

**SHAREHOLDERS AGREEMENT**

by and among

**CAMBIOR INC.**

and

**NATIONAL INDUSTRIAL AND COMMERCIAL  
INVESTMENTS LTD.**

and

**OMAI BAUXITE MINING INC.**

## TABLE OF CONTENTS

		<u>Page</u>
<b>ARTICLE 1.</b>	<b>DEFINITIONS AND INTERPRETATION.....</b>	<b>4</b>
1.1	DEFINITIONS .....	4
1.2	STATUTES .....	7
1.3	GENERAL REFERENCES.....	8
1.4	SECTION REFERENCES AND HEADINGS .....	8
1.5	PRINCIPLE OF CONSTRUCTION .....	8
<b>ARTICLE 2.</b>	<b>OBJECTIVES, PRINCIPLES AND POLICIES; RIGHTS OF SHAREHOLDERS.....</b>	<b>8</b>
2.1	OBJECTIVES .....	8
2.2	EXPERTISE AND CAPACITY .....	9
2.3	DIVIDEND AND DISTRIBUTION POLICIES .....	9
2.4	ADDITIONAL SHARES AND PRE-EMPTIVE RIGHTS .....	9
2.5	SHARE REDEMPTIONS .....	10
2.6	MANAGEMENT AND OPERATIONS IN ACCORDANCE WITH THIS AGREEMENT .....	10
2.7	RELIANCE ON OBLIGATIONS AND SPECIFIC PERFORMANCE .....	10
2.8	CONSTITUTIVE DOCUMENTS .....	11
<b>ARTICLE 3.</b>	<b>TERM AND TERMINATION.....</b>	<b>11</b>
3.1	TERM .....	11
3.2	TERMINATION .....	11
3.3	EFFECT OF TERMINATION .....	11
<b>ARTICLE 4.</b>	<b>RELATIONSHIP BETWEEN THE SHAREHOLDERS AND WITH THE COMPANY....</b>	<b>11</b>
4.1	NO PARTNERSHIP .....	11
4.2	NO AUTHORITY TO ACT FOR ONE ANOTHER .....	12
4.3	OBLIGATIONS SEVERAL .....	12
4.4	REPORTING .....	12
4.5	ACCESS .....	12
4.6	NON-COMPETITION.....	13
<b>ARTICLE 5.</b>	<b>BOARD OF DIRECTORS .....</b>	<b>13</b>
5.1	RIGHTS AND RESPONSIBILITIES OF BOARD .....	13
5.2	COMPOSITION AND DESIGNATION OF BOARD .....	14
5.3	ELECTION OF CHAIRMAN .....	15
5.4	BOARD MEETINGS .....	15
5.5	QUORUM AND VOTING.....	15
5.6	DECISIONS REQUIRING APPROVAL OF A GOVERNMENT-ENDORSED RESOLUTION .....	15
5.7	VOTE OF DIRECTORS ON SPECIAL MATTERS.....	16
5.8	SHAREHOLDER VOTES REQUIRING THREE-FOURTHS MAJORITY .....	13
<b>ARTICLE 6.</b>	<b>MANAGEMENT OF BUSINESS OF THE COMPANY .....</b>	<b>16</b>
6.1	USE OF DEBT FINANCING.....	16
6.2	BOOKS OF ACCOUNT.....	16
6.3	BANKING OPERATIONS .....	16
6.4	BANK ACCOUNTS.....	16
6.5	LOCAL SUPPLIER PROGRAMME.....	17
6.6	EMPLOYMENT POLICY .....	17
6.7	TRANSACTION AMONG AFFILIATES .....	18
<b>ARTICLE 7.</b>	<b>OPERATING PLANS AND CAPITAL BUDGETS.....</b>	<b>18</b>
7.1	OPERATING PLANS.....	18
7.2	PREPARATION AND APPROVAL OF OPERATING PLANS .....	19

7.3	INITIAL OPERATING PLAN.....	19
7.4	REVIEW OF OPERATING PLANS .....	19
7.5	CAPITAL BUDGET .....	19
7.6	APPROVAL OF CAPITAL EXPENDITURES.....	20
<b>ARTICLE 8.</b>	<b>INITIAL CONTRIBUTIONS BY PARTIES AND FUNDING REQUIREMENTS.....</b>	<b>20</b>
8.1	INITIAL CONTRIBUTIONS.....	20
8.2	FUNDING REQUIREMENTS .....	20
<b>ARTICLE 9.</b>	<b>TRANSFERS AND ASSIGNMENTS .....</b>	<b>20</b>
9.1	GENERAL PROVISIONS RELATING TO TRANSFERS BY SHAREHOLDERS .....	20
9.2	TRANSFERS OF SHARES TO THIRD PARTIES.....	21
9.3	TRANSFER OF NICIL SHARES TO CURRENT EMPLOYEES OF THE COMPANY .....	21
9.4	PUBLIC OFFERING.....	21
9.5	DEFINITION OF APPROVED TRANSFEREE.....	21
9.6	LEGEND AND CERTIFICATES .....	22
<b>ARTICLE 10.</b>	<b>RIGHT OF FIRST REFUSAL.....</b>	<b>22</b>
10.1	RIGHT OF FIRST REFUSAL.....	22
10.2	NOTICE OF ELECTION BY THE NON-SELLING SHAREHOLDER .....	23
10.3	TRANSFER TO EMPLOYEE SHAREHOLDERS AND TO THE PUBLIC .....	23
<b>ARTICLE 11.</b>	<b>REPRESENTATIONS AND WARRANTIES.....</b>	<b>23</b>
11.1	REPRESENTATIONS AND WARRANTIES.....	23
11.2	SURVIVAL .....	24
<b>ARTICLE 12.</b>	<b>GOVERNING LAW, DISPUTE RESOLUTION AND JURISDICTION.....</b>	<b>24</b>
12.1	GOVERNING LAW.....	24
12.2	DISPUTE.....	25
12.3	NEGOTIATION AT FIRST INSTANCE.....	25
12.4	CONCILIATION OR MEDIATION.....	25
12.5	AAA ARBITRATION .....	26
12.6	PROVISIONAL MEASURES .....	26
12.7	CONSOLIDATION .....	26
12.8	SOVEREIGN IMMUNITY .....	27
12.9	BINDING EFFECT.....	27
12.10	EXEMPTION FROM ARBITRATION ACT .....	27
<b>ARTICLE 13.</b>	<b>GENERAL PROVISIONS.....</b>	<b>27</b>
13.1	NOTICES.....	27
13.2	DELAY AND EXERCISE OF RIGHTS .....	28
13.3	AMENDMENTS.....	29
13.4	LANGUAGE .....	29
13.5	CONFIDENTIALITY .....	29
13.6	FURTHER ASSURANCES.....	29
13.7	ENTIRE AGREEMENT.....	30
13.8	ASSIGNMENT; SUCCESSORS AND ASSIGNS .....	30
13.9	COUNTERPARTS .....	30
13.10	EXPENSES .....	30
13.11	FORCE MAJEURE.....	30

- Schedule "A" - Articles of Incorporation  
Schedule "B" - By-Laws  
Schedule "C" - Business Plan (Initial version)

## SHAREHOLDERS AGREEMENT

**THIS SHAREHOLDERS AGREEMENT** (this "Agreement") is made as of the 2<sup>nd</sup> day of November, 2004, with effect as of \_\_\_\_\_, 2004.

**BETWEEN:** **CAMBIOR INC.**, a company incorporated under the laws of the Province of Québec, Canada, having its registered office at 1111 St. Charles Street West, East Tower, Suite 750, Longueuil, Province of Québec, Canada ("Cambior");

**AND:** **NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED**, a company incorporated under the laws of Guyana and wholly-owned by the Cooperative Republic of Guyana, having its registered office at 126 Barrack Street, Kingston, Georgetown, Guyana ("NICIL");

**AND:** **OMAI BAUXITE MINING INC.**, a company incorporated under the Companies Act, No. 29 of 1991, having its registered office at 176-D Middle Street, Cummingsburg, Georgetown, Guyana (the "Company");

Cambior, NICIL and the Company are hereinafter referred to individually as a "Party" and collectively as "Parties".

### WHEREAS:

- A. Cambior has been active in the gold mining industry in Guyana, principally with the commercial exploitation of the Omai gold mine through OMAI Gold Mines Limited, its subsidiary incorporated and existing under the laws of Guyana (hereinafter, "OGML");
- B. The Cooperative Republic of Guyana (hereinafter "Guyana") is the sole beneficial shareholder of Linden Mining Enterprise, Limited (hereinafter, "Linmine"), a company owning and operating bauxite mining and related activities in or around the town of Linden, Guyana, and which is owned legally by NICIL;
- C. Linmine holds various mineral rights and interests to explore for and exploit bauxite in or around Linden;
- D. Linmine is also the sole owner and operator of buildings, surface rights, facilities, equipment and other assets relating to the exploration, development, extraction, handling and processing of bauxite, all being located in or around Linden;
- E. After Guyana had assessed various alternatives to operate and exploit Linmine's bauxite assets and had sought proposals from interested Persons to enter into

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arrangements for the privatization of its bauxite activities, Guyana and Linmine entered into with Cambior, as of June 6, 2002, the Linmine Restructuring Project Agreement (hereinafter, the "Heads of Agreement"), providing for the following actions and transactions:

- (i) the completion by Cambior of a Bankable Feasibility Study (as defined in the Heads of Agreement);
- (ii) the incorporation of the Company with its share capital to be held, at Closing, as to 30% by Guyana (either directly or through Linmine or another Affiliate) and as to 70% by Cambior, either directly or through an Affiliate;
- (iii) the reconveyance and transfer to the Government prior to Closing, of certain of Linmine's mineral rights, followed by the issue, grant and conveyance, at Closing, of Mining Licenses and Prospecting Licenses to the Company, conferring upon the Company the exclusive right and interest in and to such mineral rights;
- (iv) the granting, at Closing, by Guyana to Cambior of a right of first refusal for the acquisition of certain of Linmine's mineral rights not to be made part of the aforementioned Mining Licenses and Prospecting Licenses;
- (v) the assignment, conveyance and transfer, at Closing, to the Company of certain buildings, equipment, facilities and assets of Linmine (the "Vested Assets") by means of a Vesting Order of the Government, conferring upon the Company the exclusive ownership thereto;
- (vi) a contribution of US \$10 million by Cambior to the Company through a combination of a cash investment and the assignment of mining and mining-related equipment;
- (vii) the use of Cambior's best efforts to provide arrangements satisfactory to the Government for third party financing;
- (viii) the assumption by Linmine and Guyana of all costs, obligations, undertakings and liabilities that are ensuing from all activities and operations performed as well as decisions made prior to Closing in respect of all mineral rights and assets of Linmine, to the full exoneration of Cambior and the Company; correspondingly, the assumption by the Company of all costs, obligations, undertakings and liabilities that will be ensuing from its own activities, decisions and operations following the Closing;
- (ix) the termination of Linmine's employees, the assumption by Linmine and Guyana of all costs, obligations, undertakings and liabilities ensuing therefrom, and the hiring by the Company of new employees;

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- (x) the entering into by Guyana, the Company and Cambior of a mineral agreement (hereinafter "**Mineral Agreement**") drafted and structured along the lines of the Mineral Agreement dated August 16, 1991 and relating to OGML and the Omai gold mine, with the necessary adaptations;
- F. Cambior completed the Bankable Feasibility Study in February 2003 and the Government approved same in October 2004;
- G. Each of Guyana, the Company and Cambior is satisfied that substantially all conditions precedent to Closing as set forth in article 5 of the Heads of Agreement have been fulfilled and each of them agreed to enter into the Mineral Agreement providing for the terms and conditions pursuant to which bauxite operations shall be developed and exploited by the Company, concurrently with the entering into of this Agreement and the Subscription Agreement;
- H. Cambior and the Government caused the Company to be incorporated under the Companies Act 1991 on June 25, 2004, and the Articles of Incorporation and By-Laws of the Company, annexed hereto as Schedules "A" and "B" respectively, are in full force and effect;
- I. Pursuant to the Subscription Agreement, Cambior owns seventy percent (70%) and NICIL owns thirty percent (30%) of all issued and outstanding common shares of the Company; and
- J. The Parties wish to enter into this Agreement for the purposes of, *inter alia*, (i) setting forth the manner in which the affairs of the Company shall be conducted and managed, (ii) providing for their respective rights and obligations arising out of or in connection with the operations and affairs of the Company, (iii) governing the relationship between Guyana and Cambior as shareholders of the Company, (iv) setting forth contractual rights and restrictions relating to the issuance and transfer of shares of the Company, and (v) providing for such other matters as the Parties deem appropriate or necessary.

**NOW, THEREFORE, THIS AGREEMENT WITNESSES THAT**, in consideration of the premises and the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **THE PARTIES HEREBY AGREE AS FOLLOWS:**

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**Article 1. DEFINITIONS AND 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:

**"Acceptable Financial Institution"** means Clico Investment Bank Limited or such other financial institution(s) as may be acceptable to Cambior, the Government and the Company to provide Debt Financing to the Company.

**"Act"** means the Companies Act of the Cooperative Republic of Guyana (Laws of Guyana, Act No. 29 of 1991) as from time to time in force and all amendments thereto and statutory modifications thereof and includes the rules and regulations made pursuant thereto.

**"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 body corporate 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"** means this Shareholders Agreement, together with its Schedules and any amendments hereto.

**"Approved Transferee"** has the meaning set forth in clause 9.5.

**"Articles"** means the articles of incorporation of the Company, as amended from time to time.

**"Bankable Feasibility Study"** shall have the meaning ascribed thereto in the Heads of Agreement.

**"Board"** means the Board of Directors of the Company as constituted from time to time.

**"Business"** means the business of mining, processing, developing, selling, distributing and marketing of bauxite and bauxite products and other metals and minerals as shall be operated by the Company.

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**"Business Day"** means a day upon which licensed banks are open for business in Georgetown, Guyana.

**"Business Plan"** means the Business Plan for the Company as approved by the Board and in effect from time to time, the initial version of which being the Bankable Feasibility Study, a copy of which is attached hereto as Schedule "C".

**"By-Laws"** means the present By-laws of the Company from time to time in force, as amended or supplemented from time to time.

**"Capital Budget"** has the meaning set forth in clause 7.5.

**"Closing"** means the closing session upon which, *inter alia*, the transactions set forth in the Heads of Agreement and enumerated in clause E of the preamble hereof, shall be effective.

**"Confidentiality Undertaking"** means the confidentiality undertakings of the Government, Linmine and Cambior under the Heads of Agreement, to each other in consideration of each making available to the others certain information regarding itself.

**"Constitutive Documents"** has the meaning set forth in clause 2.8.

**"Debt Financing"** means financing in the amount of US \$10,000,000 (ten million United States Dollars) from the Acceptable Financial Institution for the restructuring, rehabilitation, development and operation of the Company's assets in accordance with the Business Plan.

**"Directors"** means members of the Board.

**"Employee Shareholders"** means, subject to the terms of this Agreement and the By-Laws, employees of the Company who, whether by way of an employee stock ownership plan or by way of a plan to encourage and permit employees of the Company to purchase equity ownership interests in the Company under sponsorship and/or financing provided by NICIL, the Government, the private sector or another entity, resulting in such employees' directly or indirectly owning up to ten percent (10%) of the total issued and outstanding Ordinary Shares.

