

LINMINE RESTRUCTURING PROJECT

AGREEMENT

AMONG

*THE REPUBLIC OF GUYANA*

AND

*LINDEN MINING ENTERPRISES, LTD.*

AND

*CAMBIOR INC.*

For  

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**LINMINE RESTRUCTURING PROJECT**

**THIS AGREEMENT** is made and entered into as of the 6<sup>th</sup> day of June 2002, with effect as of the same day.

**AMONG:**

**THE REPUBLIC OF GUYANA**, a Sovereign State organized in such territory, on such principles and according to such rules as are described in the Constitution of the Republic of Guyana proclaimed into operation as of October 6, 1980, said party being represented for the purposes hereof by its government;

(hereinafter, "Guyana" as represented herein by the "Government")

**AND:**

**CAMBIOR INC.**, a company incorporated under the laws of the Province of Québec, Canada, having its principal place of business at 1111 St.Charles Street West, East Tower, Suite 750, Longueuil, Province of Québec, Canada;

(hereinafter "Cambior")

**AND:**

**LINDEN MINING ENTERPRISES, LTD.**, a company incorporated under the laws of Guyana, with a registered office located at Old Washer Pond Road, Mackenzie, Linden and wholly-owned by the Government;

(hereinafter "Linmine")

**WHEREAS** Linmine or, as applicable, the Government, are exclusive holders of mining licenses, prospecting licenses, mining leases and other mining rights, interests and permits (the "Opco Mineral Rights") located within the Linden Environs as included on the Map included in Schedule "B"; and **WHEREAS** Linmine is 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 on or in respect of the Opco Mineral Rights (the "Linmine Assets"), all being located in or around the town of Linden, Guyana;

**WHEREAS** Government is the sole beneficial owner and shareholder of Linmine and is desirous of privatizing the Opco Mineral Rights and certain of the Linmine Assets, as set forth in this Agreement;

**WHEREAS**, after having assessed alternatives to operate and exploit the Opco Mineral Rights and Linmine Assets, Government and Linmine have offered to enter into agreements and arrangements with Cambior to ensure that a new corporate entity (hereinafter called "Opco") be formed to carry a sustainable bauxite operation, which corporate entity shall hold or, as applicable, own and operate the Opco Mineral Rights and the Opco Assets (as defined hereinafter) and shall be owned by Cambior and Government as set forth hereinafter;

**NOW, THEREFORE**, with a view to ensuring the efficient, effective and orderly operations and mining exploitation of the Opco Mineral Rights and the Opco Assets, as more particularly detailed hereinafter, for the greater benefit of the people of Guyana, its Government and the shareholders and employees of Opco and Cambior, the Parties hereby formally agree as follows:

#### **ARTICLE 1. DEFINITIONS AND INTERPRETATION**

1.1 The following terms shall have throughout this Agreement these defined meanings.

"Affiliate" shall have the meaning expressed in Section 527 of the Companies Act of 1991 and "control" shall have the meaning expressed in Section 528 of the Companies Act of 1991.

"Agreement" means this Agreement, including all amendments and modifications hereto, and all schedules, appendices and exhibits hereto, which are incorporated herein by this reference.

"Applicable Law" means any and all laws, statutes, regulations, ordinances, rules, guidelines, policies, notices, orders and directions or other requirements of any Government Authority applicable to the Parties, the Transaction, Opco, the Opco Mineral Rights or the Opco Assets.

"**Dante Feasibility Study**" means the report to be prepared by Cambior in accordance with section 3.4.

"**Closing**" means the closing session upon which the Transaction shall be effective in accordance with the provisions of Article 6.

"**Government Authorities**" means any present government or governmental, quasi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity and any other authority delegated by Government under this Agreement.

"**Interim Period**" means the period defined in section 3.6.

"**Investment Period**" means the period defined in section 3.5.

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

"**Map**" means the map captioned Linden Bauxite Deposit Areas and included in Schedule "B".

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

"**Opco Assets**" means the privatized Linmine Assets, *i.e.* collectively those certain Linmine Assets generally referred to in subsection 3.2(c) and more particularly described in Schedule "A", that shall be transferred from Linmine to Opco at Closing in accordance with this Agreement.

"Opco Mineral Rights" means collectively the mining licenses, prospecting licenses, mining leases and other mining rights, interests and permits located within the Linden Environs as included on the Map and to be defined prior to Closing in accordance with sections 3.14 and 3.15.

"Parties" means the parties to this Agreement.

"Person" shall be broadly interpreted to include any individual, corporation, company, voluntary association, partnership, joint venture, trust or unincorporated organisation.

"Power Contracts" means, collectively, (i) the agreement for the purchase and sale of electric power between Linmine and Linden Power Co. ("LPC") dated January 16, 1998, (ii) the agreement relating to the sale of electric power by LPC to the Linden Community, dated January 16, 1998, and (iii) related agreements, including but not restricted to the Lease/Purchase agreement between Linmine and LPC dated January 16, 1998, and amendments or modifications to the agreements in (i), (ii) and (iii).

"Products" means all ores, minerals and mineral resources produced from any mine on any portion of the lands covered by the Opco Mineral Rights.

"Shares" means fully paid and non-assessable common shares carrying voting rights, of the share capital of Opco.

"Transaction" means collectively the business transaction between the Parties as more fully described in the provisions of Article 3 and summarized as follows:

- (i) the completion of a Bankable Feasibility Study by Cambior (as per section 3.4) and the organization of contributions and financing arrangements as per sections 3.2 and 3.3;
- (ii) the incorporation of Opco under the laws of Guyana with its issued share capital to be held as to 30% by the Government, 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 prior to Closing, of the Opco Mineral Rights from Linmine to Government followed by the issue, grant and conveyance, at Closing, of the Opco Mineral Rights in favor of Opco, conferring upon Opco the exclusive right and interest thereto; the assignment, conveyance

and transfer of the Opco Assets from Linmine to Opco, via Vesting Order issued by the Government and conferring upon Opco the exclusive ownership right, title and interest thereto;

- (iv) the assumption by Linmine and Government of all costs, obligations, undertakings and liabilities for all past activities in respect of the Opco Mineral Rights and the Opco Assets prior and up to the time of Closing, to Cambior's full exoneration;
- (v) the services arrangement in respect of certain of Linmine's employees as set forth in section 3.17 and the ensuing termination of employment of Linmine's employees together with the assumption by Linmine and Government of all costs, obligations, undertakings and liabilities whatsoever ensuing from such termination or severance; and
- (vi) the hiring by Opco of new employees based on qualifications to be defined by Opco with preference to persons previously employed by Linmine; additionally, the undertaking by Opco to implement a program encouraging the employment of a maximum number of Guyanese employees and providing training and development of its employees in accordance with the highest standards.

1.2 Terms defined in the preamble shall carry the same meanings in this Agreement. Any word or expression otherwise defined herein shall have the meaning so ascribed to it notwithstanding that such definition does not appear in section 1.1.

1.3 The preamble, schedules, appendices and exhibits to this Agreement are hereby incorporated into and made part of this Agreement.

## ARTICLE 2. REPRESENTATIONS AND WARRANTIES

2.1 The Government hereby represents and warrants to Cambior that, as of the date hereof:

- (a) it is the beneficial owner of 100% of the total issued and outstanding shares of Linmine, free and clear of all Liens; proper evidence of such ownership has been duly filed, registered and recorded wherever necessary to perfect and preserve the Government's right, title and interest in and to such shares; and

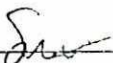
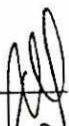
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- (b) no other Person has any right or option to purchase or otherwise acquire Linmine's shares.

