

MINERAL AGREEMENT

**AMONG
THE COOPERATIVE REPUBLIC
OF GUYANA**

&

**THE GUYANA GEOLOGY & MINES
COMMISSION**

- AND -

**First Bauxite Corporation.
&
Guyana Industrial Minerals Inc.**

November 24, 2011

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THIS MINERAL AGREEMENT is made as of this 24th day of November 2011, with effect as of the same day by and among:

1. **THE COOPERATIVE REPUBLIC OF GUYANA**, a sovereign state organized in such territory, on such principles and according to such rules as are described in the Constitution of the Cooperative Republic of Guyana proclaimed into operation as of October 6, 1980, as amended, said party being represented for the purposes hereof by its Government, acting by and through the Prime Minister, Wight's Lane, Kingston, Georgetown, Guyana;

(hereinafter, "**Guyana**" as represented herein by the "GoG" or "**Government**") together with,

2. **THE GUYANA GEOLOGY & MINES COMMISSION**, an agency of the Government and a body corporate duly established under the Geology & Mines Commission Act 1979 (Guyana), as amended, and duly authorized by its Board

(hereinafter, the "**Commission**" or the "**GGMC**") represented herein by the Prime Minister Hon. S.A.A. Hinds and the Chairman, GGMC

AND

3. **FIRST BAUXITE CORPORATION**, a company incorporated under the laws of the Province of British Columbia, Canada, having its registered office at Suite 1220, Oceanic Plaza, 1066 West Hastings Street, Vancouver, BC, V6E 3X1, Canada; and

(hereinafter, the "**Foreign Party**") together with

4. **GUYANA INDUSTRIAL MINERALS INC.**, a company incorporated under the Companies Act, No. 29 of 1991, having its registered office at A143 Robin's Place West, Bel Air Park, Georgetown, Guyana;

(hereinafter, the "**Company**")

Guyana, the Commission, the Foreign Party and the Company are hereinafter sometimes referred to individually as a "**Party**" and collectively as "**Parties**"; the Foreign Party and the Company are also hereinafter sometimes referred to collectively as the "**Private Parties**".

WHEREAS:

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- A. The Foreign Party and the Company completed a Feasibility Study in November 2011;
- B. Guyana deemed it appropriate to provide for the making of such lawful Orders and administrative acts by such Ministers, Government Authorities and the giving of such undertakings by Guyana in respect of such matters as are hereinafter described;
- C. The Company has satisfied all the prerequisites to the issue of Mining Licenses and Prospecting Licenses, and has been issued the Bonasika Mining License and the Waratilla-Cartwright Prospecting License, in accordance with Sections 30 and 46 of the Mining Act;
- D. Section 47(1)(b) of the Mining Act, 1989, provides that Mining Licenses may contain provisions relating to such matters as the Commission may determine for the purposes of the Mining Act;
- E. The Company has also satisfied all the prerequisites to the issue of an Environmental Permit (as defined herein), and has been issued same for Mining on the Bonasika Mining License and Operations of a Sinter Plant at Sand Hills, by Guyana's Environmental Protection Agency ("EPA"); and
- F. Section 19 of the Mining Act authorizes the Commission, with the approval of the Minister under the Mining Act, to enter into a Mineral Agreement (not inconsistent with the Mining Act) with respect to the matters enumerated in Section 19 thereof and, in particular, with respect to the granting of Mining Licenses and any matter incidental thereto or connected therewith.

NOW, THEREFORE, with a view to ensuring the efficient, effective and orderly Operations of the Project as more particularly detailed hereinafter, for the greater benefit of the people of Guyana, its Government and the shareholders and employees of the Company, the Parties hereby formally agree and declare as follows:

1. INTERPRETATION

1.1 Definitions: In addition to terms defined elsewhere in this Agreement (including in the above preamble) and unless otherwise required or indicated by the context, the following terms shall respectively have the following meanings:

"Act" means any written law of Guyana made in the manner prescribed by Article 170 of the Constitution and any other act as defined in the Interpretation Act.

"Affiliate" means, in relation to a Party, a body corporate:

- (i) which is directly or indirectly controlled by such Party; or
- (ii) which directly or indirectly controls such Party; or



- (iii) which is, directly or indirectly, controlled by a company or corporation that also, directly or indirectly controls such Party.

For the purpose of this definition, “control” of a body corporate means the power to direct, administer and dictate policies of such body corporate, it being understood and agreed that control of a body corporate can be exercised without direct or indirect ownership of fifty percent (50%) or more of its voting shares, provided always that direct or indirect control of fifty percent or more of such voting shares shall be deemed to be effective control.

“Agreement”, “hereby”, “herein” “hereof” “hereto” and “hereunder” and similar expressions refer to this Agreement as the same may be amended from time to time, and not to any part or other provision hereof.

“Applicable Law” means any and all Acts (including Subsidiary Legislation), laws, statutes, regulations, ordinances, rules, guidelines, policies, notices, Orders and directions or other requirements of any Government Authority applicable to the Parties, this Agreement and the transactions set forth herein, the Company, the Prospecting Licenses, the Mining License, the Environmental Authorization, the Project or the Assets.

“Applied Tax Laws” shall have the meaning ascribed thereto in clause 9.6 hereof.

“Articles” means the Articles of Incorporation of the Company dated April 12, 2010, and annexed hereto as Schedule “B”

“Assets” means, collectively, facilities, buildings, equipment, machinery and other tangible or intangible property owned or to be acquired by the Company from time to time for the purposes of the Project.

“Authorization” means an authorization, consent, approval, resolution, license, permit, permission, exemption, filing, registration and notarization, in each case issued or granted by the Government or a Government Authority.

“Bauxite” means the sedimentary rock that consists principally of one or more hydrates of alumina (diaspore, gibbsite, boehmite) and that may also contain clay minerals and hydrated iron oxides. For the purpose of this definition it also means all clays including bauxite capping, flint clays and kaolin and all such bauxite products, whether naturally occurring or manufactured by the Company.

“Canadian Dollar” means the dollar, which is the lawful unit of currency under the laws of Canada.

“Canadian Dollar Books” shall have the meaning ascribed thereto in clause 9.9.

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"Commission" means the Guyana Geology & Mines Commission and any successor thereto which is a body corporate or other agency of the Government; and **"Commissioner"** has the meaning ascribed to it in the GGMC Act.

"Commissioner-General" shall have the meaning ascribed to it in the Guyana Revenue Authority Act 1996.

"Company" means Guyana Industrial Minerals Inc. and any successor body corporate.

"Constitution" means the Constitution of the Cooperative Republic of Guyana 1980 proclaimed into operation as of October 6, 1980.

"Contractor" means an independent entity which contractually agrees to furnish a certain number or quantity of goods, materials, equipment, personnel and/or services that meet or exceed stated requirements or specifications at a mutually agreed upon price and within a specified timeframe to another independent entity called the principal owner of the project.

"Corrective Action" shall have the meaning ascribed thereto in clause 15.5.

"Development" means all work that may reasonably be required to be performed in connection with the preparation of a Mine and Sand Hills Sinter Plant, or any portion thereof, for the conduct of Mining, including the construction and installation of facilities and the procurement of materials, tools, equipment and supplies.

"Effective Date" means the commencement date of this Agreement as set forth in clause 18.1.

"EIA" means the Environmental Impact Assessment dated April 15, 2001 and the EIA Addendum and EMP of July 2010, describing the anticipated impact of Operations on various aspects of the environment in Guyana as filed with the EPA in July 2010, and any future Addendums and or Variations prepared by Environmental Management Consultants Ltd., (EMC) a Guyana company, or any other company, on behalf of and at the request of the Company.

"EMP" means the Environment Management Plan outlined in the EIA.

"Environmental Authorization" means the Environmental Authorization granted to the Company by the EPA pursuant to the 1996 Guyana Environmental Protection Act.

"Exempted Tax Laws" shall have the meaning ascribed thereto in clause 9.14.

"Expatriate", "Expatriate Employee" and "Expatriate Personnel" shall respectively have the meanings ascribed thereto in clause 10.1.

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“Exploration” means any activity performed with a view to determining the existence, location, quantity or quality of bauxite ore in Guyana.

“Feasibility Study” means the comprehensive study, dated [November 2011], of the known mineral deposits within the Bonasika Mining License, the Waratilla-Cartwright Prospecting License and in all Prospecting Licenses which arise out of the Permission for Geological and Geophysical Survey # PGGS01/10, or any similar permissions granted to the Company or any of its Affiliates describing geological, engineering, legal, operating, economic, social, environmental and other relevant factors in sufficient detail as reasonably determined by the Company for use in financing the development of the deposits for mineral production, as may be modified, amended or supplemented from time to time.

“Food” means any solid or liquid and edible nutrient normally consumed by human beings as nourishment.

“Force Majeure” shall have the meaning ascribed thereto in clause 4.2.4.

“Foreign Currency Account” shall have the meaning ascribed thereto in clause 7.2.

“Foreign Party” means First Bauxite Corporation and any successor thereto who is not a citizen of Guyana or a body corporate incorporated under the laws of Guyana.

“GGMC Act” means the Guyana Geology & Mines Commission Act 1979 and includes any Subsidiary Legislation made pursuant thereto.

“Government” means the Government of Guyana.

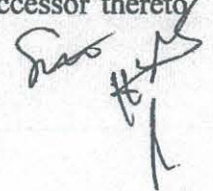
“Government Authority” means any present Government or governmental, quasi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity and any other entity delegated authority by the Government in connection with the matters described in this Agreement.

“Guyana” means the Cooperative Republic of Guyana, a sovereign state.

“Guyana Dollar” means the dollar as the lawful unit of currency in Guyana as set forth in the Bank of Guyana Act.

“Guyana Revenue Authority Act” means the Guyana Revenue Authority Act 1996 and any subsidiary legislation made thereunder.

“GRA” means the Guyana Revenue Authority established under the Guyana Revenue Authority Act 1996 of the Laws of Guyana and any successor thereto which is a body corporate or other agency of the Government.

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“Household Product” means any product other than Food typically purchased by consumers for consumption in the household in the short term, including soaps, household cleansers, Food wrapping products and the like but for greater certainty does not include furniture, household appliances and other like products which are not normally fully consumed within one year.

“Interpretation Act” means the Interpretation and General Clauses Act, Chapter 2:01 of the laws of Guyana and includes any Subsidiary Legislation made pursuant thereto.

“LIBOR”, in respect of any day, means the annual rate of interest commonly referred to as the London Interbank Offered Rate and published from time to time in the Financial Times of London (or, failing such publication, in any other publication of general circulation) as the reference rate of interest for U.S. Dollar loans between or among banks which are due in sixty (60) days and, in respect of any month or part thereof, means the LIBOR on the first business day of such month. A **“business day”** means a day upon which licensed banks are open for business in Georgetown, Guyana, London, England and New York City, USA.

“Liens” means any mortgage, deed of trust, pledge, security interest, encumbrance, lien, charge of any kind or any other preferential arrangement in the nature of an encumbrance or security interest, including without limitation any agreement to give any of the foregoing, any conditional sale or title retention agreement and any lease in the nature thereof.

“Material Adverse Event” means any change, event, or effect that is materially adverse to the general affairs, business, operations, assets, liabilities, condition (financial or otherwise) or results of operations or prospects of any corporate entity or group of assets taken as a whole. The following shall not be taken into account in determining a Material Adverse Event that shall have occurred after the execution hereof: any adverse change, event, or effect that is directly attributable to (i) conditions affecting the Guyana economy generally, or (ii) conditions affecting the bauxite industry generally.

“Mine” means any deposit of bauxite or clay minerals, including kaolin or refractory clays and silica located within the Mining Area, including those deposits described in the Feasibility Study, and all facilities constructed or established with a view to exploiting such bauxite or bauxite minerals from such deposit and includes all moveable and immovable property, tangible and intangible, owned, possessed, used or controlled by the Company in or in respect of the Mining Area, including the Mining Licenses and the Environmental Permit.

“Mining” includes the mining, extracting, processing, milling, smelting, beneficiation, storing, handling, delivering and disposition of bauxite or bauxite minerals, including kaolin or refractory clays and silica sand, and any other activity incidental thereto that may reasonably be required in connection

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therewith, including the procurement of machinery, equipment, materials and supplies.

"Mining Act" means the Mining Act 1989 and includes any Subsidiary Legislation made pursuant thereto.

"Mining Area" means, collectively, the parcels of land covered by the Mining Licenses and, when such term is used in any context subsequent to the Effective Date, also means any further parcels of land granted to or acquired by the Company to be covered by any Mining License, any variations of the Mining License area or any additional Mining License.

"Mining Licenses" means the Bonasika Mining Licenses granted pursuant to the Mining Act, a copy of which is attached hereto as Schedule "A1", or any amended, re-issued or new Bonasika Mining Licence, and, as applicable, any additional Mining License to be granted to the Company during the term hereof arising out of its Waratilla-Cartwright Prospecting License, a copy of which is attached hereto as Schedule "A2" and any Mining Licenses arising out of any Prospecting Licenses arising out of the PGG#01/10 copy of which is attached hereto as Schedule "A3".

"Mining License Grant Date" means the date on which a Mining License is granted in accordance with the Mining Act and any other applicable laws.

"Minister" when used in conjunction with the short title of any Act or Subsidiary Legislation or in conjunction with any other subject matter, means the Minister under the Constitution and to whom responsibility for the subject matter of such Act or Subsidiary Legislation or for such subject matter generally has been assigned by the President or otherwise under the Laws of Guyana, in each case as certified by the Prime Minister in writing.

"National Assembly" shall have the meaning ascribed thereto in the Constitution.

"Negative Effect" shall have the meaning ascribed thereto in clause 15.5.

"Official Books" shall have the meaning ascribed thereto in clause 9.9.

"Operations" means all or any of Exploration, Development and Mining and any other act, including acts of administration and management, performed by or on behalf of the Company pursuant to this Agreement and for the Project's purposes; for greater certainty, Operations may be performed directly by the Company or through any Affiliate thereof or through any contractor or sub-contractor.

"Order" means any Subsidiary Legislation made under or by virtue of any Act and described therein as an order.

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"Party" means a party to this Agreement and **"Parties"** means the parties to this Agreement collectively.

"Person" shall be interpreted broadly and shall include any individual, body corporate, sovereign state, government agency, body or commission, partnership, trust and unincorporated association.

"PGGS" means the Permission for Geological and Geophysical Survey #01/10 granted to the Company, under the Mining Act, by the Prime Minister on September 5th, 2010, a copy of which is attached hereto as Schedule "A3".

"President" means the President of Guyana as such office is described in the Constitution and **"Prime Minister"** means the Prime Minister of Guyana as such office is described in the Constitution.

"Private Parties" means the Company and the Foreign Party and any successor in interest thereto.

"Products" means any and all minerals or mineral products extracted from the Mining Area, processed through the Assets and sold by the Company on a commercial basis.

"Project" means Operations to be undertaken and carried out pursuant to the Feasibility Study, the Mining Licenses, the Prospecting Licenses, the Environmental Permit and this Agreement and any Schedule hereof.

"Prospecting Area" means, collectively, the parcels of land covered by the PGGS and all Prospecting Licenses lands that are granted under the terms of the PGGS and the Waratilla-Cartwright Prospecting License and, when such term is used in any context subsequent to the Effective Date, also means any further parcels of land granted to or acquired by the Company to be covered by the aforementioned Prospecting License or any additional Prospecting License.

"Prospecting License" means the Waratilla-Cartwright Prospecting License, all Prospecting Licenses that are granted under the terms of the PGGS and, as applicable, also means any additional Prospecting License to be granted to the Company during the term hereof.

"Sand Hills Sinter Plant" means the bauxite processing complex located at Sand Hills on the West Bank of the Demerara River; more specifically it refers to the bauxite wash plant, the dryer and magnetic separation units, the fine grinding and briquetting units, the pressurized vertical shaft kilns, and any other plant components that may be added from time to time, to produce sintered bauxites and any other bauxite products, and all the supporting facilities, including power plant, water treatment plant, docks, offices and other support and ancillary facilities.

"Schedule" means a schedule annexed to this Agreement.

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"Start of Commercial Production" means the last day of the first period of thirty (30) consecutive days (excluding days, if any, where Mining Operations are required to be suspended) during which Mining Operations have been conducted pursuant to the Mining License for the purpose of earning revenue, on a reasonably regular basis and at 60% or more of the rated capacity of the processing facilities forming part of the Assets as established by the Feasibility Study provided that no period of time during which ore produced from Operations is shipped from the Mining Area solely for testing purposes shall be taken into account in determining the date of Commencement of Commercial Production.

"Subsidiary Legislation" shall have the meaning ascribed thereto in Section 5(1) of the Interpretation and General Clauses Act.

"Unilateral Action" shall have the meaning ascribed thereto in clause 15.5.

"U.S. Dollar" means the dollar, which is the lawful unit of currency under the laws of the United States of America.

"U.S. Dollar Books" shall have the meaning ascribed thereto in clause 9.9.

"WMP" means the Waste Management Plan in the amended EIA and EMP

- 1.2 Terms not defined in clause 1.1 hereof but which are defined elsewhere in this Agreement shall, unless otherwise specified or required by the context, have such defined meaning wherever used in the Agreement.
- 1.3 Capitalized letters are used in defined terms in this Agreement for convenience of reference only, and the inadvertent or other failure to use capital letters in a defined term shall not affect the interpretation thereof.
- 1.4 Unless otherwise specified or required by the context, the use of the singular form in this Agreement shall include a corresponding reference to the plural form and use of the masculine gender shall include a corresponding reference to the feminine and neuter genders. Other grammatical variations and cognate expressions of any defined terms shall likewise be deemed to have a corresponding meaning.
- 1.5 A reference to a specified article or clause shall, unless otherwise specified or required by the context, be construed as a reference to the relevant article or clause of this Agreement.
- 1.6 References to any document or agreement shall be deemed to include references to such document or agreement as amended, supplemented or replaced from time to time in accordance with its terms and (where applicable) subject to compliance with the requirements set forth therein.
- 1.7 References to any party to this Agreement or any other document or agreement shall include its successors and permitted assigns.