**"Expenditures"** means all costs, expenses, monies, obligations and liabilities of whatever kind or nature, spent or incurred directly or indirectly by the Company in connection with the necessary and proper conduct of Operations pursuant to an adopted Operating Plan.

**"Government"** means the Government of Guyana, as such may exist from time to time.

**"Government-Endorsed"** means:

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- (i) in respect of action to be taken by the Board, a resolution, whether ordinary or special, duly adopted by the affirmative vote of a majority of Directors and in respect of which the Government appointee or, as applicable, appointees to the Board has not registered his or their dissent; and
- (ii) in respect of action to be taken by the Shareholders, a resolution, whether ordinary or special, duly adopted by the affirmative vote of that percentage of votes required to be cast in favor of such resolution and in respect of which none of the votes attaching to Ordinary Shares held by NICIL has been exercised against.

**"Governmental Authority"** means the government of any state or nation, and any political subdivision and organ thereof, and any agency, instrumentality, independent regulatory body, or local, municipal or regional authority.

**"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 60 days and, in respect of any month or part thereof, means the LIBOR on the first Business Day of such month.

**"Lien"** means any hypothec, 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.

**"Linden bauxite operations"** means the bauxite mining and processing facility and operations of the Company located at Linden, Guyana.

**"Mineral Agreement"** means the Mineral Agreement concluded at the latest at Closing between Guyana, the Guyana Geology and Mines Commission, the Company and Cambior, in connection with the conduct of the Business by the Company.

**"Operating Plan"** means the plan the contents of which are set forth in clause 7.2.

**"Operations"** means any act performed by or on behalf of the Company in pursuance of its Business as well as any act performed hereunder and under the Mineral Agreement.

**"Ordinary Shares"** means the ordinary shares of the Company, which as of Closing shall consist of 17,410,694 Ordinary Shares issued and outstanding, 12,187,486 of which to be held by Cambior and 5,223,208 of which to be held by

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NICIL, together with any additional such shares to be issued and allotted to Cambior and NICIL thereafter.

**"Person"** shall be interpreted broadly and shall mean any individual, body corporate (with or without share capitalization), partnership, unincorporated association, trust, joint venture or other organization or entity, including without limitation a Governmental Authority, a sovereign state and any number or aggregate of persons.

**"resolution"**, **"ordinary resolution"** and **"special resolution"**, as regards action to be taken by Shareholders, shall have the meanings respectively assigned thereto in the Act; for greater certainty, the word **"resolution"** used herein without any qualification shall mean an ordinary resolution pursuant to the Act.

**"Schedule"** means a schedule to this Agreement.

**"Shareholders"** means Cambior and NICIL.

**"Shares"** means any of the shares in the capital of the Company, whether issued or contemplated for issuance, including Ordinary Shares.

**"Subscription Agreement"** means the Share Subscription and Purchase Agreement dated November 2, 2004, by and among Cambior, NICIL, Guyana, and the Company, pursuant to which the Shareholders subscribe for and acquire their respective Ordinary Shares.

**"Transfer"**, whether used as a noun or a verb, has the meaning set forth in clause 9.1(a).

**"Transferee"** means a Person, other than Cambior or NICIL, to whom a Transfer is approved in accordance with clause 9.2.

**"U.S. \$"** or **"U.S. Dollar"** means the dollar which is the lawful unit of currency under the laws of the United States of America.

**"Vested Assets"** means, collectively, such assets to be transferred from Linmine to the Company as described in the Vesting Order, as indicated in the preamble.

**"Vesting Order"** means the order issued by the President of Guyana under Sections 8 and 11 of the Public Corporations Act 1988 of the laws of Guyana, transferring certain assets and operations from Linmine to the Company and providing for other matters.

## 1.2 Statutes

Reference to an applicable law, statute or statutory provision, or order or regulation made under it, includes that law, statute, provision, order or regulation, as amended, modified, reenacted, consolidated or replaced from time to time, and shall include subordinate legislation made thereunder.

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**1.3 General References**

References to:

- (a) one gender includes each other gender;
- (b) the singular includes the plural and vice versa;
- (c) an agreement includes that agreement as modified, supplemented, novated or substituted in writing from time to time; and
- (d) words of inclusion shall not be construed as terms of limitation, so that references to included matters shall be regarded as non-exclusive, non-characterizing illustrations.

**1.4 Section References and Headings**

Unless otherwise provided, Article, clause and Schedule references in this Agreement are references to Article, clause and Schedule to this Agreement. Section headings in this Agreement are strictly for convenience and general reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement. References to Schedules in this Agreement include their incorporation into this Agreement.

**1.5 Principle of Construction**

No provision of this Agreement or any related document shall be construed against or interpreted to the disadvantage of any Party by any court or governmental, judicial or arbitral authority by reason of that Party having, or being deemed to have, drafted that provision.

**Article 2. OBJECTIVES, PRINCIPLES AND POLICIES; RIGHTS OF SHAREHOLDERS**

**2.1 Objectives**

The mutual objectives of the Shareholders with respect to their investment in the Company (through their subscription of Ordinary Shares pursuant to the Subscription Agreement) and of all of the Parties with respect to the Business and Operations are to (i) provide for the restructuring, rehabilitation and development of the Linden bauxite operations in a manner that will lead to commercial sustainability of the bauxite industry in the Linden region; (ii) operate the Company in a profitable manner in accordance with the Business Plan; (iii) expand the product lines of the Linden bauxite operations, in particular its refractory and metallurgical grade ore, in order to be competitive on the international market; and (iv) provide employment and training for local workers. This Agreement shall be construed to give effect to these objectives, and each Party shall exercise its rights and perform its obligations hereunder in a manner reasonably designed to achieve them. The Business Plan shall be reviewed and presented by management to the Board at least fifteen (15) days prior to the end

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of each fiscal year (beginning in the fiscal year ending December 31, 2005) for review and, if warranted, approval as provided for in clauses 5.1 and 5.6.

## 2.2 Expertise and Capacity

The Parties hereby acknowledge that Cambior:

- (a) is an established participant in the international and Guyana mining industry; and
- (b) has the financial and technical expertise, capacity and capability necessary to (i) fulfill its obligations under this Agreement, and (ii) to the extent it is not precluded from doing so by any action of the other Shareholder, cause the Company to fulfill same.

## 2.3 Dividend and Distribution Policies

Subject to any applicable provisions of the Articles, the By-Laws and this Agreement, the Directors may from time to time declare and authorize payment of such dividends, if any, as they may deem advisable. No dividend shall be paid otherwise than out of funds or assets properly available for the payment of dividends and a declaration by the Directors as to the amount of such funds or assets available for dividends shall be conclusive. The Company may pay any such dividend wholly or in part by the distribution of specific assets and in particular, by issuing paid-up Shares, bonds, debentures or other securities of the Company or of any other body corporate or in any one or more such ways, not expressly prohibited by law or by the Act, as may be authorized by the Board. Where any difficulty arises with regard to such a distribution, the Directors may settle the same as they think expedient, and in particular, may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments in substitution for all or any part of the specific assets to which Shareholders are entitled shall be made to Shareholders on the basis of the value so fixed in order to adjust their rights and may vest any such specific assets in trustees for Shareholders entitled to the dividend as may seem expedient to the Directors.

Notwithstanding anything contained in the Act, the Articles, the By-Laws and this Agreement, no dividend may be declared or paid prior to the fifth (5<sup>th</sup>) anniversary of the adoption of the By-Laws. Neither the Company nor the Shareholders shall be subject to any withholding tax on interest payments and dividends.