2.2 The Government and Linmine hereby jointly and severally represent and warrant to Cambior that, as of the date hereof:

- (a) Linmine is duly organized, validly existing, and in good standing pursuant to the laws of its jurisdiction of incorporation and is qualified to do business in those jurisdictions where necessary in order to carry out its purposes;
- (b) Linmine has the requisite corporate power and authority to own, lease, and operate its assets and to carry on its business as now conducted; and Government and Linmine have the capacity to enter into this Agreement;
- (c) this Agreement, when executed, shall be duly executed and delivered by Linmine and the Government and be valid and binding upon them in accordance with the terms thereof; Government and Linmine shall not breach any other agreement, arrangement or commitment to which any of them is a party, by entering into or performing this Agreement;
- (d) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, which prevents or which seeks to prevent Government and Linmine from entering into this Agreement and from carrying out the provisions of this Agreement;
- (e) Linmine or, as applicable, the Government, are exclusive legal, beneficial and registered holder of the Opco Mineral Rights, free and clear of all Liens, save and except for obligations owed to third parties that were communicated to Cambior in writing; the Opco Mineral Rights have been properly staked, acquired or otherwise properly constituted, as applicable, and are valid and in good standing;
- (f) Linmine has a good and valid ownership title in and to the Opco Assets, free and clear of all Liens, save and except for obligations owed to third parties, other than Government, that were communicated to Cambior in writing; the ownership rights in the Opco Assets have been properly acquired or otherwise properly constituted, as applicable, and are valid and in good standing; proper evidence of





ownership has been duly filed, registered and recorded where is necessary to perfect and preserve Linmine's ownership of the Opco Assets;

- (g) Linmine has full authority to sell, assign, convey and transfer the Opco Assets to Opco as set forth herein and Opco shall acquire good, legal and marketable title to the Opco Assets and record and beneficial ownership thereof, free and clear of all Liens; for greater certainty, nothing under Applicable Law of Guyana precludes Linmine from selling, assigning, conveying and transferring the Opco Assets held by it to Opco and there is no action threatened or pending by any person or persons or entity from delaying or preventing the transfer of the Opco Assets by way of injunctive proceedings, restraining orders or other legal processes;
- (h) Government has full authority to issue, grant and convey unto Opco, the Opco Mineral Rights as set forth herein, free and clear of all Liens, and Opco shall acquire good, exclusive, legal and beneficial rights and interests thereto, in accordance with the specific terms of such licenses, leases and other rights, interests and permits comprising the Opco Mineral Rights;
- (i) neither the Government nor Linmine has entered into any agreement or arrangement, or has made any material commitment, which may entail a Material Adverse Event as regards the Opco Mineral Rights or the Opco Assets during the Interim Period;
- (j) Linmine is not in default under any agreement, arrangement or commitment regarding the Opco Mineral Rights or the Opco Assets;
- (k) the business and operations relating to the Opco Mineral Rights and the Opco Assets have been and are being carried in substantial compliance with Applicable Law, save and except as communicated to Cambior in writing;
- (l) in addition to the Opco Mineral Rights themselves, Linmine has all necessary licenses, permits and other governmental approvals, authorizations and consents in order to carry its current activities relating to the Opco Mineral Rights and the Opco Assets; and all such additional licenses, permits, approvals, authorizations and consents are sufficient, current and in full force and effect; and
- (m) save and except as communicated to Cambior in writing within one (1) month following the date of execution hereof, there is no judgment, decree, injunction,

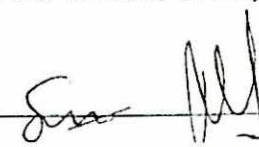
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ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened against or relating to, and affecting the Cpcoc Mineral Rights and the Opco Assets.

2.3 Cambior hereby represents and warrants to Linmine and Government that, as of the date hereof:

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

2.4 All representations and warranties made in this Agreement and the liabilities of the Parties with respect thereto, shall survive the date hereof and shall expire and terminate upon the fifth anniversary of the Closing, it being hereby agreed that (i) any action thereafter to enforce or recover any amounts with respect to the breach of any representation and warranty shall be barred, and (ii) the Party making such representations and warranties shall be released from all obligations and liabilities hereunder in respect of such representations and warranties, except with respect to any claims made by any other Party in writing prior to the expiration of such period. Notwithstanding the foregoing, the liability of a Party in any case where a breach of any

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representation and warranty made hereunder arises from a situation involving fraud, shall not be subject to any time limitation.

### ARTICLE 3. THE TRANSACTION

**3.1 Introduction and Objectives.** The provisions of this Article 3 provide the broad business principles and structure of the Transaction. The objectives of the Parties are:

- (a) to create Opco in which Cambior shall have a 70% majority shareholding and ownership, and Government shall have a 30% minority shareholding and ownership. Opco shall be a new entity owing no obligation and liability to any Person immediately after its incorporation, except to the extent provided in subsection 3.2(b);
- (b) to use their best efforts to incorporate Opco as soon as possible following the execution of this Agreement and to ensure that:
  - (i) Opco's Articles of Incorporation and By-laws shall be drafted and structured substantially along the lines of the Memorandum and Articles of Association of OMAI Gold Mines Limited, with the necessary adaptations, and shall incorporate the relevant provisions of this Agreement;
  - (ii) immediately after the issue, allotment and delivery of Shares to Cambior and Government, a board of directors comprised of a majority of representatives of Cambior shall be elected;
- (c) to reduce the average cost of the bauxite operation relating to the Opco Mineral Rights and Opco Assets, through efficiencies, improvements, higher production levels, changes in processes and improved and expanded markets; and
- (d) to finance the rehabilitation of a restructured bauxite process relating to the Opco Mineral Rights and Opco Assets, through Cambior raising debt financing of US\$ 20 million (as provided in section 3.3) to complement the capital contributions of Cambior and Government which form part of the equity contributions of Cambior and the Government as more fully described in section 3.2 on the basis of the Bankable Feasibility Study more fully described in section 3.4.

**3.2 Equity Contributions of Government and Cambior in Opco.** Immediately following its incorporation, Opco shall be held by two common shareholders, Cambior and Government, provided that either of Cambior and Government may substitute an

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Affiliate acceptable to the other, as shareholder of Opco. Cambior shall be guaranteed majority control of Opco with all Shares being held as to 70% by Cambior and 30% by Government. The respective equity contributions shall be determined as follows:

- (a) Cambior shall contribute a minimum of US\$10 million, being a combination of cash (US\$5 million) and equipment (US\$5 million) necessary for Opco operations provided that such equipment's value shall have been assessed by an acceptable third party;
- (b) Government shall contribute the Opco Mineral Rights and the Opco Assets, free and clear of all Liens, at an aggregate value, expressed in US currency, being equal to 30/70 of the aggregate of (i) the contribution of Cambior as per subsection 3.2 (a), and (ii) all costs and expenses incurred by Cambior during the Interim Period including, without limitation, the cost of the Bankable Feasibility Study and the fees and other expenses relating to the debt financing under section 3.3; in connection with the determination of its contribution hereunder, the Government:
  - (i) may enter into an agreement with Linmine for the set-off of certain loans and additional cash contributions to be made;
  - (ii) may cause the value of the Opco Mineral Rights and the Opco Assets to be either independently assessed or mutually determined by Cambior and Government; and
  - (iii) shall see that the portion of the Opco Assets including machinery and equipment be transferred at the net value thereof after taking account of any costs which Opco shall be required to incur in order to maintain such equipment and machinery in good working order in accordance with Applicable Law and applicable standards;

provided that, for greater clarity, nothing in subsection 3.2(b) shall entail a reduction of the Government's ownership and shareholding of Opco below 30% of the total Shares outstanding;

- (c) the Opco Mineral Rights shall be those mining licenses, prospecting licenses, mining leases and other mining rights, interests and permits (i) to be selected in accordance with section 3.14 and, thereafter, issued, granted and conveyed unto Opco by Government at Closing, and (ii) to be subject to the Right of First Refusal under section 3.15; the Opco Assets shall be those fixed and other assets and lands (including tailings areas) more particularly described in

Schedule "A" and to be used by Opco on a permanent basis; however, for greater certainty, the Opco Assets shall exclude:

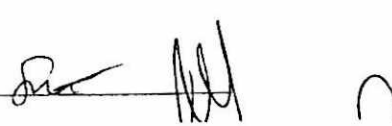
- (i) all mining equipment except mine dewatering equipment and other equipment identified as needed in the Bankable Feasibility Study; provided that this shall not reduce the equipment proposed to be transferred by Cambior which shall broadly include most of the required earth moving equipment for mining;
- (ii) the railroad and associated infrastructure;
- (iii) that portion of the electricity distribution applicable to the Linden community and mines located in the neighbourhood;

provided that the items described above in (i), (ii) and (iii), as well as any other excluded items (as agreed upon by the Parties at or prior to Closing and reflected in the definitive documentation) shall be available to Opco for a period not to exceed the Investment Period and, if used by Opco, shall be properly maintained and operated at Opco's expense during said period; and

- (d) working capital excluding all capital spares, and real estate not directly related to the Opco Mineral Rights shall not be transferred to Opco and shall remain the property of Linmine; however, working capital items owned by Linmine such as inventory and certain consumables may be made available to Opco as per a separate agreement between Linmine and Opco. Opco shall pay for such items at the time of use by Opco at cost or market value whichever is lower.

