - COVERS AND LINER FOR

(iii)

- 061 CRUCIBLE - GOOCH, NICKEL, PLATINUM, PORCELAIN OR OTHER
- 062 CUPELITE SAMPLE DIVIDERS
- 063 CYLINDERS
- 070 DESICCATORS
- 071 DESICCANTS, EG. SILICA GEL
- 072 DREDGES AND SPARES
- 073 DRILLING EQUIPMENT, ALL KINDS AND SPARE PARTS
- 074 DUMPERS AND SPARES
- 075 DYNAMO METERS - ELECTRICAL
- 080 ELECTRICAL APPARATUS . FOR MAKING AND BREAKING ELECTRICAL CIRCUITS
- 081 ELECTRICAL MOTORS, CONVERTERS, TRANSFORMER, RECTIFIERS, RECTIFYING APPARATUS AND PARTS
- 082 ELECTRICAL SIGNALLING EQUIPMENT
- 083 ELECTRICAL STARTING AND IGNITION EQUIPMENT (INTERNAL COMBUSTION ENGINES) DYNAMOS, CUTOUTS, ETC. (FOR MINING MACHINERY)
- 084 ELEMENTS ELECTRICAL
- 085 ENGINES - DUMPER, DIESEL, GASOLINE AND SPARES
- 086 EXCAVATING, LEVELING, SAMPLING, BORING AND EXTRACTING MACHINERY AND PARTS
- 087 EXPLOSIVES - FOR MINING USE
- 090 FANS, ALL KINDS OF (EXCEPT DOMESTIC)
- 091 FERROSILICON
- 092 FILES, HAND
- 093 FILTERPRESS - CLOTH, PAPER, BAGS AND OTHER
- 094 FILTER WIRE
- 095 FLANGES
- 096 FORCEPS WEIGHT STEEL
- 097 FOUNDRITE
- 098 FOUNDRY MATERIALS, ALL KINDS

- 099 FURNACES, BURNERS FOR LIQUID FUEL (ATOMISERS),
PULVERISED SOLID FUEL, OR FOR GAS; MECHANICAL
STOKERS, ETC. AND PARTS
- 100 GAS TESTING APPARATUS
- 101 GAUGE CHART
- 102 GAUGE GLASSES, POINTERS FOR
- 103 GAUGE - ELECTRIC
- 104 GAUGE - RINGS FOR
- 105 GAUGE - STEAM, VACUUM, WATER
- 106 GLASSES - CLOCK, GAUGE, MAGNIFYING, METER, WATCHES
OR OTHER
- 107 GLOVES, RUBBER, SAFETY, CLOTH, INSULATED OR OTHER
- 108 CORE COMPOUND, ALL KINDS
- 109 GOLD WIRE FOR ASSAY
- 110 GREASE LUBRICATING
- 112 GRINDING MACHINES AND TOOLS (INCLUDING GRINDING
WHEELS, EG: CARBORUNDUM WHEELS)
- 120 HACKSAW BLADES
- 121 HAMMER HEADS
- 122 HANDLES - FILE
- 123 HANDLES - BROOM, SHOVEL AND OTHER HAND DIGGING OR
CLEANING TOOLS
- 124 HATS - MINERS
- 125 HAULAGE VEHICLES, ALL SIZES FOR ORE AND ROCK
HAULAGE
- 126 HOSE AND HOSE FITTINGS
- 127 HOT PLATES AND SPARES
- 128 HYDRAULIC ENGINES, MOTORS, FLUIDS, HOSES AND PARTS
- 129 HYDROMETER
- 130 HYFLO SUPER GEL
- 140 INDIA RUBBER TUBING AND VALVES
- 141 INDICATOR CARDS - ENGINE

(v)

- 142 INGOT MOULDS
- 143 INSTRUMENTS FOR PHYSICAL OR CHEMICAL ANALYSIS
- 144 INSULATED CABLES
- 145 INSULATORS
- 146 INTERNAL COMBUSTION ENGINES AND PARTS