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- 1.8 A reference or apparent reference by name to any legislation in the Agreement shall, unless otherwise specified, be interpreted as a reference to the written law of Guyana having the corresponding short title or name.
- 1.9 A reference to an Act in this Agreement includes, unless otherwise specified or required by the context, a reference to any Subsidiary Legislation made thereunder.
- 1.10 In this Agreement, a covenant or an undertaking to perform a specified act or to perform an act for the attainment of a specified objective shall be deemed to include a covenant or an undertaking, as applicable, not to perform or to omit to perform such act as would be inconsistent with the performance of such first mentioned act or the attainment of such first mentioned objective.
- 1.11 The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.
- 1.12 Any reference to the actions or omissions of agents, representatives or authorized persons shall refer only to actions or omissions taken in connection with the agency, representation or authorization.
- 1.13 The Parties hereby agree that the recital of events leading up to the execution of this Agreement as set forth in the above preamble is true, correct and accurate in all material respects.
- 1.14 Unless defined herein or unless otherwise indicated by the context, definitions of terms set forth in such laws of Guyana as are relevant to the subject matter hereof shall apply in the interpretation of corresponding terms used in this Agreement.
- 1.15 The following Schedules are annexed hereto and form part hereof:

Schedule “A1-A3”-	Mining and Prospecting Licenses
Schedule “B” -	Articles of Incorporation of the Company

2. NATURE OF AGREEMENT

- 2.1 This Agreement was negotiated and is entered into by and between Government, the Commission and the Private Parties to determine and specify the provisions, terms and conditions pursuant to which the Foreign Party shall cause the Company to carry out the Project and conduct the Operations. The Parties hereby acknowledge that this Agreement has been negotiated and executed on the advice and with the consent of the most senior representatives of each of the Parties.



- 2.2 This Agreement shall be construed, to the fullest extent required, so as to ensure the validity of each provision hereof and the due and punctual exercise of rights and performance of obligations in accordance with its terms.
- 2.3 To the extent that this Agreement relates to such matters as are described in Section 19 of the Mining Act, this Agreement is a “**Mineral Agreement**” within the meaning of such term in the Mining Act. To the extent necessary or desirable to give full force and effect hereto in accordance with its terms, this Agreement is an agreement between Guyana as a sovereign state, the Commission as a Government Authority, and the Private Parties.
- 2.4 The Parties hereby affirm their intention that substantive effect be given to this Agreement to the fullest extent possible in accordance with its terms and in accordance with the foregoing rules and that defects in form, procedure or process shall be waived to the fullest extent required in favour of giving substantive effect to the terms hereof.
- 2.5 The Government and the Commission confirm and agree that (a) the Company and the Foreign Party, the Mining Licences, the Prospecting Licences and the Project shall enjoy all the protections and guarantees established under Applicable Law and (b) neither the Government nor any Government Authority shall cause any act to be done that is contrary to Applicable Law which will intentionally interfere with the rights of the Company or the Foreign Party under this Agreement, Applicable Law, the Mining Licences or the Prospecting Licences.
- 2.6 GoG guarantees that this Agreement and any other agreement or other arrangement entered into with GOG or any Government Authority, the Mining and Prospecting Licences and any and all Authorization relating to the Project shall enjoy absolute legal stability. Any such agreements, other arrangements, licences or authorization (i) may not be modified after the Effective date unilaterally by any Act or other actions by any Government Authority of any kind or by changes in the interpretation or application of any Act, and may be modified only by mutual written agreement of the Parties that expressly evidences such modifications.

3. **THE COMPANY, REPORTING OBLIGATIONS AND CONFIDENTIALITY**

- 3.1 The Parties hereby acknowledge that the Company has been duly incorporated under the Companies Act 1991 of Guyana, as amended, a true copy of its Articles being annexed hereto as Schedule “B”. The financial year end of the Company shall be September 30.

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3.2 The Company shall give access to the Government represented by the Minister responsible for Mining and the Commission to all data, maps and other information and submit to the Commission such data, maps and other information as shall be reasonably requested by the Commission with respect to the Project in a timely manner. In particular, the Company shall comply with the following undertakings of this clause 3.2.

3.2.1 During the term of this Agreement, the Company shall, within ninety (90) days after the expiry of each calendar year, file an annual report on a confidential basis with the Commission and with the Government (c/o the Minister under the Mining Act) which shall contain such information as is generally required to be set forth in annual reports relating to projects similar in nature to the Project in the North American Mining industry. In particular the report shall contain information on the following matters, subject to any limitations imposed by confidentiality undertakings by the Company or the Foreign Party or by law or regulation applicable to either of them:

- (a) Complete and accurate production statistics, including information on the grade and quality of bauxite mined, and copies of maps, profiles, diagrams and geological reports;
- (b) Marketing information, such as information on customers, marketing conditions, developments in world market prices and refining conditions;
- (c) Complete and systematic records showing fully and fairly all costs and revenues, including income statements, tax payments, duty payments, foreign exchange transactions and budget plans;
- (d) Information regarding the disposal of equipment, including re-exports;
- (e) Information on construction activities, if any;
- (f) Information on employment pursuant to this clause shall be governed by this Agreement and, in particular, by provisions of article 10;
- (g) Information regarding environmental management in accordance with the EMP;
- (h) Information and statistics regarding occupational health and safety and work-related accidents and injuries;
- (i) Information on purchases and supplies and services pursuant to this clause shall be governed by provisions in clause 6.2; and
- (j) Such other information with respect to the Project as the Government or the Commission may reasonably require.



Notwithstanding the foregoing, the Government (in this case the Minister responsible for mining) shall be free to disclose such information as may be required for purposes of the business of the National Assembly or other like circumstance.

- 3.2.2 (a) The Government represented by the Minister responsible for Finance and the Commissioner General of the GRA shall promptly provide the Company with the requisite authorization to maintain its books and accounts in accordance with International Reporting Standards adapted by the Institute of Chartered Accountants of Guyana (ICAG). (b) The Company's functional currency as defined in International Financial Reporting Standards (IFRS) shall be U.S. Dollars and for the purposes of complying with the laws of Guyana shall translate its accounts into Guyana Dollars at a rate prevailing at the end of its financial year.
- 3.2.3 The Company shall maintain reasonably detailed records relating to the Project, including production reports, field data, drilling reports, assay reports and other related reports.
- 3.2.4 The Government represented by the Minister responsible for Mining, Commission represented by the Commissioner and GRA represented by the Commissioner General may, at any time upon 48 hours' written notice, at its own expense and with or without the assistance of experts, carry out an inspection of the books of account, records and reports of the Company and to verify information received, provided that such inspections shall be conducted during normal business hours and shall not unduly interfere with the performance of Operations.
- 3.2.5 On or before June 30 in each calendar year, the Company shall file with the Government, the Commission and GRA audited statements of account relating to its Operations during the previous calendar year. A firm of independent chartered accountants selected by the Company shall perform the audit. If, at any time, the Commission has reasonable grounds to question the information supplied by the Company, it shall be entitled to organize a special audit by an accounting firm of international standing at its own expense. Should this special audit indicate that the information submitted by the Company is substantially incorrect in one or more material particulars, then the Company shall bear the expenses of such audit.
- 3.2.6 The Company shall within 16 days of the end of each calendar month, file with the Commission thru' the Commissioner a production report containing mine run production summaries of bauxite produced during the preceding month and any environmental results taken during the preceding month. The



Company shall also, within 45 days following the end of each calendar quarter, file with the Commission reports of all reasonably available information relating to Mining, including raw and processed analytical data, assay data, drill data and other field data and statistical data as well as quarterly returns of production, sales and shipments of minerals from the Mining Area and a statement of minerals in stockpiles held by the Company.

3.2.7 Should at any time the Company, as a result of its own negligence submit information in any report mentioned in the various provisions of this clause 3.2, which is substantially incorrect in respect of one or more material items and if, as a result of submitting of such false information, the Government has foregone revenue which can be quantified in monetary terms, the Company shall be liable to pay the Government an amount not exceeding twice the amount of such foregone revenue. Any sum paid hereunder is a reasonable estimate of the loss suffered by the Government or Commission as a result of the aforementioned acts or omissions of the Company. Where the Government has foregone revenues for reasons attributable to incorrect information supplied by the Company, the Government shall be entitled to recover the amount foregone plus interest of two percent (2%) above LIBOR on such amount from the date due until payment thereof. Under other circumstances, the Company may be liable to pay damages to Government resulting from a breach by the Company of its obligations under the various provisions of this clause 3.2, as determined by the decision of an arbitral tribunal in accordance with article 17 or as agreed among the Company and Government. Subject to compliance by the Company with the foregoing liability, the failure by the Company to comply with its obligations under the various provisions of this clause 3.2 shall not constitute grounds for terminating the Mining Licence, the Environmental Permit, any other permit or authorization granted by a government authority, if applicable, or this Agreement.

3.3 The Private Parties shall be deemed to be joint owners of all information described in clause 3.2 hereof. The Parties shall treat all such information as confidential and shall not disclose any such information to third parties during the term of this Agreement and for a period of two years thereafter without the prior written consent of the other Parties, such consent not to be unreasonably withheld. Notwithstanding the foregoing, the provisions of this clause 3.3 shall not apply in the following circumstances:

3.3.1 in the case of a disclosure (i) by a Private Party to banks or other financial institutions in connection with the financing of the Project or Operations, or (ii) by the Government to



multilateral financial and aid organizations such as the World Bank, the International Monetary Fund, the Inter-American Development Bank and the Canadian International Development Agency; or

- 3.3.2 in the case of a disclosure by any Party to Affiliates, consultants, professional advisors and sub-contractors to the extent required for the purpose of executing the Project or in connection therewith; or
- 3.3.3 to the extent required by any applicable law other than Applicable Law or the regulations of any securities commission or other like regulatory body having jurisdiction or of any stock exchange upon which the securities of the Foreign Party or any Affiliate are listed; or
- 3.3.4 as part of statistical and annual reports of a general nature published by the Government or the Commission, provided that no information so disclosed shall relate to the Project (or the Company or the Foreign Party) specifically or directly; or
- 3.3.5 in the case of information relating to any portion of the Mining Area or, as applicable, the Prospecting Area, in either case which is or may be relinquished by the Company during the term of this Agreement; or
- 3.3.6 in the case of information which enters the public domain otherwise than by the breach of an obligation of confidentiality hereunder.

provided that in no circumstance may the Government or the Commission disclose any information of a commercially sensitive nature.

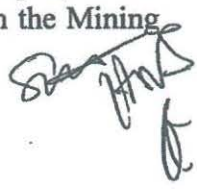
Information disclosed to third parties as permitted in clauses 3.2 and 3.3 above shall be disclosed on such terms as shall require the recipient to undertake to be bound by the obligations of confidentiality described herein. Each Party shall promptly (and, if practicable, in advance) give notice to the other Parties of any disclosure made as permitted hereunder.

- 3.4 Notwithstanding clauses 3.2 and 3.3, the Parties shall not be required to, disclose the details of any patented or other proprietary method or process by which any results, information or conclusions have been obtained by the Company. Nor shall the Private Parties be required to disclose any information of a commercially sensitive nature.


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4. **MINING AND PROSPECTING LICENSES, ENVIRONMENTAL
AUTHORIZATION, AND FORCE MAJEURE**

- 4.1 Guyana and the Commission hereby acknowledge having reviewed the Feasibility Study and the EIA and having approved and accepted same as the basis for the due carrying out of the Project by the Company. Guyana (represented herein by the Government) and the Commission hereby undertake to perform all such acts as may be within the purview of their respective powers and authorities to authorize the due implementation of all Operations and other activities as contemplated in the Feasibility Study, the EIA and this Agreement. Subject to the foregoing, and subject to the provisions of this Agreement and any Schedule, neither the Commission nor the Government shall incur any liability to the Private Parties by reason only of the approval of the Feasibility Study, including the EIA. Likewise, nothing in this clause 4.1 shall be interpreted as requiring the Government or the Commission to invest any Government or Commission funds in the Project or to give indirect financial support to the Project by way of tax reductions, exemptions from laws or otherwise except for the fiscal and other concessions and exemptions.
- 4.2 The Commission and the Government hereby undertake, in the exercise of powers conferred by Sections 19 and 134 of the Mining Act, to exercise discretionary powers under the Mining Act and Subsidiary Legislation thereunder in accordance with the following provisions of this clause 4.2.
- 4.2.1 Subject to Section 50 of the Mining Act, Guyana shall approve and the Commission shall grant a renewal of any Mining License and Prospecting License granted to the Company under Section 50 of the Mining Act timely and promptly upon receipt of application therefor by the Company pursuant to Section 49 of the Mining Act of the said Act on such conditions as are set forth in the Mining Licence, or with such revised terms and conditions as may be necessary due to changes in circumstances.
- 4.2.2 The Commission shall grant good faith application by the Company under Section 48(3) of the Mining Act for the extension of the scope of any Mining License to cover such additional minerals on the terms specified in the application, provided, however, that the Commission may impose additional terms and conditions as applicable under the Mining Act for such additional minerals. The Government hereby agrees and undertakes to see that, during the currency of the Mining License, the Commission shall not grant any rights to explore or develop or exploit minerals that are covered by the Mining License to any Person other than the Company or an Affiliate thereof, in respect of any lands located within the Mining Area.



- 4.2.3 The obligations of the Company to carry on Operations under the Mining and Prospecting Licenses and this Agreement or to perform any other obligations hereunder (except any obligations set forth hereunder relating to the disposal of assets by the Company) or pursuant to any Schedule shall be suspended to the extent that such performance is prevented or constrained by the occurrence of an event of Force Majeure (as described below in clause 4.2.4) and shall remain suspended so long as the effects of such event of Force Majeure shall continue, provided that such occurrence shall not be deemed to suspend any obligations to pay a sum of money that is otherwise due and payable, and provided further that the Company shall, during any such period, take all reasonable measures within a reasonable time with a view to overcoming or terminating such Force Majeure event and performing its obligations hereunder.
- 4.2.4 For the purpose of this Agreement and Section 53(1) of the Mining Act, the Parties hereby agree that "Force Majeure" shall mean, in addition to any event described in Section 53(1) of the Mining Act, any event or circumstance that (i) is beyond the reasonable control of a Party (or its suppliers), (ii) is unforeseeable by such Party or unavoidable, in whole or in part, by the exercise of due diligence by such Party, (iii) occurs after the Effective Date of this Agreement and (iv) causes total or partial obstruction or delay in the fulfillment of the obligations of one Party (or its suppliers) under this Agreement. This definition includes the provisions contained in Section 53(1) of the Mining Act, and includes but not limited to acts of God (fortuitous events), strikes, lockouts or other industrial and social disturbances (including sabotage and terrorism), acts of the public enemy, international disputes affecting the Mining Area and/or, as applicable, the Prospecting Area; wars (declared or undeclared), invasions, blockades, insurrections, riots, epidemics, malaria outbreaks, threats to human health and safety of epidemic proportions, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of Government and people, civil disturbances and explosions, quotas and other controls affecting the parties and their suppliers and any other cause beyond the reasonable control of the Party affected. This definition shall not include any event caused by a failure to observe good Mining industry practice using standards applicable in the international Mining industry or by the gross negligence of the Company or any of its agents, employees or contractors.
- 4.2.5 In addition to the Company's right to suspend Operations under the Mining Act and hereunder and under the Mining and Prospecting Licenses by reason of Force Majeure, the Company may, at its own election, acting reasonably, suspend all or part of the Operations at any time during the life of the Mining and Prospecting Licenses,



under circumstances which materially adversely affect the world bauxite markets such that pursuing Operations is demonstrated to be uneconomic for the Company.

- 4.2.6 If the Company decides to suspend Operations under clause 4.2.3 or 4.2.5, it shall promptly notify the Government (c/o Prime Minister) and the Commission to that effect, giving the particulars thereof and of its effect on the Company's ability to perform its obligations hereunder and under the Mining and Prospecting Licenses and the Company shall, take all reasonable steps, if any, in the case of Force Majeure to remove or remedy the cause and effect of the Force Majeure described in the relevant notice insofar as it is reasonably able so to do and as soon as practicable; provided that the terms of settlement of any labour disturbance or dispute, strike or lockout shall be wholly in the discretion of the Company, and the Company shall not be required to accede to the demands of its opponents in any such labour disturbance or dispute, strike, or lockout solely to remedy or remove the Force Majeure thereby constituted. Where the Company has given notice of suspension of Operations under clause 4.2.3 or 4.2.5, it shall promptly notify the Government (c/o Prime Minister) and the Commission when the circumstances giving rise to suspension under clause 4.2.3 or 4.2.5 have ceased to be in effect. The Parties shall meet as appropriate to discuss in good faith the consequences of any Force Majeure event and the course of action to be adopted in the circumstances.
- 4.2.7 The suspension of operations by the Company under clause 4.2.3 or 4.2.5 hereof shall not have the effect of suspending the Company's obligation to pay such fees and land rentals as shall be specified in the Mining and Prospecting Licenses.
- 4.2.8 The term of this Agreement and of the Mining and Prospecting Licenses shall, provided that the Company shall have complied with the provisions of clauses 4.2.3 and 18.2, be extended by such period as is equal to the period during which Operations shall have been suspended for any of the reasons set forth in clause 4.2.4 or 4.2.5, and the consent of the Commission as well as the approval of the Minister are hereby granted in respect of such extension. However, in the event of a suspension of Operations by the Company other than for any of the foregoing reasons, the Commission may, but shall not be required to, extend the term of the Mining and Prospecting Licenses accordingly.
- 4.2.9 The Government shall not cause the Commission, and the Commission shall not, cancel the Mining Licenses and/or the Prospecting License pursuant to the Mining Act or in connection with the existence of any ground for such cancellation as is



described therein. The Commission and the Government hereby agree that issues regarding the cancellation of the Mining and/or the Prospecting Licenses and this Agreement shall be governed exclusively by this Agreement and, in particular, by the provisions of article 16.