**3.3 Debt Financing.** In addition to its equity contribution provided in section 3.2, Cambior shall:

- (a) use its reasonable commercial best efforts to make the necessary arrangements to see that a third-party financing of US\$20 million be provided to Opco by one or several international financial institution (IFIs) such as IFC for the construction, development and operation of the Opco Mineral Rights and the Opco Assets in accordance with the terms of the Bankable Feasibility Study; such financing shall be for a minimum of 10 years and repayable under terms acceptable to Cambior; and



- (b) prepare at its expense, all of the documents necessary for the IFIs to raise the financing; Government shall fully and diligently support and cooperate with Cambior in raising such financing provided always that Government and Linmine are not in any way liable for obtaining such financing and shall not be obliged to incur any expense in providing said support and cooperation; said support and cooperation may include letters to institutions and technical support by Government/Linmine personnel.

**3.4 Bankable Feasibility Study.** Cambior shall prepare a report (the "Bankable Feasibility Study") containing a description and analysis of the method and costs and all other relevant aspects of developing, constructing, operating and exploiting the Opco Mineral Rights and the Opco Assets in accordance with the parameters set forth in this Agreement, which report would be of a standard acceptable to a financial institution with a view to obtaining third party financing in favour of Opco for the purposes set forth herein and, without limiting the generality of the foregoing, shall include:

- (a) the estimated mineable and recoverable reserves of minerals, the estimated average composition and content thereof which may be produced from the Opco Mineral Rights and the Opco Assets and their amenability to metallurgical treatment;
- (b) the procedures and methods for upgrading the Opco Assets and for developing, mining, producing and processing Products from the Opco Mineral Rights and the Opco Assets;
- (c) the description of the nature and extent of the buildings, machinery, equipment and other facilities, assets and rights proposed to be acquired or constructed for the purposes of developing, operating and exploiting the Opco Mineral Rights and the Opco Assets and for producing and processing Products from the Opco Mineral Rights and the Opco Assets;
- (d) the total costs, including capital costs, operating costs (including details of employment costs) and working capital investment, which the authors of the Bankable Feasibility Study reasonably estimate shall be required to operate the Opco Mineral Rights and the Opco Assets and to purchase, construct, install, operate, maintain and replace buildings, machinery, equipment and other facilities, assets and rights referred to in the preceding subparagraph and to conduct construction, development, mining and related operations and activities as contemplated in the Bankable Feasibility Study;

- (e) the details of the expected demand and economic costs in respect of the supply of power to meet Opco needs and the most effective way to obtain same, whether by own-generation, sharing generation, or such other arrangements that may be possible with Government or Linmine and satisfactory to Opco and Cambior; the Bankable Feasibility Study will review the current demand detailing the energy capacity and use of major equipment and estimate the future demand based on changes in the mining operations and the investment program relating to the Opco Mineral Rights and the Opco Assets; reliability and other technical considerations such as new connections or adjustments to the network shall also be included in the Bankable Feasibility Study;
- (f) a comparative cost analysis between the current exploitation by Linmine of the Opco Mineral Rights and Linmine Assets and the proposed exploitation by Opco of the Opco Mineral Rights and Opco Assets;
- (g) a description of the proposed organization and management structure, qualifications and training programs for the workforce, and management and operating systems to be implemented in order to achieve high operating standards;
- (h) a marketing study that shall provide adequate details of the current size, pricing, and suppliers of the major Products to be produced by Opco, and how Opco shall reasonably achieve the sales levels projected; appropriate letters from customers and analysis of switching costs shall be included; details on shipping, warehousing if necessary, and other distribution costs shall be included; plans to develop additional Products and new applications from the raw materials available from the Opco Mineral Rights and Opco Assets;
- (i) the appropriate environmental impact studies and costs and a description of the authorizations, permits and licenses which must be obtained in connection with the operations of the Opco Mineral Rights and the Opco Assets; and
- (j) such other data and information as are reasonably necessary to substantiate the existence of an ore deposit of sufficient size and grade to justify the aforesaid operation, taking into account all relevant business, tax and other economic considerations.

Subject to Cambior's obligations as per section 3.3, the Government and Linmine hereby irrevocably and unconditionally agree and covenant to fully and diligently

participate and cooperate with Cambior in respect of the preparation of a Bankable Feasibility Study and the solicitation of third-party financing described in section 3.3.

**3.5 Investment Period.** During such period of time (the "Investment Period") not exceeding 24 months following the Closing, Cambior and the Government shall cause Opco to ensure that:

- (a) Cambior's cash equity contribution, as well as its equipment contribution, as set forth in subsection 3.2 (a), will be used as provided in the Bankable Feasibility Study;
- (b) the debt financing provided under subsection 3.3 (a) will be used as provided in the Bankable Feasibility Study;
- (c) the production plan set forth in the Bankable Feasibility Study will be implemented; and
- (d) all buildings, equipment, facilities, fixtures and machinery comprising the Opco Assets will be restored, repaired or replaced with new, and will be in good and safe working order.

**3.6 Interim Period and Bankable Feasibility Study.** During the period (the "Interim Period") from the date of execution of this Agreement to the earlier of the time of Closing as set forth in Article 6, and the date upon which this Agreement is terminated in accordance with section 5.3, the Bankable Feasibility Study shall be submitted to the Government and approved by it and the Parties shall fulfill their respective covenants as set forth in the relevant provisions of sections 5.1 and 5.2.

**3.7 Conduct of Government and Linmine during the Interim Period.** During the Interim Period, Government and Linmine shall refrain from:

- (a) negotiating with any third party other than Cambior, in connection with the Transaction or any other transaction with similar effects in respect of Opco or the Opco Mineral Rights or the Linmine Assets;
- (b) accepting any third-party offer in respect of the foregoing, whether solicited or not;



- (c) concluding any agreement or arrangement with any third party in connection with Opco or the Opco Mineral Rights and the Opco Assets; and
- (d) entering into any agreement, negotiations, or proposal which would result in a liability to Opco or otherwise would adversely affect the Opco Mineral Rights and the Opco Assets or the Parties' ability to conclude the Transaction.

**3.8 Covenants of Government and Linmine during the Interim Period.** During the Interim Period, each of the Government and Linmine shall:

- (a) promptly notify Cambior of any significant development or material change in or with respect to the Opco Mineral Rights or the Opco Assets;
- (b) cause Linmine to limit the conduct of its business and activities as regards the Opco Mineral Rights and the Opco Assets to acts of administration and to such acts as may be necessary to preserve its right, title and interest in and to the Opco Mineral Rights and the Opco Assets; and
- (c) refrain from any action outside the ordinary course of Linmine's business and from any action or omission that would result in a breach of the representations, warranties and covenants set forth herein.

**3.9 Cambior's conduct of Due Diligence as regards Linmine.** For purposes of Cambior's conduct of due diligence and review of the Opco Mineral Rights and the Linmine Assets and operations thereat, Linmine and Government shall allow its accountants, legal counsel, financial advisors and other agents or representatives:

- (a) to have full access during normal business hours, to the areas covered by the Opco Mineral Rights, to the Linmine Assets and to drill cores, assay results, maps and diagrams, books, contracts, statements, studies, records and documentation (whether in writing or stored in computerized, electronic, disk, tape, microfilm or any other form) or materials of any nature whatsoever in relation to the Opco Mineral Rights and the Linmine Assets; and
- (b) to perform a review and examination (the "Review") of the foregoing, of all documents, of Linmine's activities in respect of the Opco Mineral Rights and the Linmine Assets, of the status of the various agreements, to examine the legal and beneficial title to the Opco Mineral Rights and the Linmine Assets, and of all other matters that Cambior may reasonably wish to investigate in connection with

the Transaction including, without limitation, legal and tax aspects relating to the Transaction, the Opco Mineral Rights and the Linmine Assets and Opco.