## 2.4 Additional Shares and Pre-Emptive Rights

Subject to the Articles and the By-Laws, the Shareholders hereby recognize that if all Ordinary Shares authorized to be issued by the Company have not been entirely subscribed for and issued as provided in the Articles or should for any reason the Shareholders resolve to increase the number of Ordinary Shares authorized to be issued by the Company in accordance with the rules set forth in the Act and the By-Laws, then each Shareholder shall have the right to subscribe

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to additional Ordinary Shares, or to any security convertible into Ordinary Shares, to be issued after the date hereof, in proportion to the number of Ordinary Shares owned by such Shareholder at the time of such proposed issuance to the total number of Ordinary Shares then outstanding, at the same price and upon the same terms and conditions as those offered to any third party, as the case may be. The right mentioned in this clause 2.4 shall be deemed to have been waived by any Shareholder which does not exercise it within 40 days of the delivery of a notice by the Board setting forth the exact number of Ordinary Shares or convertible securities available to such Shareholder and the price, terms and conditions of the proposed issuance.

Notwithstanding anything contained in the Act, the Articles, the By-Laws and this Agreement, no Ordinary Share shall be issued to any third party prior to the fifth (5<sup>th</sup>) anniversary of the adoption of the By-Laws.

#### **2.5 Share Redemptions**

Subject to the provisions of the Act, the Articles, the By-Laws and this Agreement, in the event that there are any redemptions or purchases of Ordinary Shares by the Company or cancellation or other reduction of the share capital of the Company, such reduction shall be offered or applied on a pro rata basis to the Shareholders based on the number of Ordinary Shares held by each of them at such date.

#### **2.6 Management and Operations in Accordance with this Agreement**

The Company and any other subsidiary or entity under its control, if applicable, shall be managed and operated to give effect to the provisions of this Agreement. Each Shareholder hereby irrevocably agrees to take all necessary action to cause the Company and any subsidiary or entity under its control, if any, to give effect to the decisions validly made in accordance with this Agreement.

#### **2.7 Reliance on Obligations and Specific Performance**

Each Party is entering into this Agreement in reliance on the enforceability of the other Parties' obligations hereunder. Each Party agrees that an action solely for damages may not provide an effective remedy for breach of such obligations, that such breach may be oppressive and unfairly prejudicial to or might unfairly disregard the interests of a Party for purposes of the Act, and that irreparable harm could result to the other Parties if its obligations hereunder are not performed in accordance with the terms hereof. Each Party hereby irrevocably consents and agrees that such obligations may be enforceable through an action for specific performance, or any similar action for injunctive or similar relief available in any relevant jurisdiction.

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**2.8 Constitutive Documents**

The Articles and By-Laws of the Company, attached hereto as Schedules "A" and "B" respectively (collectively, the "**Constitutive Documents**"), are hereby ratified by the Shareholders.

Notwithstanding any contrary or conflicting provision of any Constitutive Document, the Parties agree that, as between themselves, the provisions of this Agreement shall govern their respective rights and obligations, and the Shareholders hereby agree to vote so as to make any amendments or modifications to the Constitutive Documents that may be or become necessary in order to implement or give effect to this Agreement.

**Article 3. TERM AND TERMINATION**

**3.1 Term**

This Agreement shall be effective as and from the date of Closing and shall remain in full force and effect until terminated pursuant to clause 3.2.

**3.2 Termination**

This Agreement may be terminated:

- (a) by the mutual written consent of all Parties; or
- (b) by either of Cambior or NICIL should it cease to be a Shareholder; or
- (c) pursuant to clause 13.11 *in fine*.

**3.3 Effect of Termination**

Termination of this Agreement shall operate to terminate all obligations and liabilities of each Party under this Agreement, except the obligations under clauses 2.6, 3.3 and 4.6 and those obligations incurred by a Party before the effective date of termination.

**Article 4. RELATIONSHIP BETWEEN THE SHAREHOLDERS AND WITH THE COMPANY**

**4.1 No Partnership**

Nothing contained in this Agreement shall be deemed to constitute a Shareholder the partner of the other Shareholder or to constitute a Shareholder the agent or legal representative of the other Shareholder. It is not the intention of the Shareholders to create, nor shall this Agreement be construed to create, a partnership or to create any other relationship, duties or obligations to each other except as expressly provided in this Agreement.

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#### 4.2 No Authority to Act for One Another

No Shareholder shall have any authority to act for or to incur any obligation on behalf of the other Shareholder or the Company. Each Shareholder shall indemnify, defend and hold harmless the Company and the other Shareholder, and their directors, officers, employees, representatives and agents from and against all losses, claims, damages and liabilities arising out of any such incurring of liability or obligation caused by or otherwise attributable to a default or negligence of the indemnifying Shareholder or any of its directors, officers, employees, representatives or agents.

#### 4.3 Obligations Several

Each Party exercises its own rights and assumes its own obligations and incurs its own proportionate share of liabilities to the full exoneration of the other Parties.

#### 4.4 Reporting

The Company shall cause its relevant officers to:

- (a) deliver to each Shareholder, within 60 days after the end of each quarter of each fiscal year, mining, processing, marketing, performance and financial reports in such form as approved by the Board. The financial reports shall include: (i) an income statement for such quarter, together with a cumulative income statement from the first day of the then current fiscal year to the last day of such quarter; (ii) a balance sheet as of the last day of such quarter; (iii) a statement of cash flows for such quarter; and (iv) a comparison between the actual figures for such quarter, the comparable figures with respect to the foregoing (i), (ii) and (iii) for the prior year (if any) and the comparable figures included in the Operating Plan and the Capital Budget for such quarter, with an explanation of any material differences between them and a discussion and reasonable analysis including an analysis of significant variations in operations;
- (b) report promptly to each Shareholder all changes, conditions or events which have resulted in, or reasonably may be expected to result in, material departures from or changes in the Operating Plan or Capital Budget then in effect; and
- (c) provide to a Shareholder (with a copy to the other Shareholder) such additional reports and information regarding its financial and operating results and prospects as such Shareholder may reasonably request.

#### 4.5 Access

Each Shareholder, through its authorized employees and agents, upon reasonable notice to management of the Company, at its own risk and expense but with the benefit of insurance (if any) maintained by the Company, may visit and inspect the offices, books and records and properties of the Company at any reasonable

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time. Each Shareholder, at its own expense, shall be permitted to copy the Company's books and records.

#### 4.6 Non-Competition

Each Shareholder agrees and covenants with the Company that, from the Effective Date until the expiry of three years from the date upon which it ceases to be a Shareholder, it shall not, without the written consent of the Company and, as the case may be, the other Shareholder, directly or indirectly, either alone or in partnership or in conjunction with any Person, whether as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in, or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any Person engaged in or concerned with or interested in, any business activity similar to or competitive with the Business, as the Business exists at the time such Shareholder ceases to be a Shareholder. Notwithstanding the foregoing, the application of this clause 4.6 shall be strictly limited to competitive bauxite activities proposed to be conducted in Guyana only and nothing in this Agreement shall prevent any Shareholder from continuing any business activity in which it was involved prior to the date of this Agreement.

#### 4.7 Shareholder Votes Requiring Three-Fourths Majority

No action shall be taken by the Company on any of the following matters without a three-fourths majority of the Ordinary Shares duly represented at a meeting:

- (a) any consolidation, merger, or amalgamation of the Company with any other body corporate or entity; or
- (b) any sale, transfer, assignment, or other disposal of all or substantially all of the assets or undertakings of the Company, or any disposition by the Company of any property (other than inventory acquired or disposed of in the ordinary course of business) or any debt financing having a value in excess of one-third of the value at which the assets of the Company are carried on its books; or
- (c) any amendment to the Articles or By-Laws of the Company; or
- (d) any material change in the Business, including any change by way of any acquisition.

### Article 5. BOARD OF DIRECTORS

#### 5.1 Rights and Responsibilities of Board

The Business and affairs of the Company shall be managed by or under the direction of the Board. The Board shall have all of the powers provided elsewhere in this Agreement and the Constitutive Documents and pursuant to the Act; shall act honestly and in good faith with a view to the best interests of the Company; and shall exercise the care, diligence and skill that a group of reasonably prudent

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Persons would exercise in comparable circumstances. Without limiting the generality of the foregoing, the Board shall:

- (a) direct the management of the Business and Operations of the Company;
- (b) review the performance and financial results of the Company;
- (c) review and approve the Operating Plan, Capital Budget and material modifications thereto, as provided in the relevant provisions of Article 7;
- (d) review and approve certain capital Expenditures under the procedures described in clause 7.6;
- (e) appoint and remove the President, general manager and such other officers of the Company as may consider to be necessary, in its sole discretion;
- (f) consider any of the actions or decisions for which a Government-Endorsed resolution or special resolution is required as specified in the By-Laws and in this Agreement;
- (g) direct, review and consider for ratification the activities and decisions undertaken by committees of the Board, if applicable; and
- (h) take such other actions as are necessary or seem appropriate to the Board to achieve the objectives of the Company and/or the Shareholders as provided for in clause 2.1.

## 5.2 Composition and Designation of Board

- (a) The Shareholders hereby agree to vote all Shares now or hereafter owned or controlled by them, and otherwise to use their respective best efforts as Shareholders of the Company, (i) to set and maintain the number of Directors of the Company at nine (9) and (ii) on the Effective Date and in any subsequent election of Directors of the Company, to elect six (6) individuals nominated by Cambior and three (3) individuals nominated by NICIL.
- (b) Subject to any requirement imposed by applicable law, there shall be no requirements that Directors be resident in Guyana.
- (c) For so long as Cambior shall continue to hold, directly or through one or more Affiliates, or both, at least 50% of the outstanding Ordinary Shares, it shall be entitled to appoint six (out of the nine) Directors.
- (d) For so long as NICIL shall continue to hold, directly or through one or more Affiliates, or both, 30% of the outstanding Ordinary Shares, it shall be entitled to appoint three (out of the nine) Directors.

**Provided however** that should NICIL's holding of Ordinary Shares be reduced, in any manner whatsoever, to not more than 10% and, thereafter, to nil, then NICIL shall be entitled to appoint respectively one (1) Director and no Director at all. Should Cambior's holding of Ordinary Shares be increased correspondingly, Cambior shall correspondingly be entitled to appoint eight or, as applicable, nine Directors.

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- (e) Notwithstanding that a Director is nominated by either Shareholder, such Director shall have all of the fiduciary obligations to the Company as is provided by the Act and applicable law.
- (f) For so long as a Shareholder shall remain entitled to appoint one or more Directors pursuant to clauses 5.2(c) and (d) hereof, as applicable, such Shareholder shall be entitled, by notice to the other Shareholder, to modify any appointment that it is entitled to make for the office of Director as herein provided.

### 5.3 Election of Chairman

For so long as Cambior shall remain entitled to appoint at least a majority of Directors pursuant to clauses 5.2(c) and 5.2(d), it shall be entitled to designate the Directors who shall act as Chairman and Deputy Chairman of the Board.

### 5.4 Board Meetings

- (a) The Board shall meet as and when required, but in any event at least six (6) times during any fiscal year, being one meeting in respect of each of the review and approval of the yearly and quarterly (first, second and third quarters) financial statements, one meeting as regard the review and approval of the Operating Plan and one meeting for the review and approval of the long-term plan. The Chairman or any Director, and a secretary or an assistant secretary upon request by any of the foregoing, may call a meeting of the Board at any time.
- (b) Other proceedings of the Board shall be as determined by the By-laws.

### 5.5 Quorum and Voting

The quorum necessary for Board meetings shall be a majority of the Directors or, if the number of Directors is reduced at two, shall be two Directors. Notwithstanding the foregoing, a quorum shall not be considered to be assembled in respect of the adoption of a Government-Endorsed resolution unless one (1) Director appointed by NICIL is present at such meeting. If such NICIL appointee is not attending, the meeting may be adjourned to such date, not earlier than 3 days nor later than 14 days, from the date of such adjourned meeting, at such time and place as the chairman shall designate for the purpose of considering such Government-Endorsed resolution. Notice of such adjournment shall forthwith be given to NICIL. The Directors who shall be present at such appointed time and place shall be deemed to constitute a quorum for the adoption of a Government-Endorsed resolution even if no NICIL-appointed Director is present. Questions arising at any meeting shall, subject to any provision set forth in the By-Laws and this Agreement requiring that a resolution be Government-Endorsed, be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote.

### 5.6 Decisions Requiring Approval of a Government-Endorsed Resolution

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The decisions and actions of the Company contemplated in clauses 4.4, 4.5, 7.1, 7.2, 7.3, 7.4 and 12.2 of the By-Laws attached hereto as Schedule "B", and the decisions and actions of the Company contemplated in clauses 7.5, 7.6 and 9.1 hereof, shall require a Government-Endorsed Resolution.

**5.7 Vote of Directors on Special Matters**

The Shareholders shall cause their respective nominee Directors to act in accordance with clause 5.5 and shall be strictly responsible for the actions of their respective nominee Directors.

**Article 6. MANAGEMENT OF BUSINESS OF THE COMPANY**

**6.1 Use of Debt Financing**

The Board shall ensure that the Debt Financing provided to the Company at Closing shall be used only as provided for in the Business Plan.

**6.2 Books of Account**

Proper books of account shall be kept by the Company and entries shall be made therein of all such matters, terms, transactions and things as are usually written and entered in books of account kept by companies engaged in large-scale commercial enterprises of a similar nature in North America, provided the same shall be reasonably approved by the independent auditors of the Company.

**6.3 Banking Operations**

The banking operations of the Company shall be conducted only at reputable and creditworthy financial institutions of national or international standing, as directed by the Board.

**6.4 Bank Accounts**

All bank accounts shall be kept in the name of the Company, and all monies received from time to time by the Company on account of the Business shall be paid, on the day of receipt or the next Business Day, into such bank accounts for the time being maintained by the Company in accordance with this clause 6.4 and clause 6.3, in the same draft, cheque, bill, cash or other instrument in which they are received. All disbursements on account of the Business shall be made by cheque or other instrument or means drawn on such bank account(s) maintained in accordance with this clause 6.4 and clause 6.3.

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### 6.5 Local Supplier Programme

The Company shall give preference, to the maximum extent compatible with efficient Operations, to products and services produced and offered in Guyana, provided these are offered at competitive terms and conditions. Without prejudice to the rights granted to Cambior and the Company under articles 8, 9 and 10 of the Mineral Agreement, 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 90 days after the end of each calendar year of Operations, the Company shall submit a report to the Government setting forth the relative percentages of foreign-sourced and Guyanese-sourced goods and services used by the Company, on measures taken to enhance the role of Guyanese-sourced goods and services in Operations and on measures to be implemented so as to improve such performance. The report will show the performance of the Company in connection with the contribution to the economic development of Guyana over the years. The Company shall constantly use all reasonable efforts to improve such performance.

### 6.6 Employment Policy

- (a) The Company shall, in accordance with the provisions of this clause 6.6, give preference to the employment of citizens of Guyana, with priority to the former employees of Linmine, at all levels of Operations to the extent and provided only that such Persons are available, qualified and equally suitable for such employment.
- (b) The selection and hiring of personnel for Operations 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 of qualified and suitable residents of the town of Linden and environs, and other citizens of Guyana for employment in Operations but shall not be bound by any recommendations of any such agency or organization.
- (c) As soon as practicable following the Closing, the Company shall prepare a detailed training programme for Operations with a view to ensuring the development of suitable and qualified Guyanese personnel at all levels. 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 Cambior outside Guyana, provided that Cambior and the Company shall collaborate with the Government as far as practicable to see that all citizens of Guyana trained overseas pursuant to the training

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programme return to work in Guyana. The Company shall enlist the participation and cooperation of the Guyana Geology and Mines Commission, the University of Guyana, and the Government and the Linden Technical Institutes in preparing and implementing the training programme.