- 150 JACKETS, DONKEYS AND MINERS
- 151 JAWS FOR CRUSHERS
- 152 JIM CROWS
- 153 JOINT BOX COMPOUND

- 160 LABORATORY APPARATUS AND SPARES THEREOF - FOR
TESTING AND SAMPLING OF ORE OR MILL PRODUCTS
- 161 LAMPS - ELECTRIC, HANOVER ULTRA VIOLET RED, MINERS
AND SPARES INCLUDING BELTS (LAMP PARTS)
- 162 LEAD FOIL USED FOR ASSAYING GOLD
- 163 LEATHER BELT FOR DRIVING MACHINE
- 164 LENS, OBJECT
- 165 LIFTING, HANDLING, LOADING, UNLOADING MACHINERY,
EG. LIFTS, HOISTS, WINCHES, CRANES, TRANSPORTER
CRANE, PULLEY AND TACKLE, BELT CONVEYORS,
TELEFERICS, ETC. AND SPARES
- 166 LIME - METALLURGICAL
- 167 LIMESTONE
- 168 LINATEX, RUBBER LINING FOR PUMPS
- 169 LISSAPOL N.D.B.
- 170 LITMUS PAPER
- 171 LOCKERS - BATH HOUSE OR OTHER
- 172 LOCOMOTIVES DIESEL, ELECTRIC, OR OTHER - SPECIALLY
DESIGNED FOR MINING OPERATIONS
- 173 LOOP HEAD
- 174 LUBRICATING OIL
- 175 LOOP, ZEISS HAND

- 180 MABOR FOR MAKING CUPELS

- 181 MACHINE TOOLS FOR WORKING METAL (E.G. BORING, MILLING, PLANING, GRINDING, GEAR CUTTING MACHINERY) AND SPARES
- 182 MACHINE TOOLS FOR WORKING WOOD (E.G. SAWING MACHINES) AND SPARES
- 183 MACHINERY AND MECHANICAL APPLIANCES FOR MINING USE
- 184 MACHINERY PARTS NOT CONTAINING ELECTRICAL CONNECTORS, INSULATORS, COILS, ETC. - FOR MINING USE
- 185 MACHINES FOR SORTING, SCREENING, SEPARATING, WASHING, CRUSHING, GRINDING, LEACHING ORE, ETC. AND SPARES
- 186 MAGNETS
- 187 MAGNETITE
- 188 MAGNIFIER - APLANATIC, COMPOUND OR OTHER
- 189 MATTING - FOR FILTER USE IN SOLUTION TANKS
- 190 MEASURING EQUIPMENT AND DEVICES, ELECTRONIC OR MECHANICAL, FOR MINING AND MILLING USE, WITH SPARE PARTS
- 191 METAL - MUNTZ
- 192 METERS - ELECTRICAL, VOLT OR OTHER
- 193 METHYLATED SPIRIT
- 194 MICROSCOPE
- 195 MOULDERS - CHAPLETS, SAND, SPRINGS, STUD OR OTHER
- 196 MUFFLES
- 210 OIL - TRANSFORMER (INSULATING)
- 211 OUTER COVERS FOR EARTH-MOVING
- 220 PACKING - ASBESTOS JOINTING (CORD), BANKETITE, ENGINE, GRAPHITED - HYDRAULIC, GREASY, HEMP, LANGITE, METALLIC ASBESTOS, RUBBER, TALLOW OR OTHER
- 221 PAD - DIAMOND SORTING
- 222 PANS - CLEAN UP, PROSPECTORS, LATRINE UNDERGROUND, AND OTHER

- 223 PAPER - BLACK GLAZED, OR WHITE STONE FOR DIAMOND
SORTING
- 224 PAPER - FOR ALL USES
- 225 PIG IRON
- 226 PIPES
- 227 PLIERS
- 228 PLUMBAGO FOR FOUNDRY
- 229 PLUMBERS WIPING METAL
- 230 POINTERS FOR WATER GAUGE GLASSES
- 231 PROTECTIVE CLOTHING FOR MINERS AND MILL WORKERS
- 232 PHOTO EQUIPMENT
- 233 PHOTOSORB
- 234 PULSOMETERS
- 235 PUMP LEATHERS
- 236 PUMPS AND SPARES AIR AND LIQUID
- 237 PYROMETERS
-
- 240 RAILS, RAIL SWITCHES (NOT ELECTRICAL) AND OTHER
SPECIALISED MATERIALS FOR JOINING OR FIXING OF
RAILS
- 241 REFRACTORY BRICKS AND OTHER REFRACTORY CONSTRUCTION
MATERIALS
- 242 REFRACTORY PRODUCTS OTHER THAN REFRACTORY
CONSTRUCTION MATERIALS
- 243 RESISTANCES AND RESISTORS
- 244 ROAD ROLLERS AND SPARES
- 245 ROPES - MANILA, STEEL HAULING, WIRE, AND OTHER
- 246 RUBBER - OIL SKINS, PLATES, SEAT PROTECTORS,
STOPPERS, TUBING, VALVES AND OTHER
-
- 250 SAFETY VALVE
- 251 SAWS - NON MECHANICAL, AND BLADES FOR HAND OR
MACHINE SAWS INCLUDING TOOTHLESS SAW BLADES
- 252 SCREENING - PERFORATED STEEL PLATES, WIRE MESH
AGATE STEEL, WIRE MESH PHOSPHOR BRONZE, AND OTHER