- 4.2.10 Guyana hereby agrees to cause the Minister under the Mining Act to issue timely and promptly an Order under Section 133 of such Act exempting the Private Parties from the application of such Act to the extent required to give effect to the provisions of this Agreement, the Bonasika Mining License, the Waratilla-Cartwright Prospecting License and the PGGG, any other Mining License and all the Prospecting Licenses granted pursuant to the PGGG.

5. USE AND ACQUISITION OF LANDS WITHIN THE PROJECT AREA

- 5.1 The Company shall have the right (subject to affected parties' right to a fair and reasonable compensation under the Mining Act) to make use of, construct, improve, maintain and acquire, as applicable, the following Project lands for project purposes including but not limited to:

- (i) The use of public roads and waterways between Georgetown and Linden;
- (ii) The acquisition of property by lease, purchase or otherwise (but only to the extent that such property rights are not included in the Mining Licenses and are not conflicting with rights of other Persons), on either bank of the Demerara River with a view to (i) constructing wharves and related facilities on both banks of said River and (ii) locating storage yards on both banks of said River (including a suitable buffer zone to ensure the security of the wharves, the yards and their contents), the whole for private use (for Project purposes) only;
- (iii) The construction of such roads on state lands (within the Mining Area) to be used primarily for Project purposes subject to Company-controlled access for other public users;
 - i. The drawing of water for Project purposes from local rivers and streams;
 - ii. The discharge of mining and process waters to local waterbeds, streams and rivers subject to the EIA; and



- iii. Such other parcels and properties as may reasonably be required for Operations from time to time.
- iv. Guyana hereby agrees and undertakes to cause the relevant Government Authorities having jurisdiction over the matters described in clause 5.1 hereof to issue a letter or other instrument under the Public Lands (Private Roads) Act (Laws of Guyana, Chapter 62:03) or any other relevant Applicable Law granting such Authorizations or taking such actions as may be necessary for such purposes, including the authorization to collect such toll as may be fixed under such permission for the purposes described in clause 5.1(iii). Nothing set forth in this clause 5.2 shall be interpreted as diminishing the scope of the undertakings given by Guyana and the Commission in article 4 or elsewhere in this Agreement.

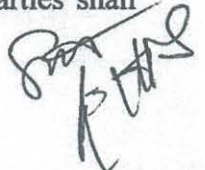
6. CONDUCT OF PROJECT OPERATIONS

- 6.1 The Company shall conduct Operations in a good workmanlike and responsible manner in accordance with good Mining practices using standards applicable in the international Mining industry.
- 6.2 In Guyana, the Company shall use all reasonable efforts to give preference, to the maximum extent compatible with efficient Operations and good Mining practices using standards applicable in the international Mining industry, to products and services produced and offered in Guyana, provided these are offered at terms and conditions. Without prejudice to the rights granted to the Private Parties under articles 8, 9 and 10, the Company shall give preference to Guyanese construction enterprises and to the use of buildings which can be constructed by using materials and skills available in Guyana, to the employment of Guyanese subcontractors for road construction and transportation and to the purchase of Household Products and furniture in Guyana. The Company shall also require its contractors and their subcontractors to follow these policies. Within ninety (90) days after the end of each financial year of Operations, the Company shall, in accordance with clause 3.2.1(i), submit a report to the Government through the Minister responsible for Mining setting forth the relative percentages of foreign-sourced and locally-sourced goods and services used by the Company, on measures taken to enhance the role of locally-sourced goods and services in the Project and on available measures to improve such performance. The report will show the performance of the Company in connection with its contribution to the



economic development of Guyana over the years. The Company shall continue to use all reasonable efforts to improve such performance.

- 6.3 The Company shall, to the extent feasible and acceptable in view of the rates and conditions available to maximize the use of vessels chartered in Guyana and other means of transportation available in Guyana. If necessary, the Company shall make joint arrangements with Guyanese firms for the transportation of its material needs.
- 6.4 The Company shall be allowed to use existing roads, but shall only be obligated to repair (or pay the cost of repair for) damages to roads, bridges and other transportation facilities caused by the abnormal use of such roads, bridges and other facilities by the Company.
- 6.5 The Company shall conduct all Operations in compliance with the Environmental Permit and with Applicable Law relating to the protection of the natural environmental conditions of the Mining and Prospecting Areas.
- 6.6 Notwithstanding any other provision of this Agreement, the Government reserves the right without liability to grant to qualified applicants rights-of-way for pipelines, power, telephone, telegraph and waterlines within the Mining and Prospecting Areas; provided, however, that the Company be duly and timely notified of such intentions and that each such qualified applicant be required to make appropriate arrangements, including the payment of satisfactory compensation to the Company, to ensure that its installations shall not interfere with, or result in any additional cost to, Operations of the Company. During Operations and after the permanent shutdown of Operations, the Company shall undertake the reclamation of the Mining Area to prevent soil erosion in accordance with the terms of the EIA, EMP and the Environmental Permit. The Company shall also ensure the safety of the area in accordance with good Mining practice using standards applicable in the international Mining industry and the terms of the EIA, EMP and the Environmental Permit.
- 6.7 Guyana and the Commission hereby acknowledge having reviewed and having accepted and approved the EIA and WMP, together with all provisions set forth in the Feasibility Study relating to environmental matters. The Company shall conduct Operations substantially in accordance with the terms of the EIA, and shall comply in all material respects with Applicable Law and agreements, where so made, of the Government relating to environmental matters. Guyana and the Commission hereby confirm that substantial compliance with the aforementioned EIA and Feasibility Study shall constitute compliance with Applicable Law relating to environmental matters. Guyana and the Commission hereby agree to take such Corrective Action (as defined in clause 15.5) as may be necessary to ensure that the Private Parties shall



not incur any cost, liability or obligation to the other Parties or to any Person as a result of any failure to comply with this clause 6.7.

- 6.8 The Company shall be entitled to install, maintain and operate, for its own account and without third party intervention, telecommunications facilities and equipment in Guyana that cannot be provided by existing communication entities, for Project purposes, and, if required, Guyana shall issue a license to the Company under the Telecommunications Act 1990 for such purposes and shall cause the relevant Government Authorities to grant such permissions as may be necessary for such purposes.
- 6.9 The Company shall be entitled to employ, train and maintain armed security personnel in order to ensure the security of Persons and property within the Mining and Prospecting Areas. Guyana shall assist the Company in:
- i. the implementation of its security program and, in particular, shall facilitate the timely and prompt obtaining of all necessary permits for such purposes under the Firearms Act;
 - ii. ensuring that the Mining Area, the Prospecting Area and the Assets shall not be accessible to the public.

7. INITIAL FUNDING AND INVESTMENT INTO GUYANA

- 7.1 The Company and its Affiliates shall enjoy maximum flexibility in securing and structuring competitively priced financing, from whatever lawful source, and subject to the granting of whatever security interest in the shares in or assets of the Company (including the Mining Licenses and all rights under this Agreement), for the purposes of investing in, or causing an investment to be made, in the Project. An outline of the project financing terms for the Project will be disclosed to the Government and the Commission, and the Government and the Commission hereby agree to comply with any reasonable request to indicate specific acceptance of, and consent to any financing structure elaborated in accordance with the Feasibility Study.
- 7.2 The Government and the Commission hereby agree that the Company shall be entitled to, and the subject Minister shall timely and promptly grant all such permissions as may be necessary to give full effect to this clause 7.2, open, operate and freely control in their respective names, with any financial institution outside Guyana, bank accounts and other like credit, deposit or banking arrangements in any unit of currency (including the U.S. Dollar and the Canadian Dollar) ("Foreign Currency Accounts") and to make deposits to and payments from these accounts for any reason.



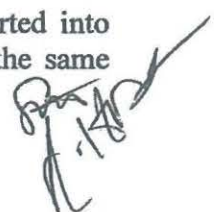
- 7.3 The Company shall be entitled to acquire and sell currencies, as well as to convert such currencies into other currencies and to dispose freely of the foreign currencies it may acquire or possess, including with respect to any hedging programs subject to applicable laws.
- 7.4 The Company shall be entitled to purchase Guyana Dollars from any authorized dealer at any time and from time to time in amounts sufficient to meet all expenses incurred by or on behalf of the Company in Guyana, including local operating expenses and fees payable to the Government (including corporate income taxes and withholding taxes on dividends, if any, which taxes shall be paid as and when owing in Guyana Dollars) or to the Commission and local working capital requirements. Guyana Dollars shall be purchased using U.S. Dollars, and the conversion rate applicable for such transactions shall be the market rate then available for the conversion of U.S. Dollars into Guyana Dollars. Guyana hereby agrees to take such Corrective Action (as defined in clause 15.5) as may be necessary to ensure that any Unilateral Action (as defined in clause 15.5) shall not have the effect of preventing the Private Parties from converting U.S. Dollars into Guyana Dollars at a rate of exchange that accurately reflects the relative international market values of such currencies.
- 7.5 A letter or other instrument from the Bank of Guyana, the Minister of Finance or any other appropriate Government Authority, authorizing the execution of those transactions and other acts contemplated hereunder which are governed by such Act, shall be given.
- 7.6 The Private Parties shall be entitled to all protection and benefits as are provided pursuant to the INVESTMENT ACT No. 1 of 2004.

8. IMPORTING PROPERTY INTO GUYANA

- 8.1 In conducting Operations, the Company, acting for its own account or for the account of any local or foreign contractor retained for Project purposes, shall be entitled to import free of customs duties, value added tax and any other direct or indirect tax, all equipment, supplies and materials required for the Project. For greater certainty, the Company, whether acting for its own account or any local or foreign contractor retained for Project purposes, shall not be required to pay any license, fees, duties or other charges relating to the importing of any vehicle to be used for the Project's purposes. For greater clarity, if any vehicle, equipment or material brought in for the Company or its foreign contractors, is removed or is not used for the purposes of the Project, the owner of such vehicle, equipment, or material shall be liable to pay applicable duties and taxes.

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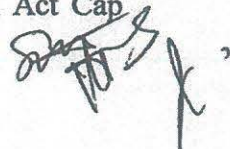
- 8.2 The Company shall be entitled to import, free of customs duties, value added tax and any other tax, direct or indirect, all usual and necessary personal items, electronic and household effects not available in Guyana and will be used solely for Project purposes. However, no goods brought into Guyana duty free shall be transferred or sold for use in Guyana without the written approval of the Commissioner General, who shall only authorize a transfer or sale to the Government or, with the Government's approval, to another Person.
- 8.3 Guyana shall cause the proper public officers having jurisdiction to provide customs clearance facilities and personnel for the exclusive benefit of the Company and its Affiliates in connection with the Project at a location designated by the Company within the Mining Area ("**Customs Personnel**"). The Company shall defray all reasonable expenses incurred by the Government in connection with the providing of such Customs Personnel.
- 8.4 The Government acknowledges that for the Company to effectively conduct its business, it is required to import on an expedited basis a significant amount of goods. The Government undertakes to ensure that the Company's goods will be treated on an expedited basis by Customs Personnel in accordance with clearance procedures including but not limited to the following:
- (a) inspecting the imported items and verifying same against an inventory listing thereof;
 - (b) verifying that the imported items are to be used exclusively for Project purposes;
 - (c) satisfying compliance with the import provisions of this Agreement and, subject to clause 15.5, with any applicable provisions of the Customs Act;
 - (d) verifying and inspecting, subject to clause 12.2, exports of bauxite and re-exports of imported items; and
 - (e) such other responsibility set out in Applicable Law.
- 8.5 In the event of a sale within five years following importation of any imported goods within Guyana by the Company to a Person other than the Government or a Government Agency hereunder, the Company shall be liable to pay customs and import duties and taxes on such equipment and supplies brought into Guyana under an exemption provided by this Agreement. The customs and import duties payable shall be calculated on the appraised value of such equipment and supplies at the time of sale.
- 8.6 The Company shall be entitled to re-export any property imported into Guyana pursuant to this article 8 on the same terms and with the same



privileges and exemptions as are set forth in clause 12.1 but subject, in the case of a sale upon termination of this Agreement, to the provisions of article 18.

9. DUTIES, TAXATION, FEES, RENTS:

- 9.1 With respect to the construction, development, use, operation and maintenance of the Company's Assets in connection with the Project, the Company shall not be liable to pay any taxes on fuel imports (including diesel, heavy and light fuel oil, all other oils and lubricants) acquired for the Project's purposes.
- 9.2 The Company shall pay a royalty at the rate of 1.5% FOB value of any shipment of bauxite product of any type. In the calculation of taxable income, in accordance with International reporting standards adapted by ICAG, the Company shall be entitled to deduct the royalty paid in that year as an expense.
- 9.3 Should the Government enact any Applicable Law (including any Subsidiary Legislation) of general application prescribing a lower rate of royalty than that set forth in clause 9.2 and in the Mining Licenses, the obligation to pay royalty herein and under the Mining Licenses shall be reduced to such lower rate as is so prescribed.
- 9.4 The Company shall, in the manner and on the terms set forth in the Mining and Prospecting Licenses, pay rent annually and in advance to the Commission in an amount in Guyana dollars equal to US\$5.00 for each acre of land included in such portion of the Mining Area covered by the Mining Licence. Should the Government enact any Applicable Law (including Subsidiary Legislation) of general application prescribing a lower rent than that set forth herein and in the Mining and Prospecting Licenses, the obligation to pay rent shall be reduced to such lower rent as is so prescribed.
- 9.5 Expatriate Employees, including employees of the Company and its foreign contractors, shall be entitled to repatriate their earnings subject to having paid all relevant income tax in Guyana. Where an Expatriate Employee is liable to pay income tax in Guyana on income earned in Guyana, he shall pay such income tax at the rate of tax prevailing for individuals under the Income Tax Act.
- 9.5.1 For the avoidance of doubt, all employees of the Company shall be obligated to pay income tax pursuant to the Income Tax Act Cap. 81:01.
- 9.6 Government hereby exempts the Company from the payment of the Income Tax and Corporation Tax pursuant to the Income Tax Act Cap.



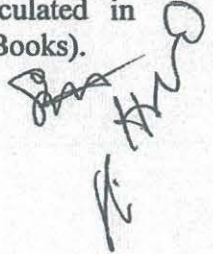
81:01 and the Corporation Tax Act Cap 81:03 (collectively referred to herein as “Applied Tax Laws”) (including any Subsidiary Legislation but excluding the Exempted Tax Laws) made thereto for a period of five (5) years following the Start of Commercial Production at the Sand Hills Sinter Plant.

Subject to this clause 9.6 and subsequent to the expiration of the tax holiday therein, the Company shall pay income and corporation tax pursuant to the Applied Tax Laws in accordance with the rules set forth in such Applied Tax Laws generally, but subject to the specific qualifications set forth in this clause 9.6 and hereinafter in the following clauses of this Article 9 and provided that the corporate tax rate payable shall be the lesser of (i) 30% and (ii) the prevailing rate set forth in such Applied Tax Laws from time to time during this Agreement’s term.

- 9.7 The amount of income tax payable under the Applied Tax Laws as qualified by clause 9.6 hereof shall be calculated in accordance with the rules set forth in the Applied Tax Laws as they apply as of the Effective Date, to the exclusion of such rules less favorable to the taxpayer as may be enacted in the future. However, should any subsequent amendment to the Applied Tax Laws result in the enactment of any rule or rules regarding the calculation of taxes payable which are more favorable to the taxpayer than that which is or those which are in effect as of the Effective Date, the taxpayer shall be entitled to invoke such amended rule or rules for the purposes of calculating its tax liability hereunder. Invoking any amended rule or rules pursuant to this clause 10.7 shall not affect the stability enjoyed by the Company under any other rule or aspect of the applied tax laws pursuant to this Agreement. Guyana shall cause any necessary Orders or other communications to be issued timely and promptly to permit the company to invoke any such amended rule or rules
- 9.8 Notwithstanding clause 9.6 hereof, the Company shall be entitled to apply the following rules in calculating its taxable income to the extent, if any, that such rules are inconsistent with the rules set forth in the Applied Tax Laws.
- 9.8.1 In respect of capital expenditures, the Company shall have the right to depreciate annually as of the Effective Date, twenty percent (20%) of the amount of such expenditures until they are completely written off. It is understood that the Company shall prove the cost of each item imported.
- 9.8.2 In respect of Mine Development expenditures, the Company shall have the right to deduct the full amount of expenditures incurred on stripping and other pre-production work, as incurred.

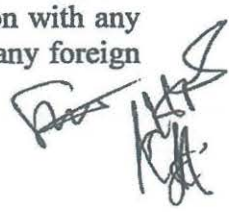


- 9.8.3 Losses for any period may be carried forward and set off against chargeable income in the year or years following the year in which such losses were incurred until they are completely recovered, For the purposes of this Agreement, "losses" in any year means the excess of all deductions permitted under this Agreement and the Applied Tax Laws over revenues in any year of assessment.
- 9.8.4 Financial costs and interest on loans or advances contracted by the Company for its business needs from credit institutions shall be deductible for income tax purposes without limitations. Interest on shareholder loans shall be deductible provided the loans reflect international financial market rates.
- 9.8.5 Corporate head office expenses, within the meaning of Section 2 and of the last paragraph of Section 18 of the Income Tax Act, shall be deductible for income tax purposes in an amount not exceeding 1% of the total sales or gross income generated in any year from Mining.
- 9.8.6 The Company shall have the right to amortize at a maximum rate of 20% as of the Commencement of Commercial Production all the expenditures incurred by it or First Bauxite Corporation since January 2008 in searching for and testing the Bonasika bauxite deposit and recognized as Exploration Expenses.
- 9.9 The Company shall maintain its books of account for tax reporting purposes in Guyana Dollars and shall, subject to the provisions of this clause 9.9, file its income tax returns in accordance with such books of account (the "**Official Books**"). The Company shall be entitled to revalue each Financial Statement Line Item (as defined below) into USA or Canadian Dollars (the "**USA Dollar Books**" or the "**Canadian Dollar Books**") on a continual basis so that the value of such Financial Statement Line Items in the Official Books remains equal to the value of such Financial Statement Line Items in the U.S. Dollar Books or the Canadian Dollar Books. "**Financial Statement Line Item**" shall, for these purposes, include any line item which may be presented in a balance sheet, an income statement, a statement of changes in cash resources prepared in accordance with International Reporting Standards adapted by the ICAG) (generally accepted accounting principles in Guyana).
- 9.10 Subject to the rates set out in article 9.6 herein, the company shall not be required to pay the greater amount of tax under the Applied Tax Laws where on the calculation of the chargeable income in accordance with the official Books is greater than the chargeable income calculated in accordance with the U.S Dollar Books (or the Canadian Dollar Books).

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- 9.11 Notwithstanding Section 49 of the Income Tax Act or any other provision of such Act or of any other law of Guyana, Guyana hereby confirms that the Commissioner General of the Guyana Revenue Authority shall declare, pursuant to Section 49(10) of such Act, that gains or profits of any Person other than the Company, including (i) income, gains or profits of the Company's foreign shareholders, (ii) income, gains or profits of any Affiliate of the Company (other than a subsidiary of the Company), and (iii) income, gains or profits of any Person other than the Company earned or derived outside Guyana, shall not be taken into account in calculating the tax liability of the Company under Applicable Law of Guyana.
- 9.12 Notwithstanding any provisions in the Applied Tax Laws or any other Applicable Law of Guyana, no withholding or other like Taxes shall be payable by the Company on any interest on any loans made to the Company from any Person resident outside of Guyana, including but not limited to any third party lender/investor enlisted to invest in the Company, and on any dividend payments whatsoever. Likewise, no Withholding Tax shall be payable on payments made by or on behalf of the Company to business concerns outside Guyana for work performed in connection with the Project outside Guyana, without prejudice to the tax liability of such business concerns in Guyana for work performed in Guyana.
- 9.13 The Company shall be liable to pay capital gains tax in accordance with the provisions of the Capital Gains Tax Act where the Company is exempted from paying Capital Gains Tax by virtue of exemption from Property tax under Article 9.14 hereof.
- 9.14 Guyana hereby exempts the Company from the application of the following Acts (including Subsidiary Legislation) relating to taxation (collectively, the "Exempted Tax Laws"):
- 9.14.1 the provisions relating to Stamp Duty in the Tax Act;
 - 9.14.2 the Income Tax (In Aid of Industry) Act except in so far as a tax holiday is granted to the Company pursuant to such Act;
 - 9.14.3 the Property Tax Act; and
 - 9.14.4 the Industry Aid and Encouragement Act.

The Government hereby represents and warrants that no Applicable Law of Guyana presently in force would, by its terms, have the effect of imposing a direct tax on the Company's foreign shareholders or any of its non-Guyanese Affiliates (i) by reason of its being a shareholder of the Company, or (ii) the beneficiary of an exemption under any Schedule, or (iii) in connection with any matter contemplated in the Agreement. For greater certainty, neither any foreign



entity nor any Affiliate thereof shall be deemed or considered to be conducting business in Guyana by reason only of serving and carrying out its functions as manager of the Company.

To the extent that any such Applicable Law would, by its terms, apply to the Foreign Party or any of its non-Guyanese Affiliates, Government agrees to take such Corrective Action (as defined in clause 15.5) as may be necessary to offset any Negative Effect (as defined in clause 15.5) resulting from such application.

Guyana hereby covenants and undertakes that, in the event of the imposition of any new or additional tax or other like charge, through the enactment of any new Applicable Law or the enactment of any amendment to an Applied Tax Law or to the Capital Gains Tax Act or otherwise, which imposition or change in rules for calculating same would result in an increase in the amount of taxes payable by the Company, the Government shall relieve the Company from the obligation to make such increased payment, and such relief shall be in an amount equal to the amount of the increased payment that would otherwise be required to be paid pursuant to such new or additional tax or other like charge.

- 9.15 Should a dispute arise in connection with any matter referred to in this article 9 or in connection with the application of any provision of any Applied Tax Law to the Company or any taxpayer referred to in this article 9, Government shall ensure that no compulsory measures are taken against such taxpayer Authority in Guyana normally having jurisdiction over the subject matter of the dispute shall issue a written ruling setting forth detailed reasons in support thereof, and the taxpayer or taxpayers affected thereby shall be entitled to appeal such ruling in the manner provided in article 14, which appeal shall suspend execution of such ruling for all purposes until a final determination of the matter has been made in accordance with article 14. Additionally, the taxpayer shall be entitled, but not required, to exhaust any statutory or administrative rights of appeal from such ruling under Applicable Law. Prior to going to arbitration, the Company shall pay taxes not in dispute.

10. IMMIGRATION AND EXPATRIATE PERSONNEL

- 10.1 On the terms and subject to the conditions hereinafter set forth in this article 10 and in article 11, the Company and its foreign contractors shall be entitled to employ such Persons who are not citizens of Guyana, to work in Guyana for the Project and related purposes ("Expatriate Personnel" or "Expatriate Employees") and permit such Expatriate Personnel and their dependents, as defined in the Immigration Act (collectively "Expatriates"), to immigrate to Guyana for such periods as the Company and such contractors shall determine.



- 10.2 The Company shall comply with the terms of the Immigration Act with respect to the employment of Expatriate Employees and the immigration of Expatriates. The Commission and Government shall perform all such acts within their powers and shall cause all such other acts to be performed which may be necessary or desirable to facilitate the employment and immigration of Expatriates as contemplated in this article 10 and the processing of applications for visas and work permits in a prompt and timely manner.
- 10.3 The Private Parties will as far as practicable ensure that Expatriates comply with all Applicable Law of Guyana, that they respect the national heritage and customs and that they not engage in any activities contravening Applicable Law of Guyana. It is also understood that contractual provisions allowing for the dismissal of contractors or employees for violation of Applicable Law of Guyana will be deemed sufficient to meet the Private Parties' obligations pursuant to this clause 10.3, without prejudice to the criminal and civil liability of such employees or consultants. . The Company undertakes to provide a copy of its standard employment contract to the Commission.
- 10.4 Expatriate Employees shall be subject to such rules regarding personal income taxation as are set forth in clause 9.5. Expatriates shall be subject to such rules regarding the importing of property into Guyana as are set forth in article 8.2.

11. LABOUR MATTERS

- 11.1 The Company shall, in accordance with the provisions of this article 11, give preference to the employment of citizens of Guyana at all levels of Operations to the extent and provided only that such persons are available, qualified and equally suitable for such employment.
- 11.2 The selection and hiring of personnel for Project purposes shall be within the absolute and exclusive purview of the Company. Where established, the Company shall consult with the local employment agency or such other organizations with a view to determining the availability qualified and suitable citizens of Guyana for employment in the Project but shall not be bound by any recommendations of any such agency or organization. Neither the Company nor any of its contractors or sub-contractors shall be required to give preference to the employment of citizens of Guyana to the extent such preference would be incompatible with efficient Operations and good Mining practices using standards applicable in the international Mining industry. Moreover, in applying any such preference, the Company and its contractors and sub-contractors shall be entitled to take

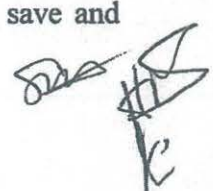


into account the standard and qualifications of potential employees that are citizens of Guyana.

- 11.3 As soon as practicable following the Mining License Grant Date, the Company shall prepare a detailed training programme for the Project's purposes with a view to ensuring the development of suitable and qualified Guyanese personnel at all levels of its operations. The training programme may include training in such skills as production, maintenance, finance, personnel management and international marketing, and may be effected through training courses, on-the-job training, scholarships and, if necessary, training at premises and operations maintained by the Company outside Guyana, provided that the Company shall collaborate with the Commission and the Government as far as practicable to see that all citizens of Guyana trained overseas pursuant to the training programme return to work in Guyana. The Company shall enlist the participation and cooperation of the Commission, the University of Guyana, and the Government and the Government Technical Institute in preparing and implementing the training programme.
- 11.4 Notwithstanding any other provision of this Agreement, the Company shall be entitled to employ such a mix of Expatriate Personnel and Guyanese Personnel as contemplated in the Feasibility Study.
- 11.5 The Company shall, within ninety (90) days after the end of each financial year, file with the Commission a report, in the manner described in clause 3.2.1, indicating progress achieved in the employment of citizens of Guyana for the Project's purposes, including, if the objectives referred to in clause 11.3 are not met, a description of positions not filled by citizens of Guyana, a description of the procedures employed for seeking out available, suitable and qualified citizens of Guyana to fill such positions and an assessment of the success or progress achieved by the training programme with a view to filling such positions shall be subject to review on an annual basis.
- 11.6 Personnel relations between the Company and its employees in Guyana shall be subject to Applicable Law of Guyana relating to labour relations.

12. EXPORTING BAUXITE AND OTHER PROPERTY FROM GUYANA

- 12.1 The Company shall be entitled to export from Guyana and deposit, lease, sell, assign or otherwise transfer outside Guyana, bauxite and any bauxite minerals or products produced from the Mining Area and perform all activities required for such purposes, in each case without restriction of any kind and shall be exempted from the obligation to pay any fees, imposts, duties, taxes, administrative and other charges and any other like assessments of any nature whatsoever in connection therewith, save and except as expressly provided elsewhere in this Agreement.



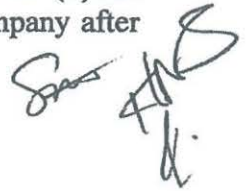
- 12.2 Customs Personnel shall be entitled to inspect any exports made pursuant to clause 12.1 and any re-exports made pursuant to clause 8.6 and the terms of any such sale, assignment or other transfer outside Guyana, provided that such inspection shall be conducted with the utmost dispatch and shall, in no event, delay the shipment of such property to destinations outside Guyana when such property is otherwise ready for shipment. The Company shall give reasonable notice of any such impending shipment to Customs Personnel having responsibility for the conduct of such inspection. Customs Personnel assigned to the Mining Area shall be vested with all requisite power and authority to conduct such inspection in the case of a shipment originating from such locations.
- 12.3 The Government hereby undertakes to cause the Company to receive timely and promptly all such specific Authorizations from Government Authorities having jurisdiction over the matters described in this article 12 as are necessary to give effect to the matters described in this article 12.

13. REPATRIATION OF CAPITAL AND PROFITS FROM GUYANA AND OTHER PAYMENTS ABROAD

- 13.1 The Company shall be entitled to remit freely and at all times receive, maintain outside Guyana, control, use, convert to any currency and transfer or remit abroad, any of the funds derived from or related to the activities contemplated by or related to the Project, the Mining and Prospecting Licenses and this Agreement (including all capital invested and profits) earned in Guyana to persons outside of Guyana without restriction of any kind (subject to the Government's entitlement to receive payments due to the Government provided by this Agreement) and shall be exempted from the effects of any such restriction as may be in effect from time to time under the Applicable Law of Guyana and from. In no event shall the Company or the Foreign Party have any obligation to transfer or remit any funds to Guyana or to convert such funds to Guyana Dollars. Furthermore, such funds shall not be subject to any other restriction, including the obligation to pay any fees, imposts, duties, taxes, administrative and other charges and any other like assessments of any nature whatsoever in connection therewith. For greater certainty, the Company shall be entitled to remit such capital and profits from Foreign Currency Accounts.

The funds derived from or related to the activities contemplated by the Project, the Mining and Prospecting Licenses and this Agreement shall include:

- (a) Sales revenues and earnings thereon, including (i) gross earnings or profits generated by the Project or the Company; or (ii) net earnings or profits generated by the Project or the Company after

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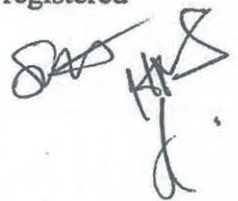
applicable Guyanese taxes in accordance with Applicable Law and this Agreement;

- (b) The product of the sales, liquidation, or disposition of all or part of any investment in the Project, or the proceeds derived from any other asset disposal, insurance, or deposits to collateral accounts, or the compensation derived from the total or partial expropriation of the Project, the Assets, the Mining and Prospecting Licenses, or rights of the Company or of the Foreign Party or the shares of the Foreign Party in the Company or of the Company in any Affiliate, or the compensation derived from the indemnification for any losses, damages, claims or expenses that arise out of or relate to any breach by Guyana of its obligations under this Agreement, the Mining and Prospecting Licenses, or Applicable Law;
- (c) Any amount owed for the payment of goods and services or for another contracted obligation, including inter-company loans or external financing contracts, or the renewal of such obligations, including for the payment or prepayment of the principal or interest, premiums, fees, commissions and other amounts owed in connection with such loans or their renewal; or
- (d) Any amounts for the distribution of profits or dividends or remittance of capital invested or for any other purpose, including all funds pending their use in relation to the Project.

13.2 Guyana (represented herein by the Government) and the Commission hereby represent and warrant that the Private Parties will receive all such specific Authorizations from the competent Government officials, or Government Authorities or agencies having jurisdiction over the subject matter described in clause 12.1 as are necessary to give effect to the matters described in clause 12.1 hereof.

14. INSURANCE MATTERS

- 14.1 The Company intends to subscribe for and maintain at all times during Operations, insurance coverage of the Operations provided such coverage is available at competitive and reasonable rates from insurers of recognized standing. At no time shall the Company be required to obtain insurance coverage from an insurance company located in Guyana. The Company shall be entitled at all times to obtain insurance or reinsurance from providers located outside Guyana.
- 14.2 All insurance policies, if any, shall be kept at the Company's registered office in Guyana.



15. REPRESENTATIONS, WARRANTIES, COVENANTS AND UNDERTAKINGS

15.1 The Private Parties hereby represent and warrant to the Government and the Commission that:

- (a) it is duly organized, validly existing, and in good standing pursuant to the laws of its jurisdiction of incorporation and is qualified to do business in those jurisdictions where necessary in order to carry out its purposes;
- (b) it has the requisite corporate power and authority to own, lease, and operate its assets and to carry on its business as now conducted; and it has the capacity to enter into this Agreement;
- (c) it shall not breach any other agreement or arrangement to which it is a party or be in violation of any Applicable Law to which it is subject, by entering into or performing this Agreement;
- (d) this Agreement, when executed, shall be duly executed and delivered by it and be valid and binding upon it in accordance with the terms thereof;
- (e) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, which prevents or which seeks to prevent it from entering into this Agreement; and
- (f) that, to the best of its knowledge and belief, and that of its directors and officers, after due enquiry, there exists no material fact or circumstance applicable to this Agreement or the Project which has not been previously disclosed to the Government or the Commission, as applicable, and which should be disclosed to prevent the representations made in this Agreement from being materially misleading.

15.2 Government and the Commission hereby represent and warrant to the Private Parties that:

- (a) the Commission is duly organized and validly existing as a body corporate under the GGMC Act and is qualified to do business in Guyana where necessary in order to carry out its purposes;
- (b) the Commission has the requisite corporate power and authority to own, lease, and operate its assets and to carry on its business as now conducted;

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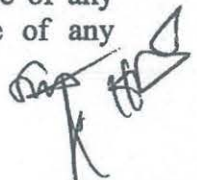
- (c) the Government and the Commission have the capacity to enter into this Agreement;
- (d) the Government and the Commission shall not breach any other agreement or arrangement to which either of them is a party or be in violation of any Applicable Law to which either of them is subject, by entering into or performing this Agreement;
- (e) this Agreement, when executed, shall be duly executed and delivered by Guyana and the Commission and be valid and binding upon Guyana and the Commission in accordance with the terms thereof; and
- (f) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, which prevents or which seeks to prevent the Government and the Commission from entering into this Agreement.

15.3 The Company hereby covenants and undertakes to:

- (a) assume liability for any damages caused by its servants and agents in violating its obligations under this Agreement; and
- (b) hold Government harmless from all suits for injury or claims for damages to Persons or property resulting from or in connection with the conduct of its Operations hereunder.

15.4 The Government thereby undertakes to take all such steps which are necessary for the implementation of this Agreement, including approving the Feasibility Study and the EIA and granting the Mining License in a timely manner, passing the necessary or appropriate Acts (including Subsidiary Legislation) and issuing the necessary or appropriate authorizations to provide for the adaptation and modification of the Applicable Law of Guyana which may affect the implementation of this Agreement, and to allow the Private Parties to continue to carry out their obligations and to receive the benefits accorded to them under this Agreement.

15.5 Without limiting the application of clauses 15.6 and 15.7 and without prejudice to any other undertaking of Government set forth in this Agreement, if, at any time during the term of this Agreement, Government enacts or adopts any new Applicable Law or amends or repeals any existing Applicable Law (collectively, "Unilateral Action"), and if such Unilateral Action has the effect (the proof whereof shall lie with the Party asserting such effect) of preventing or constraining the exercise of any right or of materially increasing the burden of performance of any

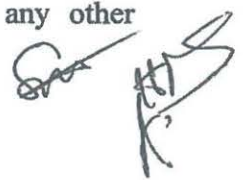


obligation (including any increase in an obligation to pay a sum of money) of the Private Parties hereunder (a "Negative Effect"), Guyana agrees to take such measures as may be required to restore the Private Parties to the position they would have retained had such Unilateral Action not been taken ("Corrective Action"). Such Corrective Action may take any or all of the following forms: (i) an exemption from the application of the Applicable Law that is the direct or indirect subject of the Unilateral Action or the direct or indirect cause of the Negative Effect, (ii) an undertaking to remit additional sums of money to the Private Parties as a result of such Unilateral Action, (iii) the enactment of specific legislation (including Subsidiary Legislation) eliminating the Negative Effect or, (iv) any other form acceptable to the Private Parties and Guyana. For greater certainty, Guyana agrees to take Corrective Action including:

- (a) to eliminate the Negative Effect of any Unilateral Action on or in respect of the Agreement, the Mining and Prospecting License, the Environmental Authorization, the Mining Area or the Assets; and
- (b) to eliminate the Negative Effect of any Unilateral Action taken on or in respect of any of the matters described in articles 5 to 12 inclusively.

Notwithstanding the foregoing, nothing set forth in this Agreement shall be interpreted as preventing Guyana from taking Unilateral Action regarding matters of employee health and safety and of reasonably applying such Unilateral Action to the Private Parties hereunder.

- 15.6 Notwithstanding any provision hereof, Guyana shall not, whether by Unilateral Action or otherwise, unilaterally amend or terminate this Agreement or any Schedule, the Mining License when granted, or the Environmental Authorization otherwise than in accordance with the express terms hereof or thereof.
- 15.7 With respect to the property, rights and interests of the Private Parties arising out of this Agreement or any Schedule or in any way connected with the Project, Government agrees (i) to ensure within Guyana the fair and equitable treatment of such property, rights and interests, (ii) in no way to impair or interfere with the management, maintenance, use, enjoyment or disposal (except as expressly provided herein) of such property, rights and interests, and (iii) to take no action to expropriate or nationalize any property, rights or interests, whether characterized as expropriation or nationalization or otherwise, or to directly or indirectly deprive the Company of such property, rights or interests.
- 15.8 The representations, warranties, covenants and undertakings set forth in this article 15 shall remain in effect throughout the term of this Agreement and shall be in addition to, and not in substitution for, any other



representations, warranties, covenants and undertaking set forth in this Agreement.

16. DEFAULTS AND REMEDIES

16.1 Should Guyana or the Commission default in the performance of any of its obligations or undertakings hereunder, the Private Parties or Parties aggrieved by such default shall give reasonable notice to the defaulting Party specifying the nature of the default and indicating any remedial measure to take to cure such default. If such remedial measure is not substantially completed within the notice period (where, unless otherwise specified in the notice, shall be a period of 30 days), the aggrieved Private Party or Parties shall be entitled, without any further delay, to institute proceedings in accordance with article 17.

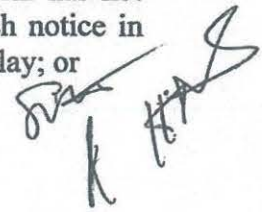
16.2 The Company shall be deemed to be in default hereunder if:

16.2.1 it takes advantage of any bankruptcy or other Applicable Law for the protection of debtors from their creditors or voluntarily goes into liquidation; or

16.2.2 proceedings in bankruptcy or under any Applicable Law having similar effect are taken against it in good faith and such proceedings are not dismissed or contested in good faith within 60 days thereof; or

16.2.3 the Company fails to complete a payment due to the Commission or the Government hereunder and (i) such payment is not completed within 60 days from the date of receipt by the Company of a notice of such failure to pay from the Commission or the Government, as applicable or (ii) the Company having failed to pay has not contested in good faith the allegations set forth in connection with proceedings under article 17 within the aforesaid delay; or

16.2.4 the Company fails to perform any other material obligation assumed by such Party hereunder and (i) fails to complete such performance within 90 days of the date of receipt by the Company or, as applicable, the Foreign Party, of a notice of such failure to perform from the Commission or the Government, as applicable (provided that performance hereunder with the aforesaid 90-day period of an obligation required to be performed within a specific delay in this Agreement shall be deemed to constitute a valid completion of performance relieving the Company of its default hereunder), or (ii) the Company having failed to perform has not contested in good faith the allegations set forth in such notice in the manner set forth in article 17 within the aforesaid delay; or



- 16.2.5 the Company is convicted of an offence under the Mining Act which constitutes a willful departure from one or more of the substantive undertakings set forth in the Feasibility Study and the EIA after having been convicted of two previous like offenses under the Mining Act; “convictions” for the purposes of this clause 16.2.5 shall include any out-of-court settlement pursuant to Section 131 of the Mining Act; or
- 16.2.6 the Company fails to commence Development Operations within the time limits set out in the Feasibility Study, subject to the occurrence of a Force Majeure event or agreement with the Commission on behalf of the Government.
- 16.3 The Commission or the Government, as applicable, may, subject to clause 16.4, give notice of its intention, terminate this Agreement or any Schedule hereof, the Mining License and the Environmental Permit in the event of a default under any provision of clause 16.2 that has not been cured within the specified time period (if any) by not less than sixty (60) days written notice to the Company in the case of the Mining License and seven (7) days in the case of the Environmental Authorization.
- 16.4 Notwithstanding the occurrence of any event set forth in clause 16.2, if a Private Party has instituted proceedings in accordance with article 17, a force Majeure event has occurred the Government shall not terminate or purport to terminate this Agreement or any Schedule hereof, the Mining License or the Environmental Authorization, and the Company shall be entitled to continue Operations hereunder until the proceedings described in article 17 shall have been completed or such Force Majeure event has ceased to exist, as applicable
- 16.5 For the purposes of this article 16, a Party shall be deemed as to have “instituted proceedings” or “contested” hereunder if it serves notice to the other Party or Parties to the dispute under clause 17.3 and continues to avail itself of the dispute resolution mechanisms set forth in article 17 with reasonable diligence thereafter. If the Company has instituted proceedings under clause 17.3 in connection with an allegation by the Government or the Commission of a default by the Company hereunder and continues to deny such alleged default after proceedings under article 17 have been completed, the Government may, if it wishes to sustain its allegations, institute arbitration proceedings under clause 17.5 hereof.
- 16.6 If the Government succeeds in proving a default by a Company hereunder to the satisfaction of an arbitration tribunal constituted under clause 17.5, it shall be entitled to such compensation in the form of damages as such tribunal shall think fit to award in accordance with the evidence presented and the provisions of Applicable Law and the Rules (as defined in clause 17.2). However, neither the Commission nor the

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Government shall be entitled to seek a termination of the Mining License, the Environmental Authorization or of this Agreement or any Schedule hereof, unless the Company expressly consents to such termination or is adjudged by the arbitration tribunal (formed as per clause 17.5) to have committed a fundamental breach of this Agreement, of the Mining License, or of the Environmental Authorization.

17. GOVERNING LAW, DISPUTE RESOLUTION AND JURISDICTION

- 17.1 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of Guyana.
- 17.2 If any dispute or conflict, contractual or not in nature, arises in connection with Operations or any other activities governed by this Agreement or any Schedule, the Mining License or the Environmental Authorization or the breach, termination, validity, performance or interpretation thereof (any of such occurrence being hereinafter referred to as a "Dispute") the Parties shall resolve the Dispute in the manner hereinafter set forth in this article 17.
- 17.3 A Party may commence proceedings under this article 17 by convening a meeting between high-ranking representatives of the Parties (or such other representatives specifically designated for such purpose). Such representatives shall meet within 30 days from the date of the notice convening the meeting and shall use their best efforts to settle the Dispute in good faith for a period not exceeding 60 days from the date of the aforesaid notice.
- 17.4 Any Dispute which is not resolved pursuant to clause 17.3 or otherwise, shall be referred for determination to final and binding arbitration, to the exclusion of all courts of any State and other like forums, under the International Arbitration Rules (the "Rules") of the American Arbitration Association (the "Court"), valid on the date of the Dispute; provided that the Rules may be supplemented, if required and applicable, by international law, including general principles of law recognized by civilized nations and principles applicable to contracts between States and foreign private parties, to the extent necessary to give full effect to the true intentions of the Parties as set forth in this Agreement and its Schedules. In particular, the arbitration shall be conducted in accordance with the following provisions:
- (a) any arbitral tribunal constituted pursuant to this clause 17.4 (the "Tribunal") shall consist of three arbitrators, one appointed by each Party and one appointed to be chairman of the Tribunal by agreement of the Parties, or failing such agreement, in accordance with the Rules; in the event the Dispute involves more than two Parties, each Party shall appoint one arbitrator, and jointly appoint



- an additional arbitrator who shall be chairman of the Tribunal; failing such joint appointment, the chairman shall be appointed in accordance with the Rules;
- (b) a decision of a majority of the members of the Tribunal is required to settle or resolve any Dispute; in the event the Tribunal is composed of an even number of arbitrators and is deadlocked, the chairman of the Tribunal shall appoint an additional arbitrator who, after a consideration of the Dispute and the evidence and submissions of the Parties, shall cast the deciding vote to settle or resolve the Dispute;
 - (c) arbitration proceedings shall be in Port of Spain, Trinidad & Tobago, or at any other location mutually agreed by the Parties; and
 - (d) each Party shall participate in any arbitration proceedings at its own expense, and expenses of arbitration shall be borne equally by the Parties. In the case of an award of monetary damages, the Court or, as applicable, the Tribunal shall be entitled to award interest thereon from the earlier of (i) the date on which proceedings are instituted and (ii) the date on which the relevant obligations became eligible, at LIBOR.

17.5 Without prejudice to the authority and power of the Court or, as applicable, the Tribunal to recommend provisional measures, any Party may request any judicial authority of competent jurisdiction to order any provisional or conservatory measure, including attachment, prior to the institution of arbitration proceedings, or during the proceedings, for the preservation of its rights or interests.

17.6 The Parties agree that any Dispute may be consolidated by the Tribunal, under the Rules, and heard together with any arbitration that may arise under any other agreement between the Parties, if the Tribunal is of the opinion that such consolidation would be appropriate and in the best interests of the Parties.

17.7 The Government hereby expressly represents and warrants that it has signed and ratified all treaties, conventions and other documents necessary to give full effect to the provisions of this article 17 and that such provisions are binding and enforceable against it.

17.8 The Government hereby expressly and irrevocably waives the right to any claim for sovereign immunity against jurisdiction, enforcement and execution of any arbitral award rendered as provided for in this article 17 or any judgment thereon in any court of competent jurisdiction.

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- 17.9 The failure by a Party to nominate an arbitrator or participate in arbitral proceedings shall not constitute valid grounds for rejecting the jurisdiction of the Court and of the Tribunal appointed under clause 17.4 (a), or the validity and enforceability of any of its awards. Each Party undertakes to execute any arbitral award rendered against it in accordance with its terms, in full, voluntarily and without delay. Judgment on the award may be entered and enforced in any court of competent jurisdiction.
- 17.10 For greater certainty, but not so as to restrict the generality of the foregoing, it is hereby expressly agreed that the Arbitration Act, Cap. 7:03 of the laws of Guyana shall not apply to a submission to arbitration under this article 17.
- 17.11 The award of the arbitral tribunal shall be final and binding and shall be fully enforceable. The Parties undertake to faithfully comply with the award. The arbitral award must require that any payment be made in U.S. Dollars, without set-off, withholding or other deduction, immediately available and freely transferrable abroad. In this respect, even in such cases where the enforcement of the award involves payments in a currency other than the U.S. Dollars, the obligations of the indebted Party will not be fulfilled until the day in which the creditor Party receives the total amount owed in accordance with the arbitral award in U.S. Dollars.

18. TERM AND TERMINATION

- 18.1 This Agreement shall be deemed to have come into force as of the date on which it shall have been executed by all Parties (the "Effective Date") which shall occur prior to the date of the Mining License Grant Date. The Parties agree that all acts performed and all expenses incurred by the Company as of and from the date grant of Prospecting Licenses in anticipation of the finalization of this Agreement and the granting of the Mining License, and on the assumption that this Agreement would be executed and the Mining License granted in due course, shall be deemed for all purposes to have been validly performed and incurred pursuant to this Agreement and the Mining License, once granted. This Agreement shall remain in effect until the Mining License as well as the Environmental Authorization and renewal thereof (or any like license or similar evidence of rights granted in replacement thereof) definitively expire, unless earlier terminated pursuant to this article 18.
- 18.2 The Company or the Foreign Party may terminate this Agreement by giving six (6) months written notice to the Government, provided that the Company or, as applicable, the Foreign Party, shall have the right to retract in writing its notice at any time prior to the expiry of such notice period.



- 18.3 Guyana shall be entitled to terminate this Agreement only under the circumstances described and in the manner set forth in article 16.
- 18.4 In the case of a termination of this Agreement pursuant to clauses 18.1 or 18.2, the Company shall:
- (a) subject to clause 18.5, deal with its property in Guyana as provided in clause 18.6;
 - (b) restore the areas used and damaged as provided in clause 6.4, the EIA and the Environmental Authorization, once it is granted;
 - (c) pay any fees due hereunder up to the time the termination becomes effective; and
 - (d) submit complete reports and evaluations, maps, assays, samples, drilling tests and related articles to the Commission.
- 18.5 Before the Company is entitled to remove its assets and property from Guyana upon termination of this Agreement and before any payments due to it are returned, the Company shall obtain from the Commission a Certificate of Compliance with its obligations under clause 18.4.
- 18.6 In the event of the termination of this Agreement in accordance with clauses 18.1, 18.2 or 18.3 the following provisions shall apply:
- (a) all fixed plant, equipment and other immovable assets of the Company and all materials, supplies, vehicles and other moveable assets of the Company shall be offered for sale at their fair market value to the Government within 30 days from the effective date of termination; if the Government does not accept such offer within 30 days from the date thereof, the Company shall sell, remove or otherwise dispose of all such property prior to the expiry of 120 days after the effective date of such termination; all such property not so sold, removed or otherwise disposed of shall become the property of Guyana without charge;
 - (b) notwithstanding the foregoing, upon termination of this Agreement, the Government may by notice to the Company require the removal or destruction of any assets of the Company located in the Mining Area, and if the Company does not remove or destroy such assets within a period of 120 days from the date of the Government's notice to that effect, the Government may effect such removal or destruction and the Company shall assume the reasonable costs, which must have been incurred by the Government at competitive rates, of such removal or destruction;
 - (c) upon the termination of this Agreement, the Company shall leave the Mining Area and everything thereon in safe condition in

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accordance with the closure plan as set out in the Feasibility Study. In this connection, unless the Government otherwise directs, the Company shall, in accordance with good mining industry practice, make safe all holes and excavations to the reasonable satisfaction of the Government. In the event that the Company fails to do so, the Government may perform such acts as may be necessary to make the Mining Area safe and the Company shall assume the reasonable costs, which must have been incurred by the Government at competitive rates, of said acts. To the extent that the Company complies with the terms of the Feasibility Study and the EIA in the form accepted by the Commission in respect of the matters described in this clause 18.6, the Private Parties shall be deemed to have fulfilled their obligations hereunder; and

- (d) the Company shall have the right to enter upon the Mining Area for the aforesaid purposes, subject to the rights of surface owners or others, for a period of one (1) year from the effective date of termination or such longer period as the Company may reasonably request.

In the event that the Company decides to suspend Operations under the relevant provisions of clause 4.2, the Company shall not be entitled to dispose, by sale or otherwise, of its Assets referred to in clause 4.2.

19. INDEMNIFICATION

19.1 Government and the Commission hereby agree and covenant to indemnify and save the Company harmless from and against any and all loss, cost, expense, damage, or liability (including, without limitation, reasonable and documented attorneys' fees, and other expenses incurred in defending against litigation, either threatened or pending) arising out of or based upon:

- (a) any breach by Government and the Commission of any representation, warranty, covenant or agreement made by either of them in this Agreement; and
- (b) any failure by Government or the Commission to satisfy any commitment or obligation made under this Agreement or under any document executed or delivered in connection with the transactions set forth in this Agreement.

19.2 The Company hereby agrees and covenants to indemnify and save Guyana and the Commission harmless from and against any loss, cost, expense, damage, or liability (including, without limitation, reasonable and documented attorneys' fees and other expenses reasonably incurred in defending against litigation, either threatened or pending) arising out of or based upon:



- (a) any breach of any representation, warranty, covenant or agreement made by them in this Agreement;
- (b) any failure by them to satisfy any commitment or obligation made under this Agreement or under any document executed or delivered in connection with the transactions set forth in this Agreement; and
- (c) any environmental liability or adverse environmental condition of any nature whatsoever which may arise from or exist in connection with the Mining Area.

19.3 For the purposes of determining the Indemnifying Party and the Indemnified Party, Government and the Commission shall be deemed to be one and the same Party. If any claim or demand (a "Claim") is asserted by any Person against a Party in respect of which such Party may be entitled to indemnification under the provisions of this article 0 (the "Indemnified Party"), written notice of such Claim, specifying the basis for the Claim and the amount thereof (to the extent feasible) shall promptly be given to the other Party (the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right (and if the Claim is based on a claim made by a third Person, shall notify the Indemnified Party whether it exercises such right), within thirty (30) days of its receipt of the notice of the Claim, to assume (subject to the right of the Indemnified Party to participate, at its own expense and with counsel of its choice) the entire control of the defense, compromise or settlement of the Claim, including, at the Indemnifying Party's expense, retaining counsel of its choice. No Claim shall be settled or otherwise compromised without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld. Any damages to the assets, business or operations of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a Claim in a reasonable and expeditious manner, after the Indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obliged to indemnify the Indemnified Party.

19.4 In no event will consequential, exemplary or punitive damages be recoverable with respect to this Agreement by any Party, except to the extent sought and recovered by a third Person from the Indemnified Party.

19.5 The Indemnifying Party shall not be liable to the Indemnified Party for compensation hereunder unless the cumulative amount of compensation owing under all or any such Claims exceeds US \$50,000 in the aggregate. In such event, however, the full amount of any compensation owing shall be payable without deduction.

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20. ASSIGNMENT

- 20.1 The Company may, at any time, assign or transfer all or any part of its rights and obligations under this Agreement to a third party with the prior written approval of the Government. The Government shall not withhold its approval without good reasons. It is agreed that such reasons shall include but not be limited to the technical and financial capability of the proposed third party assignee. Any withholding of consent to any assignment or transfer under this clause 20.1 shall be in writing and be accompanied by a statement of the basis for such decision. The consent right of the Government and the Commission shall not apply if the Company remains obligated, by means of a guarantee or otherwise, to the satisfaction of the Government for performance of the obligations being assigned or transferred.
- 20.2 In all cases of assignment and transfer, the assignee or transferee shall be subject to this Agreement and shall be bound to comply with the provisions of the Agreement. In the event of a partial assignment, or transfer, the assignor and assignee (or transferor or transferee, as the case may be) shall each be severally (and not jointly and severally) liable for their own respective defaults hereunder. Any assignee shall meet the requirements of the Mining and Tax Acts.
- 20.3 Notwithstanding the foregoing, the Company and the Foreign Party shall have the right without the need for consent by or prior notice, to the Government or the Commission, to pledge, collaterally assign, mortgage or otherwise create security interests in or liens or other encumbrances on the Assets and any other tangible or intangible assets owned by it (including its rights and obligations under this Agreement, the Mining and Prospecting Licenses or any other Authorization or related Agreement) both moveable and immovable, to secure financing including to financial institutions, other creditors, issuers or guarantors of the creditors, or any agent or trustee appointed by such credit providers.
- 20.4 The Government and/or the Commission shall provide each mortgagee or chargee under a mortgage, charge, or other lienholder under a mortgage, charge or other security document entered into by the company in accordance with this Article 20, and each lender or its agent pursuant to a loan of which the Government has been given notice, whether made to the Company or indirectly (hereinafter collectively referred to as "Lenders" and, individually, a "Lender"), with a copy of any notice given to the Company under article 16 at the same time as such notice is given to the Company. Any notice or copy of any notice to be given at the same time to any Lender shall be given in the manner described in clause 22.8 to the address for service of notice given by that Lender to the Government.

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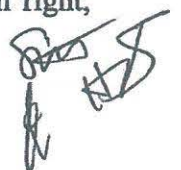
- 20.5 Subject to the terms of any assignment or other agreement entered into by the Government or the Commission, should the Government and/or the Commission give a notice to the Company pursuant to article 16, the Government and/or the Commission shall give reasonable consideration to any proposal that any Lender may subsequently make to the Government or, as applicable, to the Commission taking into consideration the positions of those Lenders in regard to any outstanding obligations that the Company may have to them, directly or indirectly, at that time.
- 20.6 If a transfer, assignment or grant of security is made by the Company or the Foreign Party pursuant to the provisions established in this clause 20, such transfer, assignment or grant of security shall be valid and shall not constitute a breach of section 18 of the Mining Act.

21. FURTHER ACTIONS

- 21.1 Government and the Commission hereby agree and undertake to sign all such documents, do all such things and make all such arrangements such that the Company will receive, from the relevant Government Authorities, all such specific authorizations, permissions and/or exemptions in respect of the subject matters described in the relevant provisions of articles 7, 8, 9, 12 and 13, as are necessary or desirable to give full force and effect to such matters described in articles 7, 8, 9, 12 and 13, including a regulation by the Minister under the Property Tax Act pursuant to Sections 10(a)(iv) and 16 of such Act excluding any investment in the Company made by any non-Guyanese Affiliate thereof or other foreign Person from the application of such Act in the manner contemplated in such sections.

22. MISCELLANEOUS AND FINAL PROVISIONS

- 22.1 The Parties shall treat all information relating to the Project including, without limitation, any report required to be filed by the Company hereunder, as confidential and shall only disclose such information to other Persons in accordance with the provisions of clauses 0 and 3.4.
- 22.2 The Company shall notify the Government and the Commission promptly of the occurrence of any event which results in the death or injury of any person in the Mining Area or any event which may endanger natural resources within the Mining Area.
- 22.3 The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provisions of this Agreement or limit such Party's right thereafter to enforce any provision or exercise any right unless such waiver is unambiguous, in writing and signed by the Person waiving such right, power or remedy. Any waiver of such right,



power or remedy shall not be construed as a waiver of any succeeding or other right, power or remedy unless the contrary is expressly stated in writing and signed by the Party making such waiver. The failure by a Party to perform an obligation hereunder shall not excuse the performance by any other Party of its obligations hereunder unless the first mentioned obligation is a material obligation.

- 22.4 No amendment to this Agreement shall be valid unless made in writing and duly executed by each of the Parties.
- 22.5 Except as otherwise provided herein, this Agreement, together with the Schedules, contains the entire understanding of the Parties.
- 22.6 There are no implied covenants in this Agreement other than those of good faith and fair dealing.
- 22.7 This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of each of the Parties.
- 22.8 All notices and other required communications made pursuant to this Agreement to any Party shall be in writing and shall be addressed as follows:

TO THE FOREIGN PARTY:

First Bauxite Corporation
Suite 1220, Oceanic Plaza
1066 West Hastings Street
Vancouver, BC, V6E, 3X1
Canada

Attention: President or Chief Executive Officer

TO THE COMPANY:

Guyana Industrial Minerals Inc.
A 143 Robin's Place West,
Bel Air Park.
Georgetown, Guyana
Fax: (592) 231-7499

Attention: President & Chief Executive Officer

(with a copy to the Foreign Party at its address as set forth above)

TO THE COMMISSION:

The Guyana Geology & Mines Commission
Upper Brickdam
Georgetown, Guyana
Telecopier: (592)-225-3047

Attention: The Commissioner



TO GUYANA:
(including notices
required or permitted
to be given to the
Government):

Office of the Prime Minister
Oranapai Towers
Wight's Lane
Kingston
Georgetown, Guyana
Telecopier: (592)-226-7573

All notices shall be given (i) by personal delivery to the Party or (ii) by electronic communication (including telexes, telecopies or telefaxes and canned PDF documents), or (iii) by registered or certified mail, return receipt requested. All notices shall be effective and shall be deemed to have been delivered (i) if by personal delivery, on the date of delivery if delivered during normal business hours and, if not, then on the next business day following delivery; (ii) if by electronic communication, on the next business day following receipt of the electronic communication; and (iii) if solely by mail, on the next business day after actual receipt. A Party may change its address for notice by providing notice of such new address to the other Parties.

- 22.9 The Parties hereby agree to cooperate at all times and to contribute to the extent of their respective capacities in order to ensure efficiency in the performance of Operations hereunder and to ensure the success of the Project. To this end, the Parties agree to meet on a regular basis to discuss matters of mutual concern.

[signature page follows]

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IN WITNESS WHEREOF, the Parties hereunto caused their authorized representatives to set their respective hands hereto at the City of Georgetown, Guyana, in the presence of one another the day and year first above written.

THE COOPERATIVE REPUBLIC OF)
GUYANA)

By: [Signature])
Name: Samuel A Hands)
Title: PRIME MINISTER)

[Signature]
Witness

FIRST BAUXITE CORPORATION)

By: [Signature])
Name: HILBERT SHIELDS)
Title: CEO & Director)

[Signature]
Witness

GUYANA GEOLOGY & MINES)
COMMISSION)

By: [Signature])
Name: Joseph Singh)
Title: Chairman)

[Signature]
Witness

GUYANA INDUSTRIAL MINERALS INC.)

By: [Signature])
Name: HILBERT SHIELDS)
Title: CEO & Director)

[Signature]
Witness

[Signature]
[Signature]



Schedule A1 of: **SCHEDULE "A"**

BONASIKA MINING LICENSE

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No. 01/2001.....

Mining Licence

Issued Under Section 44 of the Mining Act 1989 and the Mining Regulations

WHEREAS an application has been made by **Guyana Industrial Minerals Incorporated**, a locally incorporated company whose registered address is 19 - 20 Lama Avenue, Bel Air Park, Greater Georgetown, Guyana, seeking the right to occupy and carry out Mining Operations for bauxite on the Bonasika Bauxite Property.

WHEREAS ownership of bauxite within the Republic of Guyana is vested in the State, of Guyana.

AND WHEREAS the Mining Act, 1989 subject to certain limitations and conditions authorizes the Guyana Geology and Mines Commission to grant Mining Licences for minerals inclusive of bauxite in Guyana. This Mining Licence is granted subject to the approval of the Environmental Impact Statement as submitted by the Licensee by the Environmental Protection Agency.

NOW THEREFORE: The Guyana Geology and Mines Commission (hereinafter referred to as "the Commission") which term whenever the context permits or requires shall be deemed to include its successors and assigns, in consideration of the covenants hereinafter reserved and subject to the Mining Act 1989 and the Regulations made thereunder and in force from time to time and subject to the terms and conditions herein do hereby grant unto **Guyana Industrial Minerals Incorporated** (hereinafter referred to as "the Licensee") which term whenever the context permits or requires shall be deemed to include its successors and assigns, the area of State Land situate in the Bonasika, Essequibo River Area (hereinafter referred to as "the Area") more fully described in Annex "A" by way of a Site Plan which is attached and made a part hereof to remove bauxite therefrom.

TO HOLD and enjoy land for a term of fifteen (15) years for the purposes of Mining all bauxite which may be found therein with the right to carry on upon the said land all operations incidental to or connected therewith including the right to erect on the said land such dwellings or erections as may be necessary for the objectives aforesaid. The Licensee shall have the right to apply for a renewal of seven (7) years Licence which application shall be submitted to the Commission at least six (6) months before the expiration of this Licence.

PROVIDED ALWAYS that the licensee shall have no right to take or extract from the said land any other mineral, or any mineral oil, timber or other thing except as herein provided all which things are hereby excepted and reserved out of this demise but so that this proviso shall not hinder or prevent the Licensee from doing such things as are necessary for or incidental to or connected with their operations for the mining of bauxite stone subject to the following conditions:

Rental.

1. The Licensee shall pay to the Commission annually and in advance and without demand the annual rent of five hundred and fifty Guyana dollars (\$550.) per acre or the equivalent of three United States dollars (US\$3.) In accordance with the exchange rate of the United States dollar to Guyana dollar at the time of payment, or such sum as may be stated in the Mining Regulations from time to time. The first such payment shall be on the grant of this licence and all subsequent payments shall be made on or before the anniversary of the issue of this licence in each and every year following the issue of this licence.

Royalty.

2. (1) The licensee shall pay to the Commission royalty on all bauxite mined from the area at the rate of one and a half percent (1½%) ad valorem of gross production sales or of production costs leaving the plant. All royalty payments shall be made at the end of each ordinary calendar month. If the Licensee fails to pay royalty in accordance with the above the Commission may temporarily suspend the licence in accordance with provision of this licence.
- (2) Royalty as aforesaid shall be payable on all bauxite won from the said area and removed to private property whenever such bauxite is either exported from or used for manufacture in Guyana.

Minimum Royalty.

- (3) Royalty at the rate payable on bauxite exported from Guyana shall be payable in each year on a minimum quantity of bauxite whether or not the same has been won or extracted and exported or used for manufacture in Guyana or mined but not removed and the minimum quantity on which such royalty shall be payable each year shall be the total reached by taking five (5) tons of bauxite for each acre of the said land hereby leased. PROVIDED ALWAYS THAT the Licencee shall only be required to pay minimum royalty charge equivalent to the royalty on one (1), two (2), three (3), and four (4) tons for each acre for the first, second, third and fourth years of the term, respectively, and that such minimum royalty charges may be averaged over five-year periods, the first of such periods commencing at the date of commencement of the term granted by this Licence and the Subsequent periods following consecutively so that production upon which royalty in excess of the mining is paid in any year may be used by the Lessees to offset a deficit in any other year within the five-year period but no excess of royalty which shall become payable in respect of any former five-year period shall be taken into account for making good the deficiency of any subsequent five-year period or any year thereof. PROVIDED FURTHER THAT the minimum quantity on which royalty in respect of the block of land referred to herein shall be the total reached by taking the tonnage referred to in respect of each acre of the said land contained in the said block under this Licence, and the areas held under Mining Licence No. 01/2001 at the rate of royalty payable under the aggregate acreage so that production of bauxite from the area held under either of the said Licences in respect of which

royalty in excess of the minimum royalty is paid may be used by the Licencee to offset a deficit from the area held under the other licence and so that royalty in excess of the minimum paid on bauxite produced from the area held under any one of the said licences may be used by the Licencee to offset a deficit of minimum royalty payable in respect of the area held under the other licence.

Duties

3. The Licencee shall be allowed to import free of customs duties, consumption tax, as well as any other direct or indirect tax, all equipment, supplies and process and spares materials required for their activities including surveys during the term of the Licence and any renewal period. All imports of fuel shall be subject to ten percent (10%) CIF consumption tax. PROVIDED THAT all food and beverages if imported shall be subject to the usual duties and taxes applicable.

Commencement of construction of plant.

4. (a) The Licensee shall commence installation of the necessary plant machinery and buildings for the purposes connected with this Licence to the satisfaction of the Commissioner of Guyana Geology & Mines Commission employed by the Commission (hereinafter referred to as "the Commissioner") no later than six (6) calendar months after the date of issue of this Licence and thereafter shall maintain such plant, machinery and buildings to the satisfaction of the Commissioner.
- (b) The Licensee shall be required to pay income and Corporate Tax in accordance with the provision of the Income Tax Act, Chapter 81:01 and the Corporation Tax Act, Chapter 81:03 of the Laws of Guyana.
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PROVIDED ALWAYS that the foregoing shall be subject to any fiscal concession and/or incentives granted by the Minister of Finance or any other duly authorized person.

- (c) The Licensee shall on the grant of this Licence forthwith erect and maintain in good condition notice boards or tablets to demarcate the area covered by the said Licence and on which shall be painted in legible letters and figures the name of the Licensee and the number and date of the Licence.
- (d) The Licensee shall commence installation of the necessary plant, machinery and buildings for the purposes connected with this licence to the satisfaction of the Commissioner of Guyana Geology and Mines Commission (hereinafter referred to as "the Commissioner") no later than six (6) calendar months or such other period as the Commissioner shall determine in the exercise of his discretion after the date of issue of this Licence and thereafter shall maintain such plant, machinery and buildings to the satisfaction of the Commissioner, PROVIDED THAT the Licensee shall before commencing the construction of the plant and production from the mine provide the Commissioner with a detailed Mine Plan and with a complete set of engineering drawings and design specifications of the plant and no construction or production shall commence until such Mining plan, drawings and design specifications are approved by the Commissioner, AND FURTHER the Licensee shall not make any adjustment and/or variation to the approved mining plan without the prior written consent of the Commissioner.

Processing site to be approved.

- 5. All equipment, plant, buildings, machinery and other items used in the processing of the bauxite from the Area described in this Licence shall be located in Guyana, at a site approved by the Commissioner.

Mining to be
satisfactory to
Commissioner.

6. The conduct of the Licensee's operations shall be satisfactory to the Commissioner in all cases required herein or from time to time provided by law.

Notice of discovery
of mineral oil and
other minerals.

7. The Licensee shall give to the Commissioner immediate notice of the discovery by the Licensee of mineral oil or other minerals not the subject of this Licence.

Discovery of other
minerals.

8. a) If within the period during which this Licence is in effect, other minerals are discovered on or under the Licence Area which are not separately exploitable from bauxite then such minerals shall be deemed to be included in the Mining Licence.
- b) If within the period during which this licence is in effect other minerals are discovered on or under the Licence Area which are separately exploitable from bauxite, the Commission shall offer to the Licensee the right to explore, develop and exploit the minerals so discovered and the Licensee shall thereafter have three (3) calendar months in which to decide whether it wishes to apply for the right to explore, develop and exploit the other minerals so discovered and where the Licensee decides no to make such application, the Commission may grant the right of exploration, development and exploitation of the minerals so discovered to a third party on terms no more favourable than those offered to the Licensee.

Record of production
to be kept.

9. The Licensee shall cause to be recorded in a book or books kept at the operation site on forms approved by the Commission and bearing the Commission's stamp, a correct account of bauxite mined and any other information required by the Commissioner. Such book or books shall be written up daily and shall be opened at all reasonable times to inspection by the Commissioner or any duly authorized officer.

On or before the 10th day of each month the Licensee shall file at the office of the Commissioner, the original copy /copies of the record from the books or book wherein such information is recorded.

**Submission
Reports.**

of

10.

The Licensee shall be required to file with the Commissioner an annual report on a confidential basis within three (3) months, of the anniversary of this Licensee. The Licensee shall also file with the Commissioner monthly and quarterly reports on or before the 10th day of the following month. These reports shall contain complete and accurate records of the mining operations and any other information required by the Commissioner. These shall include copies of all maps, profiles, diagrams and charts, of its operations. The Licensee shall also file a record of all sales and use of bauxite. In addition, the Licensee shall supply information in respect to:-

- (a) Production statistics, including information on the cut-off grade, the grade and quality of bauxite mined.
- (b) Employment information, including a breakdown of organization according to the various levels of employment including locals and foreign.
- (c) Information on construction finished, in progress and planned.
- (d) Information on a breakdown of local and foreign sources of supplies and services, purchasing of supplies and services including an analysis of sourcing of supplies and services from the start-up of operations.
- (e) The Licensee shall file with the Commissioner a detailed annual operational plan on or before the 15th January for approval by the Commissioner. Upon approval any variation to this plan of operation must be with the written consent of the Commissioner.

**Submission of
Accounts.**

11. The Licensee shall on or before June 30th in each year, file with the Commission audited statement of accounts relating to the amounts expended during the previous year ending on 31st December - such an audit shall be carried out by an independent Guyanese firm of Chartered Accountants.

**Inspection of Bauxite
Operations.**

12. The Commissioner or an Officer duly authorized shall have the right to enter upon the said land and inspect any plant or building thereon at such time as may be reasonable and observe the operations conducted thereon and therein, and do all things necessary to ascertain whether the conditions under which this Licence is issued are being complied with.

Transfer of Rights.

13. The Licensee shall not be free to transfer the right in this Licence or any part thereof or share or create any interest whatsoever therein.

**Rights of persons to
traverse land.**

14. This Licence is granted subject to the right of any person to pass through or along any road or path on such land which gives access to any land beyond to which such person desires and is entitled to go and to the rights of any person duly authorized thereto to cut timber or take forest produce; also to the right of any grantee, Lessee or Licensee with the approval of the Commissioner first had and obtained in writing to convey across such land by such route and in such manner as the Commissioner shall decide any machinery, equipment, materials or stones required for Mining or other purposes. PROVIDED THAT such persons, grantee, Licencee, or licensee shall no unduly interfere with the Licensee's bauxite operations.

AND PROVIDED THAT the Commissioner give due and adequate notice to the Licensee in relation to any application in relation to this clause.

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Construction of
pipeline, Telegraph
line, etc..

15. It shall be lawful for the Commission to grant to any person the right to make or construct any pumping plant, hydro-electric plant, pipeline, transmission line, wireless or radio station, railway, tramway, roads or waterways on or through or over the Mining area, or to construct reservoirs on or to take, lead or convey water from the area subject to payment by such person to the Licensee of fair and reasonable compensation mutually agreed on in respect of all damage to or interference with any work or workings of the said Licensee, and in default of such an agreement compensation shall be determined by arbitration pursuant to the provisions of the Arbitration Act or any Act amending or replacing the same for the time being in force.

Land may be taken
for Public purposes.

16. If at any time during this Licence any part or parts of the Licence Area shall be required for the purposes of any township or village, road, canal, railway station or approaches thereto or for any other public purpose whatsoever, it shall be lawful for the Minister, the Licensee having been notified of the intention of the Minister in that behalf and having thereafter received three (3) calendar months previous notice in writing or six (6) calendar months previous notice if any such part or parts of the Licence Area is in the process of being worked, by order to direct that any part or parts of the land shall be taken and used for the purposes abovementioned, and when the Minister shall thereupon cease to be included in the Licence and all powers and liberties hereby granted over such part or parts shall cease to be exercisable by the Licensee and in such case the Licensee shall be secured free access to the remaining part or parts of the Area but the Licensee shall not be entitled to compensation unless the Licensee's works shall be taken or damaged in which event the Licensee shall be entitled to compensation to the extent only of such taking or damage and not in respect of any unworked minerals in the land so appropriated, and the Licensee shall be entitled to abatement of any rent paid for the year for such part or parts of the said Area.

PROVIDED however that if the said road, township or village, canal, railway station and approaches thereto are to be owned otherwise than by the State, any grant, licence or authority for the undertakers, constructors or intended owners thereof shall contain agreements on the part of the grantees or licensees thereunder to compensate the Licensee for all damage caused to the Licensee by the construction thereof and the state having procured such agreement to be made with the State or its officer shall be under no further liability to the Licensee for any subsequent failure, neglect, refusal or inability of such grantee or licensee to compensate the Licensee hereunder for such damage as aforesaid.

**Reforestation and
forest and land
protection.**

17. The Licensee shall use its best efforts to minimize the negative impact of its operations on forest, land qualities, wildlife and human settlements. In particular the Licensee shall reforest the area to prevent soil erosion and shall ensure the safety of the area in accordance with standard international mining practice. The Licensee shall take care to avoid fires.

**Protection of
Environment.**

18. The Licensee shall preserve and protect the natural environmental conditions of the said land, and shall take corrective action from time to time, before the said land or part or parts of the said land are surrendered, as may be reasonably necessary for soil conservation and for mitigation of stream and air pollution. In particular, the Licensee shall conduct the operation so as not to unlawfully pollute any surface or subsurface, fresh water supply, keep erosion and flood damages to a minimum, keep terrace and landscape waste disposal areas in a reasonable manner and replant them in an economical way and to minimize air pollution and shall comply with all applicable regulations made by the competent Government authorities.

Right to quiet
enjoyment.

19. The Licensee performing all the covenants and conditions to be observed and fulfilled hereunder by the Licensee shall and may peacefully and quietly possess and enjoy the said land hereby demised without any interference by the Commission or any person claiming to be lawfully acting under the Commission.

Renewal of Licence.

20. Where the Licensee has complied with the terms and conditions of this Licence, upon application by the Licensee, this Licence may be renewed for a period of seven (7) years or the life of the deposit whichever is shorter on such terms and conditions to be agreed to by the Licensee and the Commission.

Licensee's right to
determine Licence,
surrender part of
land.

21. 1) Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee may at any time during the term hereby granted or any renewal thereof determine this Licence by giving to the Commission not less than six (6) calendar months previous notice in writing to that effect and stating the reasons therefor.
- 2) Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee shall be entitled at any time during the term hereby granted or any renewal thereof by giving six (6) calendar months' notice in writing to the Commissioner and stating the reasons therefor to surrender the rights granted by this Licence in respect of any part or parts of the said Licence Area.

PROVIDED THAT the Licensee shall be required to demarcate the part or parts to be surrendered on the ground and deposit with the Commissioner the estimated cost of the survey and when the area to be surrendered has been ascertained by the

surveyor any difference between the amount deposited and the actual cost of the survey shall be refunded to the Licensee or paid by him as the case may be.

**Cancellation of
Licence.**

22. If the Licensee fails to comply with any of the conditions of this licence or persistently refuses or neglects to comply with the mining laws or any written instruction (s) from the Mines Officer concerning any aspect of the operation, the Commission cancel suspend this licence until remedial measures are taken to operate within the authority of the Commission and the laws of Guyana. Such suspension should not be for more than a licence period of six calender months after which, if no remedial action was taken by the Commissioner may cancel the licence.

**Removal of
equipment on
termination of
Licence.**

23. The Licensee shall at the expiration or sooner determination of this Licence quietly yield and deliver up the said land together with all additions and improvements to the Commissioner or an Officer duly authorized to receive possession thereof and the Licensee shall remove all plant, machinery, materials and appliances from off such land within such time and in such manner as the Commission may specify by notice.

**Waiver of covenant
and condition of
Licence.**

24. The actual waiver of the benefit of any covenant or condition of this Licence on the part of the Commission shall not be assumed or deemed to extend to any instance or any breach of covenant or condition other than that to which such waiver shall specially relate nor to be a general waiver of the benefit of any such covenant or condition.

Liability.

25. Nothing herein contained shall impose any personal liability on the Commissioner or any employee, of the Commission acting under the authority of the Commission.

Indemnity.

26. The Licensee shall at all time indemnify the Commission and each and every employee of the Commission against all actions, costs, charges, claims and demands whatsoever which may be made or brought by any third party in relation to or in connection with this Licence or any matter or thing done or purported to be done in pursuance thereof.


Notices.

27. Any notices, requests or directions to be given under these presents or relating to the said land shall be made in writing and shall be sent or effected by registered mail, telex, telescope or cables delivered in person to:

- a) In the case of the Licensee at its registered address.
- b) In the case of the Commission at Upper Brickdam, Greater Georgetown, Guyana.

In such event notice will be effective as of the date of receipt.

Granted this 7th day of May, 2001,
at Georgetown, Demerara.


Chairman,
GUYANA GEOLOGY AND MINES COMMISSION

WE accept the above Mining Licence on the terms and conditions therein stated.


GUYANA INDUSTRIAL MINERALS INCORPORATED

LICENSEE by

Director

Secretary

Recorded this 7th day of May, 2001.


COMMISSIONER



ANNEX A

DESCRIPTIONS

Bonasika 1

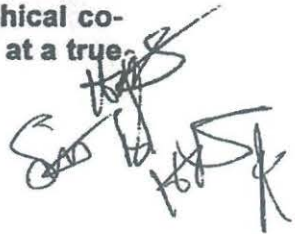
Bonasika 1 is a 401 acre tract of state land, situated in the Potaro Mining District # 2; it is located on the right bank of the Essequibo River. The area is shown on the Government topographic sheet Supenaam 19 SE Georgetown 20 SW, Bartica 20 SW at Scale 1:50,000 and described below:

It takes for its reference a point 'RP' being the confluence of the Bonasika River and the Mango Creek located with geographical co-ordinates of latitude $6^{\circ} 31' 40''$ N, longitude $58^{\circ} 30' 09''$ W, thence at a true bearing of 182° for a distance of approximately 1.61 km (1 mile) to the boundary commencement point 'A' located with geographical co-ordinates of latitude $6^{\circ} 30' 50''$ N and longitude $58^{\circ} 30' 07''$ W, thence at a true bearing of 90° for a distance of approximately 1.45 km (1589 yards) to point 'B' located at geographical co-ordinates of latitude $6^{\circ} 30' 50''$ N and longitude $58^{\circ} 29' 20''$ W, thence at a true bearing of 180° for a distance of approximately 1.12 km (1,229 yards) to point 'C' located at geographical co-ordinates of latitude $6^{\circ} 30' 15''$ N, longitude $58^{\circ} 29' 20''$ W thence at a true bearing of 270° for a distance of approximately 1.45 km (1,589 yards) to point 'D' located at geographical co-ordinates of latitude $6^{\circ} 30' 15''$ N, and longitude $58^{\circ} 30' 07''$ W, thence at a true bearing of 360° for a distance of approximately 1.12 km (1,229 yards) to the boundary commencement point 'A' thus enclosing an area of approximately 1.624 square kilometers or 162 hectares or 401 acres save and except all lands lawfully held or occupied.

Bonasika 2

Bonasika 2 is a 189 acre tract of state land situated in the Potaro Mining District# 2 it is located on the right bank of the Essequibo River as shown on the Government topographic sheet Supenaam 19 SE Georgetown 20 SW Batrica 20 SW at scale 1:50,000 and described below:

It takes for its reference a point 'RP' being the confluence of the Bonasika River and the Mango Creek located at geographical co-ordinates of latitude $6^{\circ} 31' 40''$ N, longitude $58^{\circ} 30' 09''$ W thence at a true bearing of 183° for a distance of approximately 3.31 km (2 ml 100 yds.) to the commencement point 'A' located at geographical co-ordinates of latitude $6^{\circ} 29' 56''$ N and longitude $58^{\circ} 30' 12''$ W, thence at a true bearing of 270° for a distance of approximately 1.04 km (1,142 yds.) to point 'B' located at geographical co-ordinates of latitude $6^{\circ} 29' 56''$ N and longitude $58^{\circ} 30' 46''$ W thence at a true

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bearing of 180° for a distance of approximately 0.73 km (796 yds.) to point 'C' located at geographical co-ordinates of latitude $6^{\circ} 29' 32''\text{N}$ and longitude $58^{\circ} 30' 46''\text{W}$ thence at a true bearing of 90° for a distance of approximately 1.04 km (1,142 yds.) to point 'D' located at geographical co-ordinates of latitude $6^{\circ} 29' 32''\text{N}$ and longitude $58^{\circ} 30' 12''\text{W}$ thence at a true bearing of 360° for a distance of approximately 0.73 km (796 yds.) to the boundary commencement point 'A' thus enclosing an area of approximately 0.76 square kilometers or 76 hectares or 163 acres save and except all lands lawfully held or occupied.

Bonasika 5

Bonasika 5 is an 338 acre tract of state land situated in the Potaro Mining District # 2 it is located on the right bank of the Essequibo River as shown on the Government topographic sheets Supenaam 19 SE Georgetown 20 SW, Bartica 20 SW at scale 1:50,000 and described below:

It takes for its reference a point 'RP' being the confluence of the Bonasika River and the Mango Creek located at geographical co-ordinates of latitude $6^{\circ} 31' 40''\text{N}$, and longitude $58^{\circ} 30' 09''\text{W}$ thence at a true bearing of 294° for a distance of approximately 0.68 km (744 yds.) to the commencement point 'A' located with geographical co-ordinates of latitude $6^{\circ} 31' 46''\text{N}$, and longitude $58^{\circ} 30' 29''\text{W}$ thence at a true bearing of 270° for a distance of approximately 1.09 km (1193 yds.) to point 'B', located at geographical co-ordinates of latitude $6^{\circ} 31' 46''\text{N}$ and longitude $58^{\circ} 31' 04''\text{W}$ thence at a true bearing of 360° for a distance of approximately 1.26 km (1,375 yds.) to point 'C' located at geographical co-ordinates of latitude $6^{\circ} 32' 27''\text{N}$ and longitude $58^{\circ} 31' 04''\text{W}$ thence at a true bearing of 90° for a distance of approximately 1.09 km (1193 yds.) to point 'D' located at geographical co-ordinates of latitude $6^{\circ} 32' 27''\text{N}$ and longitude $58^{\circ} 30' 29''\text{W}$ thence at a true bearing of 180° for a distance of approximately 1.26 km (1375 yds.) to the boundary commencement point 'A' thus enclosing an area of 1.37 square kilometers or 137 hectares or approximately 338 acres save and except all lands lawfully held or occupied.

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Schedule A2 of: SCHEDULE "A"

WARATILLA-CARTWRIGHT PROSPECTING LICENSE

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GS14: G-34

PL 14/2011

**PROSPECTING LICENCE
GRANTED UNDER SECTION 30 OF THE MINING ACT 1989
AND THE MINING REGULATIONS**

By the Guyana Geology and Mines Commission (hereinafter referred to as "the Commission")

WHEREAS an application has been made by Guyana Industrial Minerals Inc. whose registered office is A 143 Robin's Place, Bel Air Park, Georgetown, Guyana (hereinafter referred to as "the Licensee")

Praying for the exclusive right of occupation and exploration of a certain tract of State Land hereinafter described, situate, lying and being in the **Lower Demerara River** and (hereinafter referred to as "the Area") more fully described in Annex "1" which is attached and made a part hereof.

FOR THE purpose of prospecting for Bauxite and all Minerals and Metals

AND WHEREAS the Minister has approved of the said application:

NOW, THEREFORE, by virtue of the power and authority vested in the Guyana Geology and Mines Commission (hereinafter referred to as "the Commission") under Section 30 of the Mining Act 1989, the said Licensee is granted the exclusive right to occupy and for the purpose of prospecting for **Bauxite and all Minerals and Metals** but not to be worked for profit, or to be given out to lessees or tributors, the Area for a period of three (3) years from the 7th day of April, 2011.

In consideration of the grant herein contained the Licensee hereby covenants and agrees as follows:

- (1) During the tenure of this Prospecting Licence the Licensee shall pay rental of 0.50 cents (currency of the United States) per English Acre for the first year, 0.60 cents (currency of the United States) for the second year, and U.S. \$1.00 per acre for the third year or at such rates as may be prescribed from time to time by the Mining Regulations. All such payments shall be made in advance and without demand.

Rental for the first year shall be payable at the signing of the said Licence and for all ensuing years shall be payable prior to the anniversary of the grant of this Licence.

During the term of the Mining Licence stage, the rental shall be U.S. \$3.00 per English Acre. All payments to be made annually and in advance.

- (2) The Licensee may at any time during the period that this Prospecting Licence (or any renewals thereof) is in force apply for a Mining Licence over any part or parts of the Area and if the conditions of this Prospecting Licence have been complied with and the Licensee submits a feasibility study approved by the Commission then the Commission with the approval of the Minister shall cause such Licence to be issued. The Mining Licence will be for a period agreed by the Commission (not exceeding twenty (20) years) or for the life of the deposit whichever is shorter and may be renewed from time to time (for a period not exceeding seven (7) years on each occasion) or for the then remaining life of the deposit whichever is shorter.
- (3) The Licensee shall at all times afford to the Commissioner or other officer in that behalf appointed by him all proper facilities for entering upon and inspecting the works and operations of the Licensee within the Area and ascertaining the results thereof. And the Licensee shall as often as required in writing so to do by the said Commissioner or other officer in that behalf appointed by him furnish such true and proper returns and statistics and other particulars of the operations carried on by the Licensee upon or within the Area and each and every of them and the results thereof and such mineral and rock specimens illustrating the same as the said Commissioner or other officer in that behalf appointed by

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him may require verifying the same if and when required so to do by a statutory declaration of the truth and correctness thereof.

- (4) The Licensee shall supply to the Commission, by quarterly reports, all information acquired by the Licensee and relating to the Area, including raw and processed analytical data, field data and statistical data, copies of maps, diagrams, periodicals, negatives, graphs, charts and results of other testing. Such reports shall be supplied within one (1) month of the end of each quarter. Any information so supplied shall become the property of the Commission. During this Prospecting Licence, the Licensee shall duly report all minerals discovered and shall transfer to the Commission all **Bauxite and all Minerals and Metals** obtained by the Licensee from the Area, provided however that the Licensee shall be free to retain samples, including drill cores that can reasonably be used for evaluation and testing purposes, and to export some or part thereof when specifically authorized by the Commission to do so for testing purposes, such authorization not to be unreasonably withheld. The Licensee shall file with the Commissioner, by June 30th of each year, statements of its accounts, audited on behalf of the Licensee by a Guyanese accounting firm, approved by the Commission. Such audited statements shall relate to the amounts expended during the previous year of exploration.
- (5) The Licensee shall at the expiration of the Licence, or on the conclusion of exploration operations, whichever happens first, transmit to the Commissioner full information and such records of its search in the way of a geological map of the area and report, (together with such samples as may be called for) as will satisfy the Commission that bona fide exploration of the Area, has been made.
- (6) It shall be lawful for the State to grant to any person or persons rights-of-way for pipelines, power, telephone, telegraph and waterlines provided however, that the Licensee shall be duly notified of such intentions and that the applicant shall be required to make appropriate arrangements so that his installations do not unduly interfere with or result in any additional cost to the operations of the Licensee.

Signature
3

- (7) The Licensee shall not unduly disturb or interfere with the living conditions of the indigenous population settled within the Area. The Licensee shall respect and cause its employees and contractors to respect the customs of the indigenous population.

The Licensee shall as far as practicable ensure that their employees and those of its contractors comply with all applicable laws and regulations of Guyana, respect its national heritage and customs and do not engage in any activity which contravenes its national policies. If at any point a resettlement appears to be absolutely essential the Licensee shall move with utmost caution, with the authorities of the settlement in persuading the settlers to resettle and provide a fully adequate resettlement programme in accordance with the directions of the responsible Minister.