- (d) Notwithstanding any other provision of this Agreement, the Company shall be entitled to employ a minimum of eight (8) expatriate employees at all times for Operations and shall generally be entitled to have recourse to such mix of expatriate personnel and Guyanese personnel as is contemplated in the Business Plan.
- (e) The Company shall, within 90 days after the expiry of each calendar year, file with the Guyana Geology and Mines Commission a report indicating progress achieved in the employment of citizens of Guyana for Operations, including, if the objectives referred to in clause 6.6(c) 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.

#### 6.7 Transaction Among Affiliates

- (a) The Parties hereby acknowledge that OGML or any other Affiliate of Cambior, may provide services to the Company during any phase of Operations, and OGML higher-skilled and management personnel may render services required by the Company on an as-needed basis, if such services, practical experience or expertise are not readily available among the Company workforce or from other Persons on satisfactory terms and/or a timely basis.
- (b) In accordance with its acknowledgement set forth in clause 6.7(a) above, each Party hereby confirms that it will not object to transactions among the Company, Cambior and any of their Affiliates, provided that (i) the services being the subject matter of the relevant transactions shall be provided on arm's length terms and conditions (*i.e.* terms and conditions similar to those offered by arm's length third parties for services of similar nature, quality, timeliness and cost), and (ii) any transaction regarding moveable and immoveable assets shall be concluded at fair market value; for the purposes hereof and subject to the relevant rules or orders of the customs authorities of Guyana, "fair market value" shall be determined by independent evaluators agreed upon by all Parties.

### Article 7. OPERATING PLANS AND CAPITAL BUDGETS

#### 7.1 Operating Plans

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Unless otherwise expressly provided herein, Operations shall be conducted, Expenditures shall be incurred and assets of the Company shall be acquired only pursuant to approved Operating Plans.

#### **7.2 Preparation and approval of Operating Plans**

Operating Plans shall be prepared by the management of the Company and submitted to the Board for approval. Each Operating Plan shall include a mining and processing plan, a product development plan, a personnel plan in accordance with clause 6.6, and a marketing plan and be accompanied by a corresponding budget which shall include an operating budget for normal maintenance capital expenditures (but not other capital expenditures), and shall describe the Operations to be performed and state the estimated period of time required to perform such Operations. The budget included in each such Operating Plan shall be prepared in reasonable detail. Approval of the Operating Plans or any change thereto that would increase the budget set forth therein by more than 20%, or that otherwise constitutes a material modification to the mining and processing plan, product development plan, personnel plan or marketing plan, shall require the approval of the Board.

#### **7.3 Initial Operating Plan**

The initial Operating Plan shall be prepared substantially in accordance with the Bankable Feasibility Study. Subsequent Operating Plans shall be approved in respect of a calendar year unless the Board otherwise directs.

#### **7.4 Review of Operating Plans**

Each adopted Operating Plan, regardless of length, shall be reviewed at least once a year at a meeting of the Board. During the period encompassed by any Operating Plan, and at least fifteen days prior to its expiry, a proposed Operating Plan for the following calendar year shall be prepared by the Company and submitted to the Board for approval.

#### **7.5 Capital Budget**

Once annually, the management of the Company shall present a "Capital Budget" and a long term plan to the Board for review and approval in accordance with a schedule to be determined by the Board. The Capital Budget shall include capital Expenditures other than those for normal maintenance. Approval of the Capital Budget and any material modification thereto shall require the approval of the Board by way of a Government-Endorsed resolution in accordance with clause 5.6.

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## 7.6 Approval of Capital Expenditures

Any capital expenditure not approved by the Company in an Operating Plan (other than a normal maintenance Expenditure included in the Operating Plan) in excess of US \$50,000 shall be brought to the Board for consideration and shall be made only if approved by a majority vote cast in favour thereof. By Government-Endorsed resolution, the Board shall have the power to delegate its authority to approve capital Expenditures to the extent it deems appropriate.

## Article 8. INITIAL CONTRIBUTIONS BY PARTIES AND FUNDING REQUIREMENTS

### 8.1 Initial Contributions

On the date of the Closing, the Parties shall be deemed to have contributed to the Company the following initial contributions and to hold their respective Ordinary Shares:

Cambior:	\$12,187,486
NICIL:	\$5,223,208

### 8.2 Funding Requirements

Following the Closing, any funding requirements for Operating Plans and Capital Budgets shall be met by available cash flows from Operations. If, at any time, the Company's funding requirements exceed its available cash flows from Operations, the Company shall then negotiate and obtain financing from financial institutions or other third parties, or through advances or credit facilities from one or both Shareholders.

## Article 9. TRANSFERS AND ASSIGNMENTS

### 9.1 General Provisions Relating to Transfers by Shareholders

- (a) No Shareholder shall transfer, sell or otherwise dispose of (a "Transfer") its Shares to any third party except as expressly permitted by this Agreement.
- (b) Transfers between the Shareholders are permitted at any time on whatever terms the Shareholders may agree.
- (c) Notwithstanding anything contained herein, a Shareholder shall be entitled to Transfer Shares (i) to the public through a secondary offering or otherwise or (ii) to employees of the Company through a share purchase plan or otherwise, provided that such Transfer and the consideration thereof (whether cash or otherwise) are approved by the prior consent of the Board given by Government-Endorsed Resolution, and provided further that no such approval may be granted by the Board, and no such Transfer may occur, prior to fifth (5<sup>th</sup>) anniversary of the adoption of the By-Laws.

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## 9.2 Transfers of Shares to Third Parties

Subject to the restrictions set forth herein and provided, however, that this provision shall not apply in the event of a Transfer by NICIL to Employee Shareholders or to the public in accordance with clauses 9.3 or 9.4, either Shareholder may at any time Transfer, partly or wholly, its Shares to a third party (a "Transferee") subject to:

- (a) the Transferee being an Approved Transferee, as that term is defined in clause 9.5; and
- (b) the other Shareholder having been entitled to elect to exercise the Right of First Refusal provided for in Article 10.

## 9.3 Transfer of NICIL Shares to Current Employees of the Company

Subject to the restrictions set forth in clause 9.1(c), NICIL is entitled to Transfer all or any part of its Shares to Employee Shareholders on terms and conditions acceptable to NICIL and approved by the Board prior to such Transfer, such approval not to be unreasonably withheld. For greater certainty, the Parties shall do all such things such that Employee Shareholders shall not hold, in the aggregate, more than ten percent (10%) of the total issued and outstanding Ordinary Shares at all times throughout the duration of this Agreement.

## 9.4 Public Offering

Subject to the restrictions set forth in clause 9.1(c), NICIL is entitled to Transfer to the public, on terms and conditions acceptable to NICIL and approved by the Board prior to such Transfer, any number of its Shares subject to a maximum of ten percent (10%) of the total issued and outstanding Ordinary Shares at all times throughout the duration of this Agreement.

## 9.5 Definition of Approved Transferee

- (a) In respect of a Transfer of Shares by NICIL, an "Approved Transferee" shall be any Person other than a Person that owns or operates a bauxite mining business or that is otherwise engaged in the mining, processing, developing, selling, distributing and marketing of bauxite and bauxite products, or other metal or mineral products, or an Affiliate thereof. For the purposes of clarification, an Approved Transferee includes, subject to clause 9.1(c), any Employee Shareholder and any public shareholder.
  - (b) In respect of a Transfer of Shares by Cambior, an "Approved Transferee" shall be a Person that owns or operates a bauxite mining business or that is otherwise engaged in the mining, processing, developing, selling, distributing and marketing of bauxite and bauxite products, or other metal or mineral products, or an Affiliate thereof.
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## 9.6 Legend and Certificates

- (a) All certificates for Shares issued to the Shareholders shall have the following legend imprinted thereon:

“THESE SHARES ARE SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER AS CONTAINED IN THE SHAREHOLDERS AGREEMENT DATED NOVEMBER 2<sup>ND</sup>, 2004, AND IN ACCORDANCE WITH APPLICABLE LAW.”

- (b) The Parties acknowledge and confirm that the legend set forth in clause 9.6(a) has been imprinted on all certificates representing the Ordinary Shares issued to the Shareholders prior to or simultaneously with the execution of this Agreement.

## Article 10. RIGHT OF FIRST REFUSAL

### 10.1 Right Of First Refusal

A Shareholder (the “**Selling Shareholder**”) may only Transfer its Shares if the following conditions are met:

- (a) the Selling Shareholder has received and accepted, subject only to compliance with this clause 10.1, a *bona fide* arm’s length irrevocable, unassignable and unconditional offer (the “**Offer**”) for all or any portion of its Shares (the “**Offered Shares**”) from a specifically identified third party (the “**Offeror**”), dealing at arm’s length with the Selling Shareholder, for a cash consideration in US Dollars or in Canadian currency, with the closing of such Transfer to take place within not less than 60 days after acceptance of the Offer;
- (b) such Offer obligates the Offeror to acknowledge in writing to the Company and the non-Selling Shareholder that the Offeror agrees to be bound by all the terms and conditions of the By-Laws and assumes all of the Selling Shareholder’s rights and obligations thereunder in respect of the Offered Shares; and
- (c) the Selling Shareholder has given the non-Selling Shareholder written notice (the “**Notice of Offer**”) enclosing a copy of the Offer, setting forth information in reasonable detail about the Offeror and its financial position to the extent known to the Selling Shareholder and offering to sell the Offered Shares to the non-Selling Shareholder in the manner described in clause 10.2.

The Offeror shall be a Person having such financial resources as may be required to perform its obligations under the Articles, the By-Laws and the Mineral Agreement and shall not (i) be a Person which, as a result of its being a Shareholder, would constitute a threat to the national security of Guyana or (ii) be a Person that is the citizen or national of a State with which Guyana is at war or has interrupted normal diplomatic relations. The Notice of Offer shall be accompanied by affidavits of the Selling Shareholder and the Offeror declaring

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that there is no direct or indirect supplementary consideration for the envisaged Transfer (whether in the nature of tangible or intangible assets, money, property, securities or other benefit) and that the Offer is not made as part of, or in connection with, any other transaction.

#### **10.2 Notice of Election by the non-Selling Shareholder**

The non-Selling Shareholder may, at any time within 30 days of receipt of the Notice of Offer, by written notice to the Selling Shareholder ("Notice of Election"), elect to purchase the Offered Shares on the terms set out in the Offer, except that the closing of the Transfer and payment of the purchase price shall, subject to this clause 10.2, be completed 60 days after delivery of the Notice of Election unless the non-Selling Shareholder agrees to complete same at an earlier date.

If the non-Selling Shareholder elects not to purchase the Offered Shares in the manner and within the time period provided in this clause 10.2, then the Selling Shareholder may Transfer the Offered Shares on the terms and conditions and to the Offeror mentioned in the Notice of Offer within a period of 60 days from the acceptance of the Offer but not otherwise. This Agreement shall continue to bind the Selling Shareholder and the non-Selling Shareholder with respect to all rights acquired and obligations and debts incurred prior to such Transfer. Such Transfer shall not be completed if there has been any material adverse change in the financial position of the Offeror since the Notice of Offer to which the non-Selling Shareholder has not consented. If the Transfer is not completed within the aforesaid 60-day period, then the Selling Shareholder shall not complete the Transfer of the Offered Shares without again complying with the provisions of this Article 10.

#### **10.3 Transfer to Employee Shareholders and to the Public**

For greater certainty, the provisions of Article 10 shall not apply to a Transfer in favor of Employee Shareholders in accordance with clauses 9.1, 9.2 and 9.3, or to Transfers to the public as per clauses 9.1 and 9.4.

### **Article 11. REPRESENTATIONS AND WARRANTIES**

#### **11.1 Representations and Warranties**

Each of Cambior, NICIL and the Company hereby makes the following representations and warranties in favour of the others, and acknowledges that the others are relying upon them.

- (a) It is a company duly registered, validly existing and in good standing under the laws of the jurisdiction of its organization, and it is duly licensed and qualified in all jurisdictions wherein the nature of its assets or the business transacted by it makes such licensing or qualification necessary.

- (b) It has all requisite power and authority to own its assets, carry on its business as conducted as the date hereof, and to execute, deliver and perform its obligations under this Agreement.
- (c) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereunder by it have been duly authorized by all requisite corporate action.
- (d) This Agreement has been duly executed and delivered by it and is valid and binding upon it and enforceable in accordance with its terms.
- (e) It has obtained all requisite or necessary clearances, authorizations or consents from such Governmental Authorities as may be necessary, whether in Guyana or any other jurisdiction, to carry out the transactions contemplated by this Agreement, which clearances, authorizations or consents are valid on the Effective Date and shall remain valid after the Effective Date for the whole duration of this Agreement.
- (f) Neither it nor any of its Affiliates is bankrupt, has been or is subject to insolvency proceedings nor have they filed for nor are they in any other way involved in any proceedings for reorganization or in any similar proceedings which would affect its capacity to assume its obligations under this Agreement or its ability to perform its obligations hereunder.
- (g) The entering into and the delivery of this Agreement and the consummation by it of the transactions contemplated hereby shall not be in conflict with, result in the violation of, or constitute a default under:
- (i) any of the provisions of its articles, by-laws and, if applicable, other constituting documents;
  - (ii) any agreement or other instrument to which it is a party or by which it is bound which is material to its business; or
  - (iii) any applicable law, rule or regulation.
- (h) There are no suits or proceedings pending, or to its knowledge threatened, in any court or before any regulatory commission, board or other administrative governmental agency against or affecting it which will have a material adverse effect on its financial condition or business or its ability to execute, deliver, and perform this Agreement.

## 11.2 Survival

All representations and warranties set forth in clause 11.1 shall remain in full force and effect for the whole duration of this Agreement.

## Article 12. GOVERNING LAW, DISPUTE RESOLUTION AND JURISDICTION

### 12.1 Governing Law

**This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Republic of Guyana, without regard to its principles of conflicts of laws.**

#### **12.2 Dispute**

**If any dispute or conflict, contractual or not in nature, arises in connection with this Agreement or any Schedule, 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 12.**

#### **12.3 Negotiation at First Instance**

**Any Party may commence proceedings under this Article 12 by convening (in writing) a meeting between authorized representatives of the Parties. 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.**

#### **12.4 Conciliation or Mediation**

**Any Dispute which is not resolved pursuant to clause 12.3 hereof or otherwise, shall be referred to the Court (as defined in clause 12.5) for purposes of attempting a conciliation or mediation thereof, in which event the rules and practices of the Court relating to conciliation or mediation shall apply. The Parties shall meet within 30 days from the expiry of the 60-day period set forth in clause 12.3 and shall use their best efforts to settle the Dispute in good faith for a period not exceeding 60 days from the expiry of the 60-day period set forth in clause 12.3. The failure to attempt or complete conciliation or mediation proceedings shall in no event prevent a Party from instituting arbitration proceedings in accordance with clause 12.5.**

## 12.5 AAA Arbitration

Any Dispute which is not resolved pursuant to clauses 12.3 or 12.4 or otherwise, shall be referred for determination to final and binding arbitration, to the exclusion of all courts of Guyana or any other country and of other like forums, under the International Arbitration Rules (the "Rules") of the American Arbitration Association (the "Court"), valid on the date of the filing of a demand for arbitration with the Court; 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 the Schedules. In particular, the arbitration shall be conducted in accordance with the following provisions:

- (a) an arbitral tribunal constituted pursuant to this clause 12.5 (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 in writing; and
- (d) each Party shall participate in any arbitration proceedings at its own expense, and the 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 at LIBOR from the earlier of (i) the date on which proceedings are instituted and (ii) the date on which the relevant obligations became exigible.