MATERIALS

- 253 SCREENS FOR VIBRATORY CONVEYORS
- 254 SCREWS - ALL KINDS
- 255 SCREW DRIVERS
- 256 SHACKLES FOR WIRE ROPES
- 257 SHOVELS - MINING
- 258 SIGNALING EQUIPMENT - ELECTRICAL
- 259 SILICA FINELY GROUND
- 260 SILICON CARBIDE ABRASIVE GRAINS
- 261 SILVER WIRE (PURE) FOR ASSAYING
- 262 SOCKETS FOR WIRE ROPES
- 263 SOLUFIX CEMENT FOR LINATEX RUBBER
- 264 SOLVENTS, ALL KINDS
- 265 SPANNERS
- 266 SPIKES - DOG
- 267 STARCH - MAIZE (REAGENT)
- 268 STEAM AND OTHER VAPOUR POWER UNITS AND PARTS
- 269 STEEL - ANGLE IRON, BALLS (FOR MILLING), BARS (ALL SHAPES), CHANNEL IRON, DRILLS, HIGH SPEED TOOL, MILD, MILD BARS, MILD TOOL, RODS (FOR MILLING), ROLLER JOISTS, SETS AND STEELWORKS FOR SHAFTS, STUDS, SQUARE BARS, WIRE MESH
- 270 STEELWORKS, FABRICATED FOR ORE TRANSFER STRUCTURES
- 271 STEMMING BAGS FOR USE WITH EXPLOSIVES
- 272 STOCK AND DIES
- 273 STORAGE BATTERIES - ELECTRICAL PROTECTIVE CIRCUITS AND PARTS
- 274 SUCTION HOSES
- 275 SULPHATE OF AMMONIA
- 276 SULPHUR AND SULPHUR CHEMICALS
- 277 SULPHURIC ACID RESISTING ENAMEL
- 278 SURVEYING INSTRUMENTS AND PARTS
- 279 SYSTOFLEX VARNISHED COTTON
- 290 TAMPING BAGS

- 291 TAPS, COCKS, VALVES AND SIMILAR APPLICANCES AND PARTS
- 292 TAR SOLVENT
- 293 TIN-INGOTS OR OTHER SHAPES
- 294 TOGGLES
- 295 TOOLS HAND, PNEUMATIC, ELECTRIC OR OTHER
- 296 TRANSMISSION SHAFTS, CRANKS, PLAIN SHAFTS, BEARINGS, GEARS AND GEARING, FLYWHEEL, PULLEYS AND PULLEY BLOCKS AND PARTS
- 297 TUBE BENDERS, CUTTERS, EXPANDERS OR OTHER TOOLS
- 298 TUBES AND FERRULES - COMPRESSOR, STEAM AND OTHER, IN ANY MATERIAL
- 299 TURBINES AND PARTS
- 300 TURNTABLES (RAILWAY AND TRAMWAY)
- 301 TWEEZERS, PICKERS
- 302 TWINE
- 303 TWIST DRILL
- 310 UNIVERSAL INDICATOR PAPERS AND SOLUTIONS
- 320 VANNER PARTS AND SUPPLIES
- 321 VARNISH INSULATING
- 322 VEHICLES - 2 OR 4-WHEEL DRIVE - EXPLORATION, DRILLING, WATER, HAULAGE, UTILITY OR OTHER AND PARTS
- 323 VENTILATION DUCTING SHEET - FOR MINE VENTILATION
- 324 VISES AND OTHER EQUIPMENT - ENGINEERS
- 325 VOLTMETERS
- 330 WATER GAUGES, GLASSES, RINGS AND OTHER PARTS
- 331 WEDGES - STEEL
- 332 WEIGHTOMETERS FOR CONVEYORS
- 333 WELDING EQUIPMENT INCLUDING ELECTRODES
- 334 WHEELBARROW, SELF TIPPING FOR MINING
- 335 WHISTLES - ALARM