**3.10 Cambior's Review.** In connection with the Review, each of Linmine and the Government shall, without limiting the generality of section 3.9 and without restricting the representations and warranties made in Article 2, allow:

- (a) Cambior to check Linmine's compliance with all its representations and warranties set forth in Article 2 hereof;
- (b) Cambior to check the legal nature and validity of the rights and interests held pursuant to the Opco Mineral Rights, and to check legal and ownership title to the Linmine Assets and to review all legal aspects relating to the Transaction, including native rights issues and issues over which the Government may have jurisdiction;
- (c) Cambior's technical personnel to carry out sampling and to check validity of anomalies relating to any parcel of land covered by the Opco Mineral Rights, at Cambior's expense; and
- (d) Cambior's engineers and personnel to carry out field visits to the lands covered by the Opco Mineral Rights, at Cambior's expense.

The Review shall be at Cambior's sole cost, expense and risk.

**3.11 Linmine's and Government's conduct of Due Diligence on Cambior.** For purposes of due diligence on Cambior's ability to fulfill its obligations under this Agreement and to provide Government reasonable knowledge of Cambior's overall capability, Cambior and any of its Affiliates, shall allow Government and Linmine, their accountants, legal counsel, financial advisors and other agents or representatives to:

- (a) review past audited and published financial statements;
- (b) request reasonable information, subject to any constraint provided in Applicable Law, to assess Cambior's current financial/liquidity position;
- (c) request reasonable information, subject to any constraint provided in Applicable Law, to assess Cambior's overall expertise in the area of management of

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production, product development, and marketing as it relates to bauxite mining;  
and

- (d) request reasonable information, subject to any constraint provided in Applicable Law, to assess Cambior's ability to sustain the new strategic directions it has chosen.

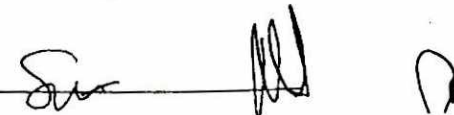
In connection with the foregoing Cambior shall facilitate on-site visits of its mines and meetings with relevant senior management.

**3.12 Confidentiality.** The Parties' mutual obligations to provide documents and information to one another and to permit one another access under sections 3.10 and 3.11 shall be subject to the provisions of Article 7 and may be contingent on Government's and Linmine's prior execution of a confidentiality agreement in Cambior's favor if so requested by Cambior, and Cambior's prior execution of a confidentiality agreement in Government's and Linmine's favor, if so requested by Government and Linmine, as the case may be.

**3.13 Related Party Transactions.** No transaction, contract, or other arrangements (including but not limited to employment arrangements and contracts for services) between Opco and a Party or an Affiliate or a Party shall be permitted unless approved by all of the Parties and concluded on terms no less favorable than that available by competitive sources or market pricing.

**3.14 Cambior's Selection of Mineral Rights.** As part of the Opco Mineral Rights, Cambior shall select, at the conclusion of the Bankable Feasibility Study, mineral rights or interests centered around the Montgomery and Dacoura Deposits and other deposits to be covered by one or several mining licenses to be granted to Opco by the Guyana Geology and Mines Commission ("GGMC"). In addition, Cambior shall select other mineral rights or interests to be covered by one or several prospecting licenses to be granted to Opco by the GGMC. The remaining Opco Mineral Rights shown on the Map and not selected by Cambior in accordance with this section 3.14 (the "Remaining Mineral Rights") shall be subject to the Right of First Refusal provided in section 3.15.

All rentals shall be calculated at the statutory rates as prescribed from time to time. In consideration of the need to conduct reassessment studies on the remnant areas as well as the available types of bauxite present and marketing possibilities of same, all rental payments shall come into effect, and become payable commencing twelve (12) months after Closing.



For greater certainty, certain areas, namely the Yararibo, Lucky Spot and Nieu Haarden Mined-Out Areas, with the exception of the infrastructure and stockpile areas of Nieu Haarden shall be excluded from this Agreement.

**3.15 Right of First Refusal on the Remaining Mineral Rights.** The Parties hereby agree and covenant that Linmine (or the Government, directly or through a governmental entity) shall continue to own and hold all of the right, title and interest in and to the Remaining Mineral Rights. However, if Linmine (or the Government, directly or through a governmental entity) desires to sell, assign, convey and transfer any of the Remaining Mineral Rights or any right thereto or any interest therein (hereinafter, an "Interest"), Cambior shall have the preemptive right to acquire such Interest as set forth hereinafter in this section 3.15 (the "Right of First Refusal"):

- (a) Linmine (or, as applicable, the Government) shall obtain a *bona fide* offer relating to such Interest and promptly notify Cambior of its intention. The notice shall specifically identify the proposed transferee, shall state the consideration to be accept for the proposed transfer and shall set all other pertinent terms and conditions of the intended transfer. Cambior shall have 30 days from the date such notice is delivered to notify Linmine whether it elects to acquire the Interest for the same consideration and on the same terms and conditions as set forth in the notice. If it does so elect, the transfer shall be consummated within 120 days after notice of such election is delivered to Linmine. At the closing of such transfer, the Transferred Interest will make part of the Opco Mineral Rights and Linmine (or, as applicable, the Government) shall provide to Cambior, in the relevant instrument of transfer, the representations and warranties set forth in section 2.2, with the necessary adaptations, in respect of the transferred Interest;
- (b) if Cambior fails to so elect within the period provided for in subsection 3.15(a), Linmine shall have 120 days following the expiration of such period to consummate the transfer to the third party identified in the notice under subsection 3.15(a) at a price and on terms no less favourable to Linmine than those offered by Cambior in the notice;
- (c) if Linmine fails to consummate the transfer to the third party within the period set forth in subsection 3.15(b), Cambior's Right of First Refusal in such offered Interest shall revive. Any subsequent proposal to transfer such Interest shall be conducted in accordance with all of the procedures set forth in this section 3.15; and

- (d) unless otherwise terminated by the Parties in writing, the Right of First Refusal shall be in full force and effect for a period equivalent to the duration of the Mineral Agreement referred to in subsection 6.2(f), as such Mineral Agreement may be extended or renewed from time to time.

**3.16 Remedial Measures and Exoneration of Liability during the Investment Period.** The Parties hereby acknowledge that, subsequent to Closing, Opco may need to implement all such remedial or correction measures as it deems necessary or appropriate with a view to ensuring that the lands covered by the Opco Mineral Rights as well as the Opco Assets and operations performed in respect thereof be in compliance with Applicable Law as well as with any additional relevant guideline provided in the Bankable Feasibility Study (an "Environmental Guideline"), if any. The Parties hereby further acknowledge and declare that the current condition of the lands covered by the Opco Mineral Rights, and of the Opco Assets may preclude Opco from fully complying with Applicable Law and any Environmental Guideline. Therefore, the Government and Linmine hereby irrevocably agree and covenant not to hold Opco and Cambior in any manner whatsoever responsible or liable in respect of any circumstances where the lands covered by the Opco Mineral Rights, the Opco Assets or Opco's activities and operations thereat are not complying with Applicable Law or any Environmental Guideline during the Investment Period. However, the limitation set forth in this section 3.16 shall not limit or remove neither Opco's obligation to conduct its activities in accordance with sound mining industry standards and practices, nor Opco's liability for negligence or misconduct.

**3.17 Labor Matters.** Effective upon Closing, Linmine shall act as a labour provider and make available to Opco any and all labour specifically required by Opco for a duration specified by Opco but not to exceed the Investment Period. Opco will be responsible to reimburse Linmine for all direct and indirect costs related to such required labour. The Parties shall reach mutually acceptable terms on the provision of the necessary skills required by Opco to ensure an orderly transition for a reasonable period of time following the Closing.

The Parties hereby further acknowledge, agree and covenant that Opco, in its sole discretion, shall be entitled to hire new employees based on qualifications to be defined by Opco with preference to persons previously employed by Linmine. Opco will undertake to implement a program encouraging the employment of a maximum number of Guyanese employees and to provide training arrangements therefor.

3.18 **No Liability to Town of Linden.** For greater certainty, the Parties hereby agree and covenant that Opco shall not be responsible or liable for expenses and obligations incurred by, or for the account of the town of Linden other than the payment of reasonable municipal taxes.

#### ARTICLE 4. TAXATION OF OPKO

4.1 **Royalty and Taxation.** The Government hereby irrevocably agrees and covenants that:

- (a) no royalty shall apply to any production from the Opco Mineral Rights and Opco Assets for the first five (5) years following the Closing; thereafter, a royalty shall be payable at the rate of 1.5% on the FOB value of shipments of Products from Linden, provided that in the event that Opco pays any amount of corporate tax during any year following the Closing, the royalty payment or payments, as applicable, will be deducted from payment of corporate tax for that year;
- (b) the corporate tax rate applicable to Opco shall not be in excess of 35% and shall remain stable for the entire duration of the Mineral Agreement referred to in Article 6;
- (c) for the entire duration of the aforesaid Mineral Agreement, there shall be no withholding tax on interest payments and dividends;
- (d) Opco shall not pay any taxes on all supplies required for the construction, development, operation and maintenance in respect of the Opco Mineral Rights and Opco Assets, including, without limitation, fuel (which includes diesel, oil and lubricants).

#### ARTICLE 5. CONDITIONS PRECEDENT TO CLOSING AND TERMINATION

5.1 **Conditions Precedent in favor of Cambior.** This Agreement and Cambior's obligation to complete the Transaction remain subject to the fulfillment of each of the following conditions in favor of Cambior (unless waived by Cambior in its absolute discretion):

- (a) the completion of the Review by Cambior to its full satisfaction in accordance with sections 3.9 and 3.10;

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- (b) Opco shall have been incorporated with 70% of its total issued and outstanding Shares owned by Cambior and a majority of its board of directors' members being representatives of Cambior;
- (c) Government and Linmine shall have obtained arrangements acceptable to Cambior for the supply of power to Opco and the Opco Assets;
- (d) the Government shall have caused Linmine to plan, negotiate, organize and initiate the termination of employment of all its employees, subject to section 3.17;
- (e) the Government's and Linmine's representations and warranties set forth in the relevant provisions of Article 2 shall remain true and accurate in all material respects up until the time of Closing;
- (f) the receipt of legal opinions addressed to Cambior regarding corporate matters relating to Opco as well as title matters relating to the Opco Mineral Rights and Opco Assets, in form and substance satisfactory to Cambior and its counsel;
- (g) there shall not have occurred any Material Adverse Event in the business and affairs relating to, or in the value or condition of, or title to, the Opco Mineral Rights and Opco Assets;
- (h) the Government's and Linmine's full compliance with their covenants and undertakings as set forth in the relevant provisions of Article 3;
- (i) the Transaction and the Bankable Feasibility Study shall have been approved by the board of directors of Cambior (which has full discretion to approve or not);
- (j) the third party financing arrangements referred to in section 3.3 shall be in place on terms acceptable to Cambior; and
- (k) Cambior shall have reached agreement with Government and Linmine on all the matters and agreements set forth in Article 6.2.

If any of the conditions set forth in section 5.1 is breached prior to, or remains unfulfilled at the latest as at the time of Closing in section 6.1, Cambior shall give written notice to Government and Linmine within thirty (30) days and shall be entitled, in its sole

*Signatures*

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discretion, to rescind and/or terminate this Agreement and refuse to complete the Transaction without any cost and without incurring any liability whatsoever to Linmine or to the Government.

**5.2 Conditions Precedent in favor of Linmine and Government.** The Government's and Linmine's obligation to complete the Transaction remains subject to the fulfillment of each of the following conditions in their favor (unless waived by Government and Linmine in their absolute discretion):

- (a) Cambior's representations and warranties set forth in the relevant provisions of Article 2 shall remain true and accurate up until the time of Closing;
- (b) Cambior shall have completed the Bankable Feasibility Study and the Government shall have approved it;
- (c) the third-party financing described in section 3.3 shall be committed to Opco on terms acceptable to Government;
- (d) the Government shall have completed and be satisfied with the results of its review and due diligence outlined in section 3.11;
- (e) Government and Linmine shall have reached agreement with Cambior on all the matters and agreements set forth in section 6.2; and
- (f) the receipt of a legal opinion from legal counsel to OMAI Gold Mines Limited and of a valuation report from an expert firm, addressed to Government and Linmine regarding, respectively, title to, and value of the (Omai mine) equipment to be contributed to Opco by Cambior in accordance with section 3.2, in form and substance satisfactory to Government and Linmine and their legal counsel.

If any of the conditions set forth in section 5.2 is breached prior to, or remains unfulfilled as at the time of Closing, the Government or Linmine shall give written notice to Cambior within thirty (30) days and shall be entitled, in its sole discretion, to rescind and/or terminate this Agreement and refuse to complete the Transaction, without any cost and without incurring any liability whatsoever to Cambior.

**5.3 Termination of Agreement.** This Agreement may only be terminated in accordance with sections 5.1 and/or 5.2, as applicable. Notwithstanding and in addition to any other provision hereof, this Agreement shall be terminated and shall be null and

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void if the Closing in section 6.1 does not occur within the 12-month period following the date of execution hereof which is the first above-written date or such later date as the parties may mutually agree in writing.

## ARTICLE 6. CLOSING

**6.1 Date of Closing.** The Closing shall only occur when each condition set forth in the relevant provisions of Article 5 will have been fulfilled to the satisfaction of the Party in whose favor such condition applies (or will have been waived by such Party in its absolute discretion). The Parties shall use their commercial best efforts to achieve Closing by November 15, 2002 but the Closing shall occur no later than May 31, 2003 or such later date as may be mutually agreed by the Parties in writing.

**6.2 Documents at Closing.** At Closing, the completion of the Transaction shall be evidenced by the execution and delivery of the following documents:

- (a) the Articles of Incorporation and By-Laws of Opco, drafted as set forth in paragraph 3.1(b)(i);
- (b) one or several Share Subscription Agreements between Opco as issuer, and Cambior and Government or their respective Affiliates designated as shareholders of Opco (and subscribers of Shares);
- (c) a Shareholders' Agreement between Opco, Cambior and Government and, if applicable, their respective Affiliates designated as Shareholders of Opco;
- (d) cheques to the order of Opco or confirmation of wire transfer of funds in favor of Opco, for the amounts referred to in section 3.2;
- (e) such instruments acknowledging and giving effect to (i) the reconveyance and transfer of the Opco Mineral Rights (selected pursuant to section 3.14) from Linmine to Government, and (ii) the issue, grant and conveyance of the Opco Mineral Rights by Government to Opco; such instruments acknowledging and giving effect to the assignment, conveyance and transfer of the Opco Assets from Linmine to Opco; together with all such other instruments deemed necessary or desirable by the Parties in order to consummate and give effect to the Transaction; the whole in form and substance suitable for the proper issue, grant and conveyance of the Opco Mineral Rights, and for the transfer of the Opco Assets, in favor of Opco free and clear of all Liens, and suitable for the

registration thereof with the relevant public registry and Government Authorities, the whole in compliance with Applicable Law; also such necessary or desirable instruments of conveyance and transfer, if applicable, in respect of the equipment and material referred to in section 3.2;

- (f) a Mineral Agreement to be entered into by Cambior, the Government and Opco which shall incorporate the relevant provisions of this Agreement, which shall, *inter alia*, identify all Opco Mineral Rights, Opco Assets, as well as all other licenses, leases, permits, authorizations and consents to be issued, granted, conveyed and transferred to Opco, and which shall be drafted and structured along the lines of the Mineral Agreement dated August 16, 1991 and relating to OMAI Gold Mines Limited and the Omai mine, with the necessary adaptations;
- (g) originals of the Opco Mineral Rights as well as the other licenses, leases, permits, authorizations and consents issued in the name of Opco;
- (h) the original Vesting Order for the transfer of Opco Assets to Opco;
- (i) a share certificate duly registered in the name of Cambior, or a designated Affiliate thereof, and representing 70% of the total issued and outstanding Shares;
- (j) a share certificate duly registered in the name of the Government or a designated nominee thereof, and representing a 30% of the total issued and outstanding Shares;
- (k) the legal opinions referred to in sections 5.1 and 5.2;
- (l) instruments in form and substance satisfactory to Cambior, reflecting Government's and Linmine's assumption of all costs, obligations, undertakings and liabilities for (i) all past activities (*i.e.* prior and up to the time of Closing) in respect of the Opco Mineral Rights and the Opco Assets, and (ii) the termination of employment of Linmine's employees;
- (m) certified copies of resolutions of the board of each of Cambior and Linmine approving and authorizing the Transaction, together with certified copy of the relevant decision, decree, order, resolution or instrument of the Government approving the Bankable Feasibility Study and authorizing the Transaction;

- (n) satisfactory evidence of satisfactory arrangements for power supply as per subsection 5.1(c); and
- (o) all such other certificates, deeds, forms, instruments, receipts and other documents required by the terms of this Agreement or reasonably requested by a Party in furtherance of the Transaction.

