



Republic of Liberia  
Montserrado County

Office of the Notary Public  
Monrovia, Liberia

## NOTARY CERTIFICATE

Personally, Appeared Before Me in My Office within the City  
of Monrovia, Montserrado County, Republic of Liberia this  
1ST day of SEPTEMBER, A. D. 2005 duly  
qualified Notary Public for and in the County of Montserrado and  
in the Republic aforesaid the Parties to the attached documents:-

THE TRUE AND CERTIFIED PHOTOCOPIES TO THE ORIGINAL COPIES OF A  
NBEA MINERAL EXPLORATION AGREEMENT ENTERED INTO BY AND BETWEEN  
THE REPUBLIC OF LIBERIA, THROUGH ITS GOVERNMENT REPRESENTED BY  
MULBAH K. WILLIE, DEPUTY MINISTER FOR OPERATIONS OF THE MINISTRY  
OF LANDS, MINES & ENERGY (HEREINAFTER REFERRED TO AS THE "GOVERN-  
MENT") AND AFRICAN AURA RESOURCES LIMITED, A CORPORATION EXISTING  
AND DOING BUSINESS UNDER THE LAWS OF THE BRITISH VIRGIN ISLANDS,  
REPRESENTED BY LLOYD B. KENNEDY, ACTING ON BEHALF OF THE BOARD OF  
DIRECTORS (HEREINAFTER REFERRED TO AS THE "OPERATOR")

and did in my presence and in the presence of each other execute  
and signed their genuine signatures on the said Instruments(s) to  
be the person(s) they represent and that the same was made in my  
presence and declared by each of them to be their voluntary acts and  
in their own hand writings.

Therefore I, Mary Mamie Howe, Notary Public aforesaid,  
have attached my Official Signature, Notary Seal to await when  
and where Necessary.

I have affixed my genuine Signature attesting to  
this transaction by the power vested in me this  
1ST day of SEPTEMBER, A. D. 2005

  
**MARY MAMIE HOWE**

NOTARY PUBLIC, MONTSERRADO COUNTY, R.L.  
\$2.50 REVENUE STAMPS AFFIXED ON THE ORIGINAL

**MINERAL EXPLORATION AGREEMENT**

THIS MINERAL EXPLORATION AGREEMENT is entered into, by and between the REPUBLIC OF LIBERIA, through its Government represented by Mulbah K. Willie, Deputy Minister for Operations of the Ministry of Lands, Mines & Energy (hereinafter referred to as the "Government")

AND

African Aura Resources Limited, a corporation existing and doing business under the laws of the British Virgin Islands represented by Lloyd B. Kennedy, acting on behalf of the Board of Directors (hereinafter referred to as the "Operator"), hereby:

#### V NESSETH

WHEREAS, title to Minerals within the territory of the Republic of Liberia is vested in the Republic of Liberia (the Republic) and all rights related to the exploration for and exploitation of such minerals pertain exclusively to the Republic; and

WHEREAS, the Ministry of Lands, Mines & Energy through the Minister of Lands, Mines & Energy is by law charged with the responsibility of administering the mineral laws of the Republic and in that process to ensure the efficient development of the mining industry, and

WHEREAS, the Government is determined to accelerate the development of the mining industry of Liberia, and therefore desires to promote the Development of minerals which may exist in exploration areas for the economic and social benefit of Liberia and recognizes that a large capital expenditure is necessary to ensure that such minerals are economically and efficiently developed, and

WHEREAS, Government agrees to grant the Operator such mineral rights and privileges in consideration of the undertaking by the Operator to make annual payments and to pay rents, royalties and other fees hereinafter prescribed and to perform and observe the terms and conditions of this agreement,

NOW THEREFORE, for and in consideration of the premises, the mutual promises exchanged between the parties hereto (the Parties), terms and conditions herein contained, the Parties hereto mutually agree as follows

#### 1.0 DEFINITIONS

Unless the context shall otherwise clearly indicate, the following terms wherever used in this Agreement shall have the respective meanings set forth below:

- 1.1 **Affiliate:** Means a Person that controls, is controlled by or is under common control with the Operator. For purposes of this section, control means the possession, directly or indirectly, by one person of more than fifty percent (50%) of the equity of or the voting power in another person.
- 1.2 **Associated Minerals:** The term "Associated Minerals" means any mineral, metal element or precious or semi-precious stone(s) other than Gold which is found, discovered, mined, removed, extracted or otherwise produced as an incident to the Operator's activities in exploiting a Gold Deposit or Deposits.
- 1.3 **Operational Date:** The term "Operational Date" means the date, provided in Section 27.
- 1.4 **Exploration Area:** The term "Exploration Area" means at any particular time the area or areas then designated in accordance with Section 3.2, but only during the Exploration Period.
- 1.5 **Exploration Period:** The term "Exploration Period" means the period described in Section 2.1.
- 1.6 **Gold Deposit:** The term "Gold Deposit" means a deposit whose predominate economic value, as determined by the result of exploratory drilling, is attributable to the Gold contained therein and which is of such character as to permit the economic production thereof.
- 1.7 **Government:** The term "Government" includes all of the branches, divisions, instrumentalities and agencies of the Government of the Republic of Liberia.
- 1.8 **Infrastructure:** The term "infrastructure" means assets of the following types:
  - (a) Immovable transportation and communication facilities (including roads, bridges, railroads, airports, landing strips and landing pads for aircraft, hangars and other airport facilities, garages, channels, tramways, pipelines and radio, telephone, telegraph, telecommunications, and electronic or other forms of communications facilities).
  - (b) Immovable port facilities (including docks, harbors, piers, jetties, breakwaters, terminal facilities and warehouses, and loading and unloading facilities).

- (c) Immovable power, water and sewerage facilities (including electrical generating plants and transmission lines, dams, water drains, water supply systems and Systems for disposing of tailings, plant waste and sewage);
  - (d) Immovable public welfare facilities (including schools, hospitals and public halls);
  - (e) Miscellaneous immovable facilities used primarily in connection with the operation of other facilities (including offices, machine shops, foundries, repair shops and warehouses); and,
  - (f) Movable facilities and equipment affixed to and used as an integral part of the immovable facilities described in paragraphs (a) through (e).
- 1.9 **Operations and Activities:** The term "Operations and Activities" means the exploration, mining and management operations of African Aura Resources Limited
- 1.10 **Operator:** The term "Operator" means African Aura Resources Limited
- 1.11 **Plant and Equipment:** The term "Plant and Equipment" means the following assets (other than infrastructure) used for Operations and Activities
- (a) Movable and immovable facilities and equipment to mine, crush, sluice, dredge, wash, screen, dry, beneficiate, and otherwise explore for or produce Gold and/or Associated Minerals;
  - (b) Movable and immovable facilities and equipment used primarily in connection with the operation of the foregoing (including offices, machine shops, foundries, repair shops and warehouses);
  - (c) Movable and immovable facilities and equipment for the maintenance of personnel (including dwellings, stores mess halls and recreational facilities); and
  - (d) Movable facilities and equipment used in connection with any of the infrastructure

- 1.12 **Produce:** The term "Produce" as used in reference to Gold and/or Associated Minerals shall include drill, develop, extract, strip, mine, sluice, dredge, process (including beneficiate, concentrate or otherwise treat), stockpile, transport, load, sell and export, for the account of the operator.
- 1.13 **Production:** The term "Production" as used in reference to Gold and/or Associated Minerals shall mean the commercial exploitation of Minerals found in the Exploration Area and all activities in respect of or incidental thereto, including the design, construction, installation, fabrication, operation, maintenance, drilling, development, extraction, stripping, mining, sluicing, dredging, processing (including beneficiation, concentration or other treatment), stockpiling, transportation, loading, sale and exportation by the Operator.
- 1.14 **Centre:** The term "Centre" means The International Centre for Settlement of Investment Disputes established under the auspices of the International Bank for Reconstruction and Development.
- 1.15 **Convention:** The term "Convention" means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened to signature at Washington, D.C., United States of America, on March 18, 1965.

## 2.0 TERM OF THE AGREEMENT

- 2.1 The term of this Agreement shall commence on the Operational Date as defined in Section 26 and shall expire at the earlier of (a) such time as the Operator shall have completed exploration activities, or (b) three (3) years after the Operational Date, with an extension of another (2) years at the option of the Operator plus any period of renewal to which the Government may agree.

## 3.0 EXPLORATION RIGHTS:

### 3.1 Grant of Exploration Rights

On the terms and conditions herein provided the Government hereby grants to the Operator, during the period hereinafter defined, commencing with the Operational Date plus any extension of such period to which the Government may agree (referred to herein as the "Exploration Period") the exclusive right to explore for Gold and Associated Minerals in the Exploration Area.

3.2 Exploration Area:

- (a) The Exploration area shall lie in Grand Cape Mount County, as identified on the attached map, with metes and bounds or coordinates attached hereto as Appendix "A".
- (b) The Operator shall commence exploration as soon as possible but not later than 120 days after the Operational Date.
- (c) At the end of the Exploration Period, the Exploration Area shall cease to exