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No. *ML/04*/2004

Mining Licence

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

WHEREAS an application has been made by OMAI BAUXITE MINING INC., a locally incorporated company, whose registered address is Lot 176D, Middle Street, North Cummings burg Georgetown, Demerara, Guyana, seeking the right to occupy and carry out Mining Operations for bauxite, kaolin and other associated clays and minerals on the properties more fully set out in Annex 'A'.

WHEREAS ownership of ALL MINERALS 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, kaolin and other associated clays and minerals, in Guyana.

AND WHEREAS this Mining Licence is granted subject to the approval of the Environmental Impact Statement as submitted by the Licensee to 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 OMAI BAUXITE MINING INC. (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 Linden 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, kaolin and other associated clays and minerals therefrom.

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TO HOLD and enjoy land for a term of twenty (20) years for the purposes of Mining bauxite, kaolin and other associated clays and minerals 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, kaolin and other associated clays and minerals 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 one thousand one hundred Guyana dollars (G\$1,100.) per acre or the equivalent of five United States dollars (US\$5.) payable in Guyana dollars at the rate of the United States dollars to Guyana dollars posted at the Finance Division of the Commission at the time of payment 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 8th day of, DECEMBER, 2005, 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.

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Royalty.

2. (1) From the 8TH day of DECEMBER, 2009, the licensee shall pay to the Commission royalty on all bauxite, kaolin and other associated clays and minerals mined from the area at the rate of one and a half percent (1½%) on the FOB value of shipments of Products from Linden. Pursuant to clause 9.2 of the Mineral Agreement, in the event that the Company pays any amount of corporate tax during any year following the date on which royalty becomes payable, upon application by the Company the Minister shall grant remission on royalty payments owed after payment of corporate tax. The Company shall in the premises tender to the Commission a Certificate from the Guyana Revenue Authority stating the amount of corporate tax paid by the Company. The remission on royalty shall then be calculated and the difference paid by the Company. PROVIDED THAT in the final year of this Licence any amount of royalty for remission on corporate tax shall be reimbursed by the Commission to the Company.
- (2) Subject to paragraph (1) above, royalty as aforesaid shall be payable on all bauxite, kaolin and other associated clays and minerals won from the said area and removed to private property whenever such bauxite, kaolin and other associated clays and minerals is either exported from or used for manufacture in Guyana.

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Duties and Taxes.

3. (a) The Licensee shall be allowed to import free of customs duties, consumption tax, as well as any other direct or indirect tax, all equipment, supplies and materials required for their activities during the term of the Licence and any renewal period. All imports of diesel, oil and lubricants shall be free of consumption tax. PROVIDED THAT all food and beverages if imported shall be subject to the usual duties.
- (b) Subject to deductions of royalty payments provided for in Clause 2 herein, the Licensee shall be required to pay Income and Corporate Tax in accordance with the provisions of the Income Tax Act, Chapter 81:01 and the Corporation Tax Act, Chapter 81:03 of the Laws of Guyana.
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, or the Mineral Agreement.

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 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

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construction or production shall commence until such Mining plan, drawings and design specifications are approved by the Commissioner, AND PROVIDED FURTHER the Licensee shall not make any adjustment and/or variation to the approved mining plan without the prior written consent of the Commissioner.

- (b) 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.

Processing site to be approved.

5. All equipment, plant, buildings, machinery and other items used in the processing of the bauxite, kaolin and other associated clays and minerals 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.

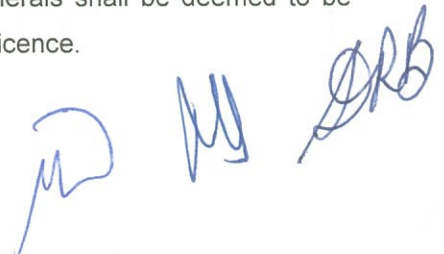
6. The conduct of the Licensee's operations shall be satisfactory to the Commissioner in all cases required herein or from time to time provided by law.

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, kaolin and other associated clays and minerals then such minerals shall be deemed to be included in the Mining Licence.



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(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, kaolin and other associated clays and minerals, 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, kaolin and other associated clays and minerals 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 21st 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.**

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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 Commission monthly and quarterly reports on or before the 21st 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, kaolin and other associated clays and minerals. 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, kaolin and other associated clays and minerals 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.