Unless otherwise agreed between the Parties, Cambior shall prepare initial drafts of the various documents referred to in section 6.2.

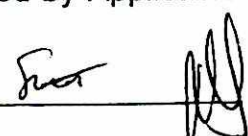
**6.3 Covenants regarding Opco subsequent to Closing.** The Parties hereby agree and covenant that, promptly following Closing and subject to section 3.16, they shall cause Opco to:

- (a) implement all such remedial or correction measures as it deems necessary or appropriate with a view to ensuring that the lands covered by the Opco Mineral Rights, the Opco Assets and operations performed in respect thereof are in compliance with Applicable Law relating to the protection of the environment as well as with Environmental Guideline, if any; and
- (b) assume, at all times following Closing, all costs, obligations and liabilities of any nature and kind whatsoever ensuing from its holding of the Opco Mineral Rights and its ownership of the Opco Assets, and incurred or arising after Closing (and of any Interest it may acquire after Closing as per section 3.15) and the conduct of all activities, operations and works in respect thereof.

## **ARTICLE 7. CONFIDENTIALITY AND PUBLICITY**

**7.1 Confidentiality.** The terms and conditions of this Agreement together with any information concerning this Agreement, the Parties, Opco, the Transaction, the Opco Mineral Rights and the Linmine Assets (collectively, the "Confidential Information"), which may be disclosed by any Party, its directors, officers, employees, managers, consultants, agents or affiliates and received by any other Party, its directors, officers, employees, managers, consultants, agents or affiliates (collectively, the "Recipient"), shall be kept strictly confidential and the Recipient shall:

- (a) refrain from directly or indirectly disclosing or making available any Confidential Information to any Person for any use, except as may be required by Applicable Law; and



- (b) restrict disclosure of any and all Confidential Information only to those of its directors, officers, employees, managers or agents whose duties justify the need to know such Confidential Information (including directors, officers, employees, managers or agents of Affiliates); and the Recipient shall advise all such Persons of the strict obligations of confidentiality hereunder; the Recipient shall further take all such measures as may be necessary to protect the confidentiality of the Confidential Information and shall require its directors, officers, employees, managers, consultants and agents to refrain from using the Confidential for any other purpose than to assist the Recipient in carrying out its obligations under this Agreement.

**7.2 No Public Disclosure.** In furtherance of Article 7.1 and at all times during the Interim Period, because of the conditional nature of this Agreement, the highly conditional availability of the third-party financing referred to in section 3.3, the likelihood that competitors may interfere with Cambior's (with Government and Linmine cooperation) efforts to secure this third-party financing, and in order to avoid unnecessary high public expectations at this stage and throughout the Interim Period, the Parties hereby agree and covenant to keep all Confidential Information highly confidential until third-party financing is organized and committed and Cambior has substantially and satisfactorily completed its due diligence and Review and the Government and Linmine have satisfactorily completed their due diligence. For greater certainty, in all circumstances throughout the period preceding Closing, the Parties hereby agree and covenant to refrain from making any public statements or other disclosures of any Confidential Information because of this Agreement's conditional character until such time as all Parties agree, acting reasonably, that such conditional character will have materially decreased.

**7.3 Public Statements.** Subject to section 7.2, public statements, announcements or reports (including press releases) by a Party of any information relating to this Agreement, Opco, the Transaction, the Opco Mineral Rights and Linmine Assets (whether given to a stock exchange or otherwise) shall be made on the basis of agreed texts approved in good faith in advance of issuance by the other Parties, such approval not to be unreasonably withheld. Each Party (the "Reporting Party") accordingly agrees with the other Parties that it will, in advance of reporting to a stock exchange or making any public statement, announcement, report or other disclosure, advise the other Parties of the text of the proposed announcement, report or other disclosure and provide the other Parties with the opportunity to make comment upon and changes to the form and content thereof before the same is issued. Such comments or changes,

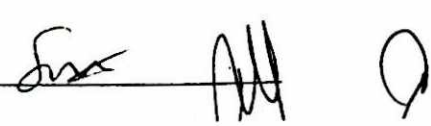
as the case may be, shall be communicated to the Reporting Party within a reasonable time having due regard to the urgency of the announcement but, in any event, not later than 24 hours after its communication to the other Parties.

## ARTICLE 8. GOVERNING LAW AND ARBITRATION

**8.1 Governing Law.** This Agreement is made under and shall be governed by and construed in accordance with the laws of the Republic of Guyana, excluding its conflicts of law provisions.

**8.2 Dispute Resolution.** If any dispute or conflict, whether contractual or not in nature, arises out of or in connection with the relationship between the Parties (for the purposes of appointing arbitrators as per subsection 8.2(a), the Government and Linmine shall be deemed to be one and the same Party *vis-à-vis* Cambior), the performance of this Agreement or the breach, termination, validity or interpretation thereof or the performance of the Transaction (hereinafter referred to collectively as a "Dispute"), any Party may refer the Dispute to final and binding arbitration under the International Arbitration Rules (the "Rules") of the American Arbitration Association (the "Court"), applicable as of the date hereof. In particular, the arbitration shall be conducted in accordance with the following provisions:

- (a) each Party shall be entitled to appoint a qualified person who shall be knowledgeable in respect of the general subject matter of the Dispute, to act as arbitrator; the Court shall appoint a third arbitrator to complete the tribunal, and the person so appointed by the Court shall act as chairman of the arbitration tribunal;
- (b) the place of arbitration shall be Toronto, Ontario, Canada and hearings shall be held in Toronto or at any other location mutually agreed by the Parties; all arbitration proceedings shall be conducted in the English language; and
- (c) each Party shall participate in any arbitration proceedings at its own expense, and expenses of arbitration shall be borne equally by the Parties. In the case of an award of monetary damages, the Court shall be entitled to award interest thereon from the earlier of (i) the date on which proceedings are instituted and (ii) the date on which the relevant obligations became exigible.

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**9. GENERAL PROVISIONS**

**9.1 Binding Nature.** This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. No Party shall assign its rights or delegate its obligations hereunder voluntarily nor by operation of law without the prior written consent of the other Parties.

**9.2 No Waiver.** The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit such party's right thereafter to enforce any provision or exercise any right. No waiver by a Party, in whole or in part, of any term, condition or other provision hereof stipulated for its benefit, shall be enforceable against such Party unless given in writing and executed by a duly authorized officer of such Party.

**9.3 Amendment.** No modification or amendment to this Agreement shall be valid unless made in writing and duly executed by the Parties.

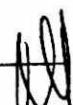
**9.4 Entire Agreement.** This Agreement, including the schedules, appendices and exhibits hereto, contains the entire understanding of the Parties and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof.

**9.5 Severability.** If any term, part or provision of this Agreement is declared unenforceable, illegal, or in conflict with any laws to which this Agreement and the Transaction are subject, such term, part or provision shall be considered severed from this Agreement, the remaining portions thereof shall not be affected and this Agreement shall be construed and enforced as if it did not contain that term, part or provision.

**9.6 Fidelity to the Agreement and Transaction.** Each Party agrees not to perform any act or enter into any transaction or negotiation, which would interfere or be inconsistent with the terms of this Agreement and the due completion of the Transaction.

**10. EXPENSES**

**10.1** Each Party hereby agrees to pay its own and all its representatives' fees and expenses incurred in connection with (i) the preparation, negotiation, execution and



delivery of this Agreement and any of the documents set forth in section 6.2, and (ii) the Closing.

## 11. INDEMNIFICATION

**11.1 By the Government and Linmine.** The Government and Linmine hereby jointly and severally agree and covenant to indemnify and save Cambior and Opco harmless from and against any loss, cost, expense, damage, or liability (including, without limitation, reasonable and documented attorneys' fees, and other expenses incurred in defending against litigation, either threatened or pending) arising out of or based upon:

- (a) any breach by the Government and Linmine of any representation, warranty, covenant or agreement made by it in this Agreement;
- (b) any failure by the Government or Linmine to satisfy any commitment or obligation made under this Agreement or any document executed or delivered in connection with the Transaction;
- (c) any environmental liability or adverse environmental condition of any nature whatsoever which may arise from or exist in connection with the Opco Mineral Rights, the Linmine Assets or the Opco Assets at any time prior to the Closing;
- (d) any claim, obligation, liability or indebtedness owed to directors, officers or employees of Linmine; and
- (e) any obligations or liabilities of Linmine of any nature whatsoever.