(x)

- 336 WRENCHES - PIPE CHAIN, STILLSON AND OTHER, WITH SPARE PARTS
- 340 X-RAY EQUIPMENT, SPARE PARTS AND FILM
- 341 XYLENE
- 350 ZINC INGOTS, SHAVINGS, DUST AND OTHER FORMS
- 360 ANY OTHER ITEM NOT HEREIN SPECIFIED APPROVED BY THE COMMISSIONER OF CUSTOMS, EXCISE AND PREVENTIVE SERVICE ON RECOMMENDATION OF THE MINISTRY RESPONSIBLE FOR MINING

APPENDIX 4

Annex "B"

STRUCTURE DE PRIX
MINIER
CONAKRY

Avr-93

	Unité	Barème	Lignes de	Ref	ESSENCE	GAZOLE	PETROLE
1 Moyenne Platt's	US\$/TM				192,71	165,91	180,7
2 FOB à CAF	US\$/TM				18,39	19,50	15,5
3 CAF	US\$/TM		1+2		211,10	185,5	196,2
4 Pertes Maritimes	US\$/TM	1%	3		2,11	1,86	1,0
5 Commission de Change	US\$/TM	0,50%	3		1,06	0,93	0,9
6 Frais Financiers	US\$/TM		3				
7 CAF Structure	US\$/TM		3-4-5-6		214,27	188,29	199,2
8 Densité					0,758	0,863	0,80
9 Litres/TM					1319	1159	121
10 Taux de Change		952,71			952,71	952,71	952,7
11 CAF Structure	FG/L		7-8-9		154,73	154,31	154
12 Frais de Credoc		0,35%			0,54	0,54	0,5
13 Frais de PAC	FG/TM	1580			1,20	1,36	1,3
14 veritas		0,70%			1,13	1,13	1,1
15 Passage depots	FG/L				11,21	9,72	12
16 TPS		14,94%	13-14-15		2,02	1,77	2,2
17 Pertes et Cdulages		2,4%/1,8%	12 a 16		4,10	3,04	3,1
18 Taxe d'Entreposage		1%	11		1,55	1,55	1,5
19 Sortie Dépots HT	FG/L		11-17-18		176,46	173,53	173,75
20 DFE		5,6%	11		8,67	8,67	8,75
21 DDE			11		0,00	0,00	0,00
22 TCA			11		0,00	0,00	0,00
23 RTL		2%	11		3,09	3,10	3,1
24 TSPP	FG/L				0,00	0,00	0,00
25 RCE		0,20%	20 a 24		0,02	0,02	0,02
26 TOTAL droits et taxes	FG/L		20-25		11,78	11,79	11,78
27 Sortie Dépots TTC	FG/L		19-26		188,25	185,30	187,9
28 Marge brute de Distrio	FG/L	50			50,00	50,00	50,00
29 Péréquation	FG/L	100			100,00	100,00	100,00
30 Marge de détail	FG/L	21			21,00	21,00	21,00
31 TOTAL	FG/L		27-30		359,25	356,30	356,9
32 Prix Officiel	FG/L					357,00	



APPENDIX 1

Annex "A"

Title	Date	Parties
1. Credit Agreement (as amended)	22 April 1987	AuG, Republic, CMC, UM, BIAO and Banks
2. Investment Agreement	17 June 1988	AuG and IFC
3. Trust Agreement (as amended)	17 June 1988	AuG, Republic, CMC, IFC, BIAO and Banks
4. Assignment & Retention Agreement	17 June 1988	AuG, IFC, CMC, Republic, BIAO, the Banks, the Trustee, Argor Hereaus and Union de Banques Suisses
5. Pledge (of Goodwill) Agreement	17 June 1988	AuG and Trustee (BIAO)
6. Share Retention Agreement	17 June 1988	CMC, UM, AuG, IFC
7. Assignment Agreement or "Convention de Cession"	5 July 1991	AuG, CMC, UM, Pancon, BIAO, GBNV and Banks
8. Agreement in Principle	26 September 1991	CMC and IFC
9. Restructuring & Amendatory Agreement	3 July 1993	AuG and IFC
10. Amendatory Share Retention Agreement	3 July 1993	AuG, CMC, UM and IFC
11. Subordination Agreement	3 July 1993	AuG, CMC and IFC
12. Trust Agreement Amendment Agreement	3 July 1993	AuG, Republic, CMC, IFC and IFC and BFO
13. CMC Credit Agreement	3 July 1993	AuG, Republic, UM and CMC

BIAO = Banque Internationale pour l'Afrique Occidentale S.A.

