

**THE REPUBLIC OF GUINEA**  
**WORK – JUSTICE – SOLIDARITY**

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**MINISTER FOR MINES AND GEOLOGY**

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**AMENDMENT NO. 1**

**TO THE**

*BASIC AGREEMENT*

**BETWEEN**

**THE REPUBLIC OF GUINEA**

**AND**

**GUINEA ALUMINA CORPORATION LTD**

**AND**

**GLOBAL ALUMINA (« GLOBAL »)**

**FOR THE CONSTRUCTION AND OPERATION OF AN ALUMINA PLANT AT  
SANGAREDI**



**Amendment No. 1 to the**  
**BASIC AGREEMENT (*CONVENTION DE BASE*)**

BETWEEN:

1. **THE REPUBLIC OF GUINEA**, represented by His Excellency Dr. Ahmed Tidjane Souare, Minister for Mines and Geology (hereinafter referred to as the “**State**”),

Of the first part;

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

Of the second part;

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

Of the third part;



## RECITALS

### WHEREAS

- The State and the Investor have executed on October 15, 2004, a Basic Agreement relating to the construction and operation of an alumina plant at Sangaredi so as to enhance the significant bauxite resources of such region (the "Basic Agreement");
- In order to preserve the interests of Guinea and to enable the Investor to rapidly develop the project in the best possible conditions, the parties have agreed to amend various provisions of the Basic Agreement;
- It is expressly understood that the capitalized terms in this Amendment, which are not defined under the terms of this Amendment shall have the meaning stipulated for each of them in the Basic Agreement.

### Section 1.

The Mining Concession referred to in Article 3 of the Basic Agreement shall be the object of a decree which shall state precisely the coordinates of such Concession.

### Section 2.

Article 34.2.1, first paragraph shall read as follows:

"Without prejudice to Article 34.2.2 hereinafter, the duration of this Agreement as regards the construction, management and operation of the Refinery is set at seventy-five (75) years (the "Contractual Period")."

The other paragraphs of Article 34.2.2 of the Basic Agreement shall remain unchanged.

### Section 3.

Article 13.1 of the Basic Agreement shall read as follows:

"13.1. No later than September 1, 2005, the State shall have the right to make an offer to Global to acquire from Global common shares of Global, representing an initial share interest in Global of ten percent (10 %) and an additional share interest of five percent (5 %) in Global; such acquisitions shall be at market conditions and are not to adversely affect the raising of financing by the Investor for the Project; further, the holding of shares by the State, is not to affect under any circumstances the management and administration of the Investor or of any other management structure put in place for the purposes of the Project."

The State and Global shall work out by mutual agreement the mechanics which can be implemented to effect such acquisitions.

Article 19 (19.1 and 19.2 inclusive) of the Basic Agreement are replaced by the following provisions:

**“Article 19 – Indemnification**

**19.1:** Without prejudice to the provisions of Article 34.2.2, 34.3.3, 37 and 38, any Party who causes damage to another Party in the context of this Agreement and/or the Infrastructure Agreement shall indemnify the non-breaching Party in respect of the damage caused by the breaching Party (even if the damage suffered results from a breach of the provisions of this Agreement and does not give rise to termination of this Agreement and/or the Infrastructure Agreement).

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

Articles 19.3 and 19.4 remain unchanged.

Article 19.5 of the Basic Agreement shall become a new Article 34.3.3 of the Basic Agreement.

Further, reference shall be made to such new Article 34.3.3 in the Articles beginning with Article 19 set forth in Articles 34.3.1 (first and second paragraphs) and in Article 34.3.2 (first paragraph).

Section 5.

The first paragraph of Article 28.3, of the Basic Agreement shall read as follows:

“From the first fiscal year following the Date of the Commercial Production Start Up, the Company shall be subject to a mining royalty on the bauxite transformed into alumina at the moment of its exit from inventory, equal to five (5) % calculated on the FOB value of the CBG bauxite at the date hereof.”

The remainder of Article 28.3 of the Basic Agreement shall remain unchanged.

Section 6.

The first paragraph Article 29 of the Basic Agreement shall read as follows:

period of fifteen (15) years from the Date of Commercial Production Start Up, with the exception of those taxes set out in Articles 28.1 to 28.3 above and of the annual lump sum tax payment provided for in Article 29.1 below.”

The second paragraph of Article 29 of the Basic Agreement shall remain unchanged.

#### Section 7.

The first paragraph of Article 29.1 of the Basic Agreement shall read as follows:

##### “29.1 Corporate Income Tax”

“The Company will pay corporate income tax at the rate of thirty-five percent (35%) beginning with the first fiscal year following the expiration of the fifteen (15) year period from the Date of Commercial Production Start Up abovementioned.”

“During such fifteen (15) year period, the Company will pay an annual lump sum tax payment as follows:”

“(i) 5,000,000 US dollars (five million US dollars) per year during each of the first five fiscal years following the Date of Commercial Production Start up;”

“(ii) 8,000,000 US dollars (eight million US dollars) per year during the five fiscal years following the end of the five years referred to in (i) above;”

“(iii) 12,500,000 millions US dollars (twelve million five hundred thousand US dollars) per year during the five fiscal years following the end of the five years referred to in (ii) above.”

“Each such annual lump sum tax payment shall be considered as a deductible charge for the computation of taxable profits and assimilated to a deferred amortization which may be offset against profits as set forth in Article 29.1.2, of this Agreement.”

#### Section 8.

The second paragraph of Article 30.1 of the Basic Agreement shall read as follows:

“However, the goods mentioned above shall be subject to the payment to the customs Authorities of a registration tax at the rate of 0.5% of the CIF value of the imported goods, such tax being capped at 100,000 US dollars (one hundred thousand US dollars).”

The first and third paragraphs of Article 30.1 of the Basic Agreement shall remain unchanged.



This Amendment No. 1 shall be an integral part of the Basic Agreement and shall come into effect simultaneously with the Basic Agreement.

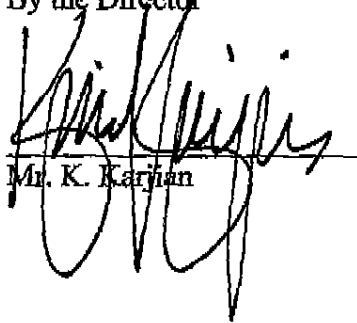
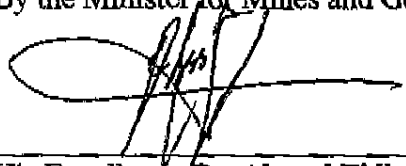
Done in \_\_\_\_\_, on \_\_\_\_\_ 2005

FOR AND ON BEHALF OF THE  
REPUBLIC OF GUINEA

FOR GAC

By the Minister for Mines and Geology

By the Director



His Excellency Dr. Ahmed Tidjane  
Souare

Mr. K. Karjan

FOR GLOBAL

By the Minister of Economy and  
Finances

By the President and Chief Executive Officer

His Excellency Mr. Makikaba Camara

Mr. Bruce J. Wrobel