**11.2 By Cambior.** Cambior hereby agrees and covenants to indemnify and save the Government and Linmine harmless from and against any loss, cost, expense, damage, or liability (including, without limitation, reasonable and documented attorneys' fees and other expenses reasonably incurred in defending against litigation, either threatened or pending) arising out of or based upon:

- (a) any breach of any representation, warranty, covenant or agreement made by it in this Agreement;
- (b) any failure by Cambior to satisfy any commitment or obligation made under this Agreement or any document executed or delivered in connection with the Transaction; and

- (c) any environmental liability or adverse environmental condition of any nature whatsoever which may arise from or exist in connection with the Opco Mineral Rights and Opco Assets at any time after the end of the Investment Period.

**11.3 Procedure for Claims.** If any claim or demand (a "Claim") is asserted by any Person against a Party in respect of which such Party may be entitled to indemnification under the provisions of this Article 11 (the "Indemnified Party"), written notice of such Claim, specifying the basis for the Claim and the amount thereof (to the extent feasible) shall promptly be given to the other Party (the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right (and if the Claim is based on a claim made by a third Person, shall notify the Indemnified Party whether it exercises such right), within thirty (30) days of its receipt of the notice of the Claim, to assume (subject to the right of the Indemnified Party to participate, at its own expense and with counsel of its choice) the entire control of the defense, compromise or settlement of the Claim, including, at the Indemnifying Party's expense, retaining counsel of its choice. No Claim shall be settled or otherwise compromised without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld. Any damages to the assets, business or operations of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a Claim in a reasonable and expeditious manner, after the Indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obliged to indemnify the Indemnified Party.


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

**11.5 Limitation on Liability.** An indemnifying Party shall not be liable to an indemnified Party for compensation hereunder unless the cumulative amount of compensation owing under all or any such claims exceeds US \$50,000 in the aggregate. In such event, however, the full amount of any compensation owing shall be payable without deduction.




**IN WITNESS WHEREOF**, the parties hereto have executed this agreement at the city of Georgetown, Guyana as of the date first above written

**THE REPUBLIC OF GUYANA**

Per:   
\_\_\_\_\_  
The Government of Guyana,  
Through its duly authorized representative

**CAMBIOR INC.**

Per:   
\_\_\_\_\_  
Duly Authorized Officer

**LINDEN MINING ENTERPRISES, LTD.**

Per:   
\_\_\_\_\_  
Duly Authorized Officer

**SCHEDULE "A"**

**OPCO ASSETS**

The Opco Assets include, subject to subsection 3.2(c), all tangible property used in connection with the development or operation of the bauxite deposits located in the area covered by the Opco Mineral Rights designated on the Map featured in Schedule "B"; all intellectual property rights (including rights over software) pertaining to any industrial equipment, process or facilities used in operations relating to the Opco Mineral Rights; all moveable property relating to the Opco Mineral Rights including all equipment, machinery, rolling stock, material handling equipment, vehicles, tools, furniture, furnishings and parts, supplies and accessories relating thereto used or to be used in any way directly in exploring for, extracting, mining, producing, storing or processing Products; access to and use of all geological, geophysical and other information relating to the Opco Mineral Rights.

For greater certainty and subject to subsection 3.2(c), the Opco Assets shall be defined by the Parties prior to Closing using the following list as the starting point:



FIXED ASSETS

## A) BUILDINGS



BUILDING NO.	BUILDING DESCRIPTION
1	Pump Station
2	Dock Superintendent Office
3	Storage Facility
4	Storage Facility
4A	Sub-Station
4B	Electrical Workshop
4C	Lunchroom/Locker Room
4D	Control Room
4E	Foreman's Office
6	Stores Office
7	Stores Building
7A	Lunchroom
8	Stores/Bond
8A	Stores/Bond
9	Machine Shop
10	Machine Shop Offices

## A) BUILDINGS

BUILDING NO.	BUILDING DESCRIPTION
11	Electrical Department
12	Electrical Sub-Stores & Lumber Storage
14	Construction Department
14A	Workshop
15	Mobile Equipment Workshop
15A	Pipe Fitting Workshop
15B	Workshop, Lunchroom & Locker Room
15C	Construction Workshop
15D	New Electrical Workshop
15E	Constabulary Post
15F	Pontoon Repair
15G	Fire Station
17	Mill Office
19	Mill Wash & Locker Room
20	Canteen
23	Employment Office
24	Laboratory

A) BUILDINGS

BUILDING NO.	BUILDING DESCRIPTION
29	General Offices
29A	Industrial Relations
29B	Mines Technical
29C	Personnel
	Main Dock
33	Marshalling Yard Offices
34	Locomotive Sheds
36	Maid's Change Room
	Research & Development Center

*Plan*  

## B) MACHINERY &amp; EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
<b>East Montgomery Mine Site</b>		
8	1	1989 Crawler Type Excavator/Backhoe Komatsu PC650
9	1	1997 Crawler Excavator/Backhoe Caterpillar 375
10	2	1987 & 1989 Crawler Tractor/Dozers Komatsu D355
11	1	1990 Crawler Tractor/Dozer Caterpillar D-10N
12	1	1990 Crawler Type Rock Drill Gardner Denver
13	4	1994 Portable Light Towers Maxi-Light
14	2	1992 Articulating Dump Trucks Caterpillar D400D
15	3	1987 & 1993 Off-road Dump Trucks nos. 5,8 & 9 Caterpillar 769C
16	1	1986 Rubber Tire Wheel Loader no.7 Komatsu WA600
17	2	1993 Rubber Tire Wheel Loaders nos.3 & 6 Komatsu WA600
18	1	1990 Motor Scrapper Terex
19	1	Est. 1975/80 Crawler Type 100 Ton Crane American
20	1	Est. 1985/90 All-Terrain 45 Ton Mobile Crane Grove
21	1	Est. 1975/80 Electrical Substation 69,000 HV / 7,000 LV x 5,000 kva
22	9	Various End-Suction Sump Pump Sets
23	1	Est. 1970/75 All-Terrain 10 Ton Mobile Crane Grove

## B) MACHINERY &amp; EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
24	2	25,000 USG Horizontal Diesel Storage Tanks
25	7	Skid Mounted Enclosed Portable Electrical Substations 2-500 kva
26	1	Lot - Miscellaneous Items - diesel tanks, wood shacks, conveyor frames & screens, etc. (in East Montgomery)
<b>East Montgomery Workshop Area</b>		
27	1	Overhead Bridge Crane Stewart Watty
28	1	Lot - Redundant Mobile Equip. - Demag Crawler/Excavator, Fiat Allis Motor Grader
<b>East Montgomery Bucket Repair Workshop</b>		
29	1	Lot - DC Arc Welders with Cables and Electrode Holders
30	1	Est. 1990/95 Overhead Top Running Box-Type 7 Ton Bridge Crane Davy Morris
31	1	Lot - Bucket Repair Equip. - Colchester Engine Lathe, Elliot Radial Arm Drill, Bridge, Motor Speed Reducers, Cable Winch, Diesel & Lube Tanks
32	1	Lot - Miscellaneous Items - Floor Type Grinder, Floor Drill Press, Conveyor Splicer Unit, Hydraulic Shop Press
<b>East Montgomery Heavy Equipment Workshop</b>		
33	1	1998 High Pressure Washer Aaladin Cleaning Systems
34	1	Est. 1970/80 Overhead Top Running Box-Type 10 Ton Bridge Crane
35	1	Lot - Equip. Power Hacksaw, DC Arc Welders, Sump Pump Sets, Storage Tanks, Diesel Genset, Milling Machines, Air Compressors, Hand Tools
36	1	1986 Motor Grader Caterpillar 16G
37	1	Diesel Powered Fork Lift Truck Caterpillar V-120

## B) MACHINERY &amp; EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
<b>East Montgomery Laboratory</b>		
38	1	1998 Atomic Absorption Spectrometer Perkin Elmer
39	1	Est. 1991 X-Ray Fluorescence Spectrometer Philips
40	1	Lot - Miscellaneous Equip. - Ovens, Scales, Moulds, Furnaces, Bauxite Samplers, Ball Mill, Marta Mill, Air Compressors, Yard Transformers, etc.
<b>Narrow Gauge Railway &amp; Marshalling Yard</b>		
41	1	Raw Ore Narrow Gauge Rail System
42	1	Lot - Miscellaneous Marshalling Yard Equip. - DC Arc Welders, Railroad Scooters, Transformer 500 kva, Switching Panel, Hand Tools
<b>Linmine Process Plant</b>		
43	1	Open circuit Raw Ore Crushing System
44	1	Est. 1940/50 & 1967 Twin System Bauxite Wash Plant
45	1	Est. 1967 Slurry Filtration and Tailing Recovery Plant (300 tonnes/hr)
46	1	Est. 1965/70 Calciner Kiln no.13
47	1	Est. 1976/78 Calciner Kiln no.14
48	1	Est. 1950 Oil Fired Rotary Bauxite Dryer
49	1	Est. 1940/50 Oil Fired Rotary Bauxite Dryer no.3
50	1	Est. 1970/75 & 1997 Gravimetric System
51	1	Est. 1965/70 Flat and Inclined Washed Ore Storage Belt Conveyor no.SR-6
52	1	Est. 1965/70 Flat and Inclined Washed Ore Storage Belt Conveyor no.SR-3
53	1	Est. 1965/70 Overhead Traversing Shuttle Belt Conveyor no.DP-3







## B) MACHINERY &amp; EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
54	2	Est. 1965/70 Underground Unload Belt Conveyor nos.DL-1 & DL-2
55	1	Est. 1965/70 Underground Unload Belt Conveyor no.DL-3
56	1	Est. 1965/70 Underground Unload Belt Conveyor no.DL-4
57	1	Est. 1960/65 300 MTPH Capacity Ship Loading System no.1
58	1	Est. 1965/70 Inclined and Elevated Belt Conveyor no.CP-13
59	1	Est. 1965/70 Overhead Belt Conveyor no.CP-8
60	1	Est. 1965/70 Inclined Belt Conveyor no.CP-4
61	1	Est. 1965/70 Inclined and Elevated Belt Conveyor no.CP-5
62	1	Est. 1965/70 Overhead Belt Conveyor no.CP-6
63	1	Est. 1965/70 Overhead Belt Conveyor no.CP-6A
64	1	Est. 1965/70 Overhead and Flat Conveyor no.CP-7
65	1	Est. 1960/65 Underground Unload Belt Conveyor no.CL-1
66	1	Est. 1960/65 Inclined Belt Conveyor no.CL-2
67	2	Est. 1960/65 Underground Unload Belt Conveyor nos.CL-3 & CL-5
68	2	Est. 1960/65 Flat Belt Conveyor nos.CL-4 & CL-6
69	1	Est. 1960/65 Inclined Belt Conveyor no.CL-11





## B) MACHINERY &amp; EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
70	1	Est. 1960/65 Vertical Steel Storage Silo
71	1	Est. 1960/65 Inclined Belt Conveyor no.CL-10
72	1	Est. 1960/65 Inclined Belt Conveyor no.CL-12
73	1	Est. 1960/65 400 MTPH Capacity Ship Loading System no.2
<b>Machine Shop</b>		
74	1	1989 Heavy-Duty Track Repair System Maruma Technica Company
75	1	Lot - Roller Idler Repair Equip. - Flux Reclaimer, Dust Collector, Roller Idler Press, Roller Buffer, Pre-Heat Box, DC Welders, Flux Remover
76	1	Lot - Heavy Repairs Equip. - Hotsy High Pressure Washer, AC/DC & Miller welder, Dake Hydraulic Press, Overhead Bridge Crane & Craneway
77	1	Lot - Fittings Shop Equip. - Rockwell Machine, Drill Press, Radial Arm Drill, Vertical Stroke Shaper, Hydraulic Shop Press
78	1	Est. 1980/85 OD Grinder Zanrosa
79	1	Lot - Machining & Turning Shop Equip. - Facing & Engine Lathes, Grinders, Bandsaw, Hacksaw, Column Vertical Planer, Boring Mill, etc.
80	1	Lot - Plate Fabrication & Welding Equip. - Bending Brake & Roll, Floor Type Drill Press, DC Arc Welders, Mech. & Tin Shears, Bridge Crane, etc
81	6	Whiting 25 Ton Locomotive Lifting Jacks
82	1	1991 Rotary Screw Air Compressor Sullair
83	1	Lot - Foundry/Welding Equip. - DC Arc & Tig Welders, Horizontal Bandsaw, Ironworker, Arm Drill, Wheel Press, Foundry Furnace
84	1	Lot - Pump and Heavy Assy Equip. - Metal Stretcher Machine, Precision Vertical Belt Sander, Two-Vessel Oil Separator, Vertical Barrel Pumps
85	1	Lot - Motor Rework Equip. - Valve Refacer, Boring Machine, Injector & Pump Test Units, Diesel Engines, Dynamometer

## B) MACHINERY &amp; EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
86	1	Lot - Carpentry Shop Equip. - Jointer, Surface Planer, Vertical Bandsaw, Wood Lathe, Rip Saw
<b>New Electrical Building</b>		
87	1	Est. 1995 Davey Morris Top-Running 7 Ton Bridge Crane
88	1	Est. 1995 Davey Morris Top-Running 5 Ton Bridge Crane
89	1	Lot - Motor Armature Equip. - Bake Oven, DC Arc Welders, Die Lift Truck, Kohler Genset, Miscellaneous Motors & Transformers
90	1	Lot - Electrical Shop Equip. - Electric Test Bed, Armature Winder, DC Arc Welders, Small & Large HP Motors for rework
91	1	Lot - Mobile Repair Shop Equip. - Vehicle Lifts, Wheel Balancers, Air Compressor, Floor Jacks, Analyzer Tools & Minor Equipment
<b>★ Vehicles and Mobile Equipment</b>		
92	1	Lot - Various Service/Utility/Mechanic Trucks, Equipment Trailers and All-Terrain Cranes
93	1	Lot - Light Duty Vehicles - Diahatsu 4x4 Pickups, Nissan Pickups, Suzuki 4x4 Trucks, Stationwagons
<b>Other Plant Wide Ancillary Equipment</b>		
94	1	1964 Main Electrical Substation no.32X
95	1	Est. 1970/75 Secondary Electrical Substation no.2X
96	1	Est. 1965/70 Electrical Substation
97	1	Nine-Cubicle Motor Control Centre Allen Bradley
98	2	1975 & 1981 Rotary Screw Air Compressors Sullair
99	2	1991 Rotary Screw Air Compressors Sullair
100	2	Est. 1940/50 Riveted Steel Plate Fuel Oil Storage Tank nos.F1 & F2
101	1	Est. 1940/50 Riveted Steel Plate Fuel Oil Storage Tank no.F3

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B) MACHINERY & EQUIPMENT

ITEM NO.	QTY	DESCRIPTION
102	1	Est. 1940/50 Riveted Steel Plate Diesel Storage Tank no.D1
103	1	Est. 1950/60 Main Oil & Diesel Transfer Pump-House
104	2	Est. 1950/60 End Suction Centrifugal Fuel Oil Transfer Pumps
105	1	Lot – River Water Feed Plants 150 HP
106	1	Lot – Process Water Piping Through-out the Linmine Plant
107	1	River Ship and Dredge Barge

*[Handwritten signatures and initials]*

**SCHEDULE "B"**

**OPCO MINERAL RIGHTS**

Reference is made to the attached Map captioned Linden Bauxite Deposit Areas.

The Opco Mineral Rights are as defined in this Agreement and, for greater certainty, shall include ore, broken or in place within the area covered by the Opco Mineral Rights at Closing, all in-circuit bauxite inventory at Closing except bauxite inventory included in working capital; for greater clarity, bauxite inventory in working capital shall not include uncovered or partially mined ore.

Further, the Opco Mineral Rights shall also include the rights, licences, permits, authorizations or consents to enter on, occupy and use the lands covered by the Opco Mineral Rights; the ownership or interest in or to any such ore, rights, licences, permits, authorizations and consents; surface rights and premises pertaining to the Opco Mineral Rights; all licences of occupation pertaining to the Opco Mineral Rights together with all buildings, erections, facilities and fixtures constructed or placed thereon; all leases, contracts and commitments relating to the Opco Mineral Rights.