BFO = Banque Française de L'Orient - Successor Trustee to BIAO

Banks = the Banks and other financial institutions represented by BIAO or any successor to BIAO

GBNV = Generale Bank S.A./N.V.

APPENDIX 1

Annex "B"

GSM and CMC have proposed to IFC the following terms and conditions for dealing with IFC's existing first ranking secured loan to AuG. IFC is considering these terms and conditions as part of the proposed Co-operation Agreement:

1. IFC's existing first ranking secured loan to AuG, the principal portion of which is US\$7.2 million, will be divided into equity and loan/royalty components (in aggregate "IFC Entitlement") as follows:
 - (a) US\$3.0 million of IFC Entitlement will be converted into a 15% ownership interest in AuG ("IFC" Equity Interest); and
 - (b) the balance of US\$4.2 million of the IFC Entitlement will, subject as provided in Clause 3 hereunder, remain a first ranking secured loan to AuG.
2. GSM shall ensure that the IFC Equity Interest is transferred to IFC by CMC or otherwise beneficially vested in IFC as soon as possible after the exercise of the Option.
3. IFC's US\$4.2 million loan referred to in paragraph 1(b) above, shall be automatically converted into a royalty on Qualifying Gold, such royalty having a total value of up to US\$7.8 million, upon GSM having spent or caused AuG to expend not less than US\$4.5 million on Programmes ("IFC Royalty").
4. Prior to the first Decision to Mine and to GSM having spent or caused AuG to spend an aggregate of US\$6.0 million on Programmes and Work Plans, IFC shall not be obliged to make any pro rata contributions to the cost of Programmes and Work Plans.
5. If the first Decision to Mine is made, the following options will become available to GSM and IFC respectively:
 - (a) in the case of GSM - within 30 days after the first Decision to Mine (but not thereafter) GSM may serve notice on IFC ("GSM Call Notice") that requires IFC to sell the IFC Equity Interest to GSM or CMC for a cash price of US\$3.0 million payable to IFC within 12 months from the date of the GSM Call Notice, interest to accrue from day to day on such price at LIBOR plus 2% calculated on and from the date of the GSM Call Notice to the date of payment of the price, such accrued interest to be payable with the price;
 - (b) first, in the case of IFC - at any time after the first Decision to Mine (provided GSM has not serviced a GSM Call Notice), IFC may serve notice on GSM ("IFC Sale Notice") of IFC's intention to sell all (but not part of) the IFC Equity Interest for a specified cash consideration, to a named third party on specified terms (collectively "Offer Terms"); where an IFC Sale Notice is served on GSM or CMC may within 21 days thereafter (but not otherwise) by notice to IFC accept the Offer Terms; if GSM or CMC does not accept the Offer Terms within the 21 day period, IFC shall have the right to sell the IFC Interest on the Offer Terms prior to (but not after) the

(ii)

expiration of 60 days after the end of the 21 day period;

- (c) secondly, in the case of IFC - within a 21 day period after the expiration of the 30 day period referred to in paragraph (a) above (but not thereafter), provided GSM has not served a GSM Call Notice and IFC has not served an IFC Sale Notice, IFC may give notice to GSM ("IFC Dilution Notice") that IFC elects not to participate in additional Equity Contributions required to help meet the cost of Development and in such event the IFC Equity Interest shall thereafter be subject to proportional abatement in favour of CMC in accordance with the formula:

$$EI = 100 \times \frac{C}{TC}$$

where

"EI" is the IFC Equity Interest as calculated from time to time;

"C" is US\$1.5 million; and

"TC" is:

- where GSM and/or CMC have spent US\$6.0 million or more on Programmes prior to the first Decision to Mine - US\$10.0 million plus any additional equity contributions made by GSM and/or CMC towards the cost of development after the first Decision to Mine; or
- where GSM and/or CMC have not spent US\$6.0 million on Programmes prior to the first Decision to Mine - US\$4.0 million, plus the amount actually spent on Programmes by GSM and/or CMC prior to a Decision to Mine, plus any additional equity contributions made by GSM and/or CMC towards the cost of Work Plans after the first Decision to Mine.