- (8) The Licensee subject to the Mining Regulations and the State Lands Regulations and Forest Regulations for the time being in force may fell and make use of such timber growing on the land as may be necessary for the purpose of this Prospecting Licence on payment of the royalty of general application payable from time to time.

- (9) The Licensee shall not transfer, assign or sublet this Prospecting Licence or any portion of the rights granted thereunder without the prior consent of the Minister by endorsement on the said Licence.

- (10) The Licensee shall be bound to commence operations on the land included under this Prospecting Licence within three (3) months from the date of commencement set out in condition thereof, and shall thereafter continue to pursue the purpose for which this Licence is granted to the satisfaction of the Commissioner of Guyana Geology and Mines Commission.

- (11) This Prospecting Licence shall not confer on the holder any right to take or obtain Petroleum from any deposit that may exist in or under the land included in this Licence and all Officers of the Government and other persons thereto specifically authorized by the Government shall at all times have the right to enter such land for the purpose of obtaining Petroleum therefrom.

- (12) If the Licensee fails to comply with any of the terms and conditions under which the Licence is granted, the Commission may cancel this Licence and thereupon all the rights thereunder of the Licensee or of any person claiming through or under the Licensee shall cease and determine. Section 52 of the Mining Act, 1989 shall apply to any cancellation of this Prospecting Licence.
- (13) If the Licensee complies fully with the terms and conditions under which this Licence is issued, the Licence shall be renewed or extended in accordance with the conditions of this Licence, provided the Licence will not be extended beyond the fifth year of its currency unless the Minister is satisfied that such extension is warranted by exceptional circumstances.
- (14) The actual waiver of the benefit of any covenant or condition of this Prospecting Licence on the part of the Commission shall not be assumed or deemed to extend to any instance or any breach of covenant or condition other than that to which such waiver shall specifically relate nor to be a general waiver of the benefit of any such covenant or condition.
- (15) The receipt of any rent or other money by or on the part of the Commissioner of Guyana Geology and Mines Commission shall not be construed as a waiver of any antecedent or then subsisting breach of any of the covenants or agreements on the part of the Licensee herein contained or implied or of any rights or remedies of the Minister by virtue of or in connection with any such breach.
- (16) If a renewal is sought during this Prospecting Licence, the Licensee shall at least three months prior to the anniversary of the grant, submit to the Commission, a recommended Work Programme for the Area and the relevant budget for the twelve (12) month period commencing on the Anniversary date immediately following the Work Programme and budget. Each Work Programme budget submitted by the Licensee shall contain detailed specification of:

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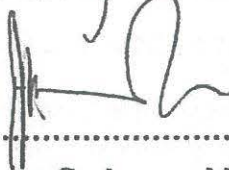
- (a) the methodical approach the Licensee will adopt; and
- (b) an identification of the part or parts of the Area to be involved in each group of operations; and
- (c) the period in respect of the said Work Program.

Should the Commission need clarification on specific features of the said Work Program and budget or wish to propose some revision, it shall within thirty (30) days after receipt thereof inform the Licensee, specifying in reasonable detail its reasons thereof, and the Licensee shall promptly meet with the Commission in order to discuss the Commission's comments and attempt to reach an agreement on the revision proposed by the Commission.

17. Notwithstanding anything above mentioned in the Licence the Licensee shall spend during the first year of this Licence no less than **nine million five hundred thousand Guyana dollars (GS\$9,500,000.00)** in the execution of the Work Program submitted. During the ensuing years of this Prospecting Licence the Licensee shall spend such sums as approved by the Commission.
18. To ensure that the Licensee complies with the terms of the budget and Work Program it has submitted and its other obligations under this Licence, the Licensee shall annually post a performance bond, or other acceptable guarantee, in favour of the Commission with an approved bank in Guyana. The guarantee shall be for a sum that is equal to 10 % (percent) of the approved budget for each year, such performance bond having been posted prior to the issuance of this Licence in a form acceptable to the Commission.

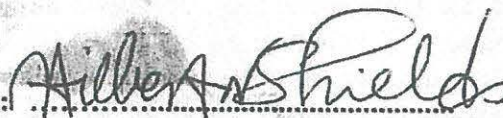
Thereafter the remaining guarantee shall be executed on or before the anniversary of the granting of this Prospecting Licence.

Granted this 6th day of May 2011 at Georgetown, Guyana.


.....
Chairman, Guyana Geology and Mines Commission

I (WE) accept the above **Prospecting Licence 14/2011** on the terms and conditions therein stated.

Licensee: Guyana Industrial Minerals Inc.

By Director: 
.....

Recorded this 6th day of May, 2011

Karen Luvon
.....
Commissioner, Guyana Geology & Mines Commission



Annex 1

Description of Area : GS 14: G - 34

Tract of state land located in the Coastal Area - No Mining as shown on Terra Surveys Topographic Map 28NW, at scale 1:50,000 with reference point "X" located at the confluence of the Ampa Creek & Essequibo River with geographical coordinates of Longitude $58^{\circ} 34' 31''$ W and latitude $6^{\circ} 30' 21''$ N

Thence at a true bearing of 113° , for a distance of 6 miles 1535 yards, to the point of commencement

Point A, located at geographical coordinates of longitude $58^{\circ}28'59''$ W and latitude $6^{\circ}28'1''$ N, thence at true bearing of 90° , for a distance of approximately 4 miles 501 yards, to Point B, located at geographical coordinates of longitude $58^{\circ}25'15''$ W and latitude $6^{\circ}28'1''$ N, thence at true bearing of 180° , for a distance of approximately 3 miles 1002 yards, to Point C, located at geographical coordinates of longitude $58^{\circ}25'15''$ W and latitude $6^{\circ}24'55''$ N, thence at true bearing of 270° , for a distance of approximately 4 miles 502 yards, to Point D, located at geographical coordinates of longitude $58^{\circ}28'59''$ W and latitude $6^{\circ}24'55''$ N, thence at true bearing of 360° , for a distance of approximately 3 miles 1002 yards, to the point of commencement at Point A.

Thus enclosing an area of approximately 9791 acres , save and except all lands lawfully held or occupied.

Schedule A3 of: SCHEDULE "A"

PERMISSION FOR GEOPHYSICAL & GEOLOGICAL SURVEY #01/2010

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PGGS 01/10



PERMISSION
FOR
GEOLOGICAL AND GEOPHYSICAL SURVEY
UNDER SECTION 97 OF THE MINING ACT 1989

WHEREAS an application dated August 10, 2010 has been made pursuant to the Mining Act 1989 by **Guyana Industrial Minerals Inc.** a local company duly registered under the Companies Act, 1991 and whose registered office in Guyana is located at **Lot A143 Robin's Place West, Bel Air Park, Georgetown, Guyana** for permission to conduct geological and geophysical surveys for bauxite, aluminous ores, kaolin, rare earth minerals, nickel and nickel laterites, uranium and base metals over an area being more specifically described in Annex A (hereinafter referred to as the "Area").

AND WHEREAS a Work Program dated August 11, 2010 has been submitted in support of said application and approved by the Guyana Geology and Mines Commission.

AND WHEREAS, it appears expedient to approve the said application.

NOW THEREFORE, I by the virtue of the power and authority in me vested, hereby grant to Guyana Industrial Minerals Inc. (hereinafter referred to as "the Permittee") under section 97 of the Mining Act 1989, the exclusive right to occupy the Area and conduct geological and geophysical surveys for bauxite, aluminous ores, kaolin, rare earth minerals, nickel and nickel laterites, uranium and base metals for a period of twenty-four (24) months from 5th September, 2010, (save and except such portions of the Area as was lawfully occupied or applied for by persons other than the permittee previous to March 1, 2007 and all navigable rivers).

1. The Permittee shall pay fee for the first twelve (12) months of this Permission in advance to the Government of Guyana through Guyana Geology and Mines Commission in the sum of sixty thousand United States Dollars (US\$60,000). For the second twelve month period of this Permission, the Permittee shall pay fees in advance to the Government of Guyana through the Guyana Geology and Mines Commission in the amount of seventy thousand United States dollars (US\$70,000). All sums shall be payable without demand and are non-refundable.

SMA HND
ASR

2. The Permittee shall conduct on the Area during the twenty four (24) month period a Geological and Geophysical Reconnaissance Survey.
3. During the duration of the Permission, the Permittee shall have the right to apply to the Guyana Geology and Mines Commission for, and shall be granted, a maximum of twenty (20) Prospecting Licences for bauxite, aluminous ores, kaolin, rare earth minerals, nickel and nickel laterites, uranium and base metals.

PROVIDED THAT (i) such grant shall be subject to the Permittee having satisfied the requirements of the said Work Program, for the Geological and Geophysical Survey, and (ii) satisfactory proof has been furnished to the Minister of financial resources and technical capability, along with approved work program for each Prospecting Licence Application.

The Guyana Geology and Mines Commission shall treat such applications on a priority basis.

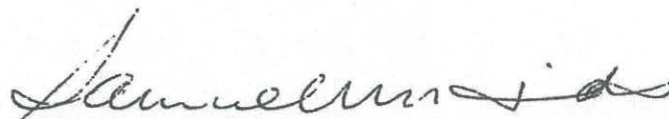
4. The Permittee shall conduct the said surveys for the said period in accordance with the Work Program submitted by the Permittee and approved by the Minister.
5. The Permittee shall submit to the Minister through the Guyana Geology and Mines Commission, all raw and analytical data, duplicate samples, maps, field and statistical data from the Areas free of charge, together with final report upon expiration of this Permission. Any discovery of minerals during the duration of this Permission shall be described in the report. Quarterly progress reports shall be submitted at the end of each calendar quarter. The said data and information shall be maintained in confidence by the Minister, and the Guyana Geology and Mines Commission during the term of this Permission and any subsequent Prospecting Licence granted in respect of Area subject thereto.
6. No assignment or transfer of the rights and interests in the Area shall be permitted for the duration of this Permission. The Permittee is not, except to the extent provided herein under this Permission, conferred with any proprietary rights whatsoever to the area which is subject to this Permission.
7. There shall be no extension or renewal of the terms and conditions of this Permission.
8. The Permittee shall observe and comply with the provisions of the Mining, State Lands and Forest Act and all Regulations thereunder currently in force insofar as the same may be applied to this Permission, and the Permittee shall be taken and considered to be the person made liable thereunder.
9. The Permittee has agreed to excise all Amerindian lands from the Area conditional on the fact that the Permittee being desirous of having Amerindian

Lands included in the area may approach the said communities for permission to explore.

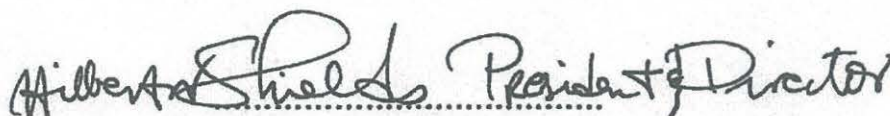
PROVIDED THAT the Minister shall take all necessary steps as may be required to give effect to Section 81 of the Mining act and ensure that the consent of the surface rights holder is expressly obtained.

10. The actual waiver or benefit of any covenant or condition of this Permission on the part of the Minister shall not be assumed or deemed to extend to any instance or any breach of covenant or condition other than that to which such waiver shall specifically related nor to be a general waiver benefit of any such covenant or condition.

Granted this^{5th}..... day of September... 2010


.....
Honourable Samuel A.A. Hinds
Prime Minister
(Minister of Mines and Minerals)

I (WE) accept the above Permission (PGGS 01/10) on the terms and conditions herein stated.


.....
Permittee
by Guyana Industrial Minerals Inc.

Recorded this^{2nd}..... day of November... 2010



William Woolford
.....
William Woolford
Commissioner (ag.)
Guyana Geology and Mines Commission

W.W.

W.W.

W.W.

W.W.

W.W.

Annex A

Block 1

Tract of state land located in the Coastal Area - No Mining, Cuyuni No.4 and Mazaruni No. 3 Mining Districts as shown on Terra Surveys Topographic Maps 12 NW, NE, SW,& SE; 19 NW, NE, SW,& SE; 20 NW,& SW; 27 NE,& SE; 28 NW & SW at scale 1: 50,000 with reference point 'X' located at the confluence of the Stop off Creek and the Cuyuni River located with geographical co-ordinates of longitude 59° 0' 03"W and latitude 6° 38' 8"N.

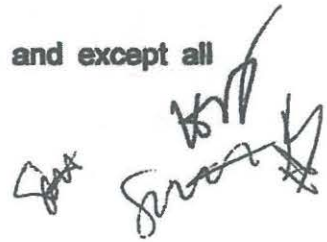
Thence at true bearing of 1°, for a distance of approximately 3 miles 785 yards, to point of commencement;

Point A, located at geographical coordinates of longitude 59°00'00"W and latitude 6°41'08"N, thence at true bearing of 0°, for a distance of approximately 51 miles 390 yards, to Point B, located at geographical coordinates of longitude 59°0'8"W and latitude 7°25'37"N, thence at true bearing of 90°, for a distance of approximately 10 miles 1748 yards, to Point C, located at geographical coordinates of longitude 58°50'31"W and latitude 7°25'37"N, thence at true bearing of 138°, for a distance of approximately 32 miles 1093 yards, to Point D, located at geographical coordinates of longitude 58°31'32"W and latitude 7°4'27"N, thence at true bearing of 159°, for a distance of approximately 5 miles 788 yards, to Point E, located at geographical coordinates of longitude 58°29'52"W and latitude 7°0'1"N, thence at true bearing of 168°, for a distance of approximately 21 miles 53 yards, to Point F, located at geographical coordinates of longitude 58°25'55"W and latitude 6°42'11"N, thence at true bearing of 145°, for a distance of approximately 15 miles 870 yards, to Point G, located at geographical coordinates of longitude 58°18'9"W and latitude 6°31'9"N, thence at true bearing of 153°, for a distance of approximately 1 mile 1097 yards, to Point H, located at geographical coordinates of longitude 59°17'31"W and latitude 6°29'54"N, thence up along the left bank of the Demerara River for a distance of

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H.B.
Sung
f.

approximately 34 miles 600 yards, to Point I, located at geographical coordinates of longitude $58^{\circ}17'26''\text{W}$ and latitude $6^{\circ}5'41''\text{N}$, thence along the left bank of the Kamawari Creek for a distance of approximately 7 miles 524 yards, thence up the Anarika Creek for a distance of approximately 16 mile 372 yards, to Point J, located at geographical coordinates of longitude $58^{\circ}34'00''\text{W}$ and latitude $6^{\circ}2'13''\text{N}$, , thence at true bearing of 340° , for a distance of approximately 738 yards to Point K, located at geographical coordinates of longitude $58^{\circ}34'07''\text{W}$ and latitude $6^{\circ}02'34''\text{N}$, thence at true bearing of 315° , for a distance of approximately 27 miles 959 yards, to Point L, located at geographical coordinates of longitude $58^{\circ}51'6''\text{W}$ and latitude $6^{\circ}19'31''\text{N}$, thence at true bearing of 359° , for a distance of approximately 10 miles 180 yards, to Point M, located at geographical coordinates of longitude $58^{\circ}51'19''\text{W}$ and latitude $6^{\circ}28'17''\text{N}$, thence up along the left bank of the Cuyuni River, for a distance of approximately 23 miles 898 yards, to the point of commencement at Point A.

Thus enclosing an area of approximately 956,100 acres, save and except all lands lawfully held or occupied.

Handwritten signatures and initials in black ink, including a large signature that appears to be 'S. Smith' and several smaller initials.

SCHEDULE "B"

Articles of Incorporation

A handwritten signature or set of initials, possibly reading 'S.A.T.' or similar, written in dark ink.

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Company No: 4699

COMPANIES ACT OF GUYANA

(Section 8)

CERTIFICATE OF INCORPORATION

GUYANA INDUSTRIAL MINERALS INCORPORATED

I hereby certify that the above-mentioned Company, the articles of Incorporation of which are attached, was incorporated under the Companies Act of Guyana.



Deputy

[Signature]
.....
Registrar of Companies

1st March, 2016
.....

Date of Incorporation

[Signature]

INCORPORATORS:

NAME:	ADDRESS:	SIGNATURE:
Hilbert Shields	19-20 Lama Avenue Bel Air Park Georgetown	<i>Hilbert W. Shields</i>
Diana Shields	19-20 Lama Avenue Bel Air Park Georgetown	<i>Diana Shields</i>

Dated this 25th day of October, 2000.



CERTIFIED A TRUE COPY

[Signature]
Denise P. Beckles
Sworn Clerk and Notary Public

2000-11-30

GUYANA

COUNTY OF DEMERARA

THE COMPANIES ACT 1991

(Section 338)

ARTICLES OF INCORPORATION

OF

GUYANA INDUSTRIAL MINERALS INCORPORATED

NAME OF COMPANY:

GUYANA INDUSTRIAL MINERALS INCORPORATED

COMPANY No.

4699

CLASSES AND MAXIMUM NUMBER OF SHARES:

FIVE THOUSAND ORDINARY SHARES AT A MINIMUM ISSUE PRICE OF ONE HUNDRED DOLLARS (\$100) EACH.

RESTRICTION ON SHARE TRANSFERS:

THE SHARES OR DEBENTURES OF THE COMPANY ARE NOT INTENDED FOR DISTRIBUTION BY THE COMPANY WITHIN THE MEANING OF SECTION 531 OF THE COMPANIES ACT.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS:

MINIMUM OF TWO (2) AND A MAXIMUM OF SEVEN (7) DIRECTORS.

RESTRICTIONS ON BUSINESS THE COMPANY MAY CARRY ON:

NONE

CHANGE OF NAME:

NOT APPLICABLE

OTHER PROVISIONS:

NONE



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