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**Submission
Accounts.**

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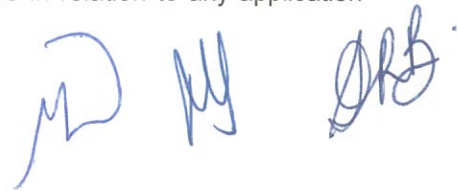
11. The Licensee shall on or before June 30th in each year, file with the Commission audited statement of accounts relating to the amounts expended during the previous year ending on 31st December - such an audit shall be carried out by an independent. Guyanese firm of Chartered Accountants.
12. The 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 rights in this Licence or any part thereof or share or create any interest whatsoever therein, except in accordance with the Agreement.

**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, Licensee, or licensee shall not unduly interfere with the Licensee's bauxite, kaolin and other associated clays and minerals 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

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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
forest and
protection.** **and
land**

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
Environment.** **of**

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

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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.

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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.

**Reclamation and
Closure Plan and
Emergency Response
Plan.**

22. (a) The Licensee shall submit a plan for disposal of waste, a Reclamation and Closure Plan in accordance with the Mining Regulations. The Reclamation and Closure Plan shall include measures for:
- (i) the backfilling of mine pits, where applicable;
 - (ii) the sealing or capping of shafts at closed mines;
 - (iii) the stripping and stockpiling of topsoil for use in reclamation;
 - (iv) the replacement of topsoil and vegetation of disturbed lands; and
 - (v) the restoration of water courses, where appropriate.
- (b) In accordance with the mining regulations the Licensee shall submit to the Commission a contingency and emergency response plan which shall set out provisions for hazards in mining operations including practical mechanisms for responding to cyanide and fuel spills of other poisonous or hazardous substances and breaches of tailings ponds.

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(c) Pursuant to paragraph (b) of this clause, the Licensee shall ensure that all relevant information on the emergency response plan is communicated by the Licensee to the employees and independent contractors, and shall include information on first person response; notification procedures; location of clean-up equipment; and analysis of potential accidents and responses; and materials safety data sheets for all materials which could be spilled.

Cancellation of Licence.

23. The Commission may cancel this Mining Licence and thereupon all the rights of the Licensee and of all persons claiming under it shall cease and determine.

PROVIDED ALWAYS that in exercising any right of cancellation the Commission shall be bound by and adhere fully to the restrictions and qualifications on its right to cancel provided by article 16 of the Mineral Agreement (which article 16 is mutates mutandis incorporated herein and made a part hereof).

Removal of equipment on termination of Licence.

24. 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.

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Waiver of convent and condition of Licence.

25. 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.

26. 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.


27. 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.

28. 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, telecopy 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 8TH day of DECEMBER, 2004,
at Georgetown, Demerara.


Chairman,
GUYANA GEOLOGY AND MINES
COMMISSION



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

LICENSEE by: OMAI BAUXITE MINING LLC

Director: [Signature]

Co-Secretary: [Signature]

Recorded this 7th day of Dec, 2004.

[Signature]
COMMISSIONER

[Signature]

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A tract of State land situated in the Potaro Mining District No. 2, located in the vicinity of Dakoura Creek, L.B. tributary of the Demerara river, as shown on Terra Surveys Topographic Sheet No. 37NW and 37NW at scale 1: 50,000 within the following boundaries:

Commencing from:

Point A, located at geographical coordinates of longitude **58°20'14"W** and latitude **5°58'53"N**, thence at true bearing of **89°48'0"**, for a distance of approximately **802 yards**, to **Point B**, located at geographical coordinates of longitude **58°19'50"W** and latitude **5°58'53"N**, thence at true bearing of **96°30'**, for a distance of approximately **859 yards**, to **Point C**, located at geographical coordinates of longitude **58°19'50"W** and latitude **5°58'28"N**, thence at true bearing of **269°48'0"**, for a distance of approximately **803 yards**, to **Point D**, located at geographical coordinates of longitude **58°20'14"W** and latitude **5°58'27"N**, thence at true bearing of **359°54'0"**, for a distance of approximately **860 yards**, to the point of commencement at **Point A**.

Thus enclosing an area of approximately 143 **acres**, save and except all lands lawfully held or occupied.