6. Where by operation of paragraph 5(c), the IFC Equity Interest is abated to less than two-thirds of its original level, GSM and/or CMC shall ensure that such abated IFC Equity Interest is converted into a senior loan of US\$1.5 million to AuG, bearing interest at LIBOR plus 3% (calculated at 12 monthly rests from the conversion date); such loan to be repayable within 3 years after the date of commencement of new commercial mining operations by AuG in the Concession pursuant to the first Decision to Mine and interest of the loan to accrue from day to day and be payable 12 monthly in arrears. IFC shall ensure that upon such re-conversion, the abated IFC Equity Interest is transferred to or otherwise re-vested in CMC.
7. IFC may serve an IFC Sale Notice notwithstanding that it has previously given an IFC Dilution Notice (provided Clause 6 has not then taken effect), and in such case the IFC Sale Notice shall relate to the IFC Equity Interest as abated in accordance with Clause 5.
8. GSM shall ensure that where Clause 3 has application, the IFC Royalty shall be payable to IFC by AuG and any other applicable Company as a royalty in respect of

(iii)

Qualifying Gold divided into two classes:

- (a) the first US\$4.2 million of the total royalty value shall be payable to IFC pari passu and in the ratio of 1:2 with payment of the first US\$8.4 million of the UM royalty entitlement, so that for each US\$1 royalty payment to UM, IFC shall receive a royalty payment of US50 cents;
 - (b) the remaining US\$3.6 million of the total royalty value shall be payable to IFC, after payment of the first US\$4.2 million, pari passu and in the ratio of 1:5 with the UM royalty entitlement, so that for each US\$1 royalty payment to UM, IFC shall receive a royalty payment of US20 cents.
9. Notwithstanding the foregoing provisions of this Annex "B", if AuG commences new gold mining operations in the Concession pursuant to the first Decision to Mine without GSM and/or CMC having made equity contributions totalling US\$6.0 million, GSM shall pay or cause AuG and any other applicable Company to pay IFC as an additional royalty in respect of Qualifying Gold (calculated and payable under the same terms as, but in addition to, the royalty payable in respect of Qualifying Gold under paragraph 8(a), a US\$ amount equal to 25% of the difference between US\$6.0 million and the actual equity contributions of GSM and/or CMC made prior to the commencement of mining operations.
10. Royalties in respect of Qualifying Gold payable to IFC pursuant to Clauses 8 and 9 shall be calculated and payable in the same circumstances and manner, on the same terms and subject (pro rata) to the same limitations as the UM royalty entitlement is payable to UM. No royalties or other monetary benefits whatsoever shall be payable to IFC in respect of diamonds or in respect of minerals, other than gold, obtained from the Concession.
11. For the purposes of this Annex "B":
 - (a) "equity contributions" include contributions by way of unsecured interest free shareholder loans as well as by way of subscription for shares in AuG;
 - (b) "Qualifying Gold" means all gold, other than gold to which RoG is entitled (either in specie or as to proceeds of sale pursuant to the Convention or by virtue of RoG's shareholding in AuG or in any other Company as defined in this Agreement), produced from each individual mining project (as defined in the Option) established or restarted by AuG and by any other applicable Company in the Concession after:
 - in the case of AuG - the first Decision to Mine; - in the case of any other applicable Company - the relevant Decision to Mine; and
 - in all cases - expiration of the first 12 months of commercial mining operations of that individual mining project;
 - (c) references to any other "applicable Company" are references to any Company (as defined in this Agreement) which establishes a gold mining enterprise in the Concession pursuant to this Agreement in addition to AuG;

(iv)

- (d) where pursuant to Clause 8 and/or Clause 9 there is an applicable Company contributing royalty payments to IFC in addition to AuG, they shall do so pro rata in the proportions which their respective annual gold production rates bear to one another.

EFFECT OF OPTION

11.1 If the option is exercised, the Company shall, in addition to the obligations set forth in Clause 8, be bound by the provisions of this Clause 11.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.

11.2 The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.

11.3 The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.

11.4 The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.

11.5 The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.

Company Name	Annual Gold Production (t)
ABC Gold Corp	100,000
DEF Gold Corp	200,000
GHI Gold Corp	300,000
JKL Gold Corp	400,000
MNO Gold Corp	500,000
PQR Gold Corp	600,000
STU Gold Corp	700,000
VWX Gold Corp	800,000
YZA Gold Corp	900,000

11.6 The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.

11.7 The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1. The option shall be exercised by the Company in accordance with the provisions of Clause 11.1.1.