## 12.6 Provisional Measures

Without prejudice to the power of the Court or, as applicable, the Tribunal to order provisional and conservatory 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.

## 12.7 Consolidation

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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.

**12.8 Sovereign Immunity**

NICIL 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 12 or any judgment thereon in any court of competent jurisdiction.

**12.9 Binding Effect**

The failure by a Party to participate in arbitral proceedings shall not constitute valid grounds for rejecting the jurisdiction of the Court or of the Tribunal appointed under clause 12.5(a), or the validity and enforceability of any of its awards. Each Party undertakes to execute any arbitral awards rendered against it in accordance with its terms, in full, voluntarily and without delay. Judgement on the award may be entered and enforced in any court of competent jurisdiction.

**12.10 Exemption from Arbitration Act**

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 12.

**Article 13. GENERAL PROVISIONS**

**13.1 Notices**

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 Cambior:

CAMBIOR INC.  
1111 St. Charles Street West  
East Tower, Suite 750  
Longueuil, QC J4K 5G4  
Facsimile: (450) 677-2648

Attention: President and Chief Executive Officer

To NICIL:

National Industrial and Commercial Investments Limited  
126 Barrack Street  
Kingston, Georgetown, Guyana  
Facsimile: 592-226-6426

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Attention: CEO or Executive Director

**with a copy to:**

Office of the Prime Minister  
Wights Lane  
Kingston, Georgetown, Guyana  
Facsimile: 592-2-67573

To the Company:

OMAI BAUXITE MINING INC.  
176-D Middle Street, Cummingsburg  
Georgetown, Guyana  
Facsimile: (59-2) 226-6468

Attention: Vice-President and General Manager

All notices shall be given (i) by personal delivery to the Party or (ii) by electronic communication (including telexes, telecopies or telefaxes), 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 (ii) 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.

### 13.2 Delay and Exercise of Rights

- (a) No delay, grant of time, release, compromise, forbearance (whether partial or otherwise) or other indulgence by one Party in respect of any breach of any other Party's obligations under this Agreement is to be deemed a delay, grant of time, release, compromise, forbearance (whether partial or otherwise) or other indulgence in respect of, or a waiver of, any subsequent or other breach.
- (b) Time is of the essence in this Agreement, both as regards the dates and periods specifically mentioned and as to any dates and periods which may be substituted by agreement in writing between and among the Parties, but no failure to exercise, and no delay in exercising, a right by a Party shall operate as a waiver of that right, nor shall a single or partial exercise of a right preclude another or further exercise of that right or the exercise of another right. No waiver by any Party of its rights under this Agreement shall be effective unless it is in writing signed by that Party.
- (c) The illegality, invalidity or unenforceability of a provision of this Agreement under any law shall not affect the legality, validity or enforceability of any other provision under another law or the legality,

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validity or enforceability of another provision. Any provision or provisions of this Agreement, or the application thereof to any Person or entity, place or circumstance, which shall be declared invalid or unenforceable by order, decree or judgment of any competent authority, shall be deemed severed from this Agreement, but the remainder of this Agreement shall remain in full force and effect.

### 13.3 Amendments

No amendment of this Agreement shall be effective unless it is in writing and signed by all of the Parties.

### 13.4 Language

The English language shall be the official text hereof, despite translations or interpretations of this Agreement in other languages, and English shall be the language of negotiation and/or arbitration.

### 13.5 Confidentiality

Each Party shall (i) use its best efforts to protect the confidentiality of the business dealings of the Company, (ii) ensure that all information disclosed to it or its Affiliates concerning any of the Parties and not otherwise generally known to the public shall be kept confidential, and (iii) ensure that no information is disclosed that would allow any other Person to indirectly or directly compete with the Company. Unless otherwise required by law, such information shall not be revealed without the consent of each Party to anyone other than the directors, officers, employees, attorneys or accountants of such Party or its Affiliates or in connection with required filings with Governmental Authorities, courts and arbitral tribunals; provided, however, it is agreed that such information may be disclosed to consultants of the Shareholders, and to potential Approved Transferees or, as applicable, Offerors, as long as reasonable steps are taken to obtain the agreement of such Persons not to disclose such information to any Person other than its directors, officers, employees, attorneys and accountants with a need to know and, in the case of potential Approved Transferees or, as applicable, Offerors, to promptly return all such information if the proposed Transfer is not consummated. The obligations set forth in this clause 13.5 shall survive the termination of this Agreement for a period of 3 years and are in addition to, and not in lieu of the Confidentiality Undertakings and the confidentiality provisions set forth in article 9 of the Subscription Agreement.

### 13.6 Further Assurances

Each Party shall sign, execute and so all deeds, schedules, acts, documents and things as may reasonably be required to carry out and give effect to the terms, intentions and objectives of this Agreement; provided, however, that the Shareholders shall not be required to contribute funds to the Company or incur liabilities not expressly required hereby.

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**13.7 Entire Agreement**

This Agreement constitutes the entire understanding and agreement of the Parties relating to the matters set forth herein.

**13.8 Assignment; Successors and Assigns**

No Party may assign this Agreement or in any manner sell, assign or transfer any or all of its rights or obligations set forth herein without the prior written consent of the other Parties, in their sole and absolute discretion, except to an Approved Transferee. Any such assignment or delegation requiring, but made without, such prior written consent shall be null and void and unenforceable. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns and Approved Transferees, and any reference to a right or an obligation of a Party shall be deemed to include a reference to successors and permitted assigns and Approved Transferees to the extent that the context requires.

**13.9 Counterparts**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

**13.10 Expenses**

Each Party shall (unless otherwise specified in this Agreement) bear its own legal and accountancy costs and other expenses of and incidental to the preparation, negotiation, execution and performance of this Agreement, and the obligations under this clause 13.10 shall survive termination of this Agreement.

**13.11 Force Majeure**

No Party shall be liable to any other Parties for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by riots, civil commotions, wars, hostilities between nations, embargoes, actions by a government in its sovereign capacity, acts of God, storms, earthquakes, fires, accidents, labor disputes or strikes, sabotage, explosions or other similar contingencies; provided that such event is without the fault of or beyond the reasonable control of the Party invoking force majeure, whose duty to perform those obligations affected by the event of force majeure shall be suspended for a period equal to the delay directly resulting from the occurrence of such event. In the event that a Party wishes to invoke force majeure, that Party shall, promptly after the occurrence of the event of force majeure has become known to that Party, send written notice of such event to the other Parties (a "Force Majeure Notice").

The Party affected shall take all reasonable measures to minimise or remove the effect of force majeure and, within the shortest possible time, attempt to resume performance of the obligations affected by the event of force majeure. If greater

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than one hundred and eighty (180) days elapses from the date of the Force Majeure Notice and the Party affected has not resumed performance of its obligations pursuant to this Agreement, then any Party may terminate this Agreement ten (10) Business Days after written notice to the other Parties of its intention to terminate the Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

CAMBIOR INC.

By: *Louis Gignac*  
Name: LOUIS GIGNAC  
Title: PRESIDENT & CEO

*[Signature]*  
Witness

NATIONAL INDUSTRIAL AND  
COMMERCIAL INVESTMENTS LIMITED

By: *Winston Brassington*  
Name: Winston Brassington  
Title: Director

*[Signature]*  
Witness

OMAI BAUXITE MINING INC.

By: *Pierre Gauthier*  
Name: PIERRE GAUTHIER  
Title: PRESIDENT

*[Signature]*  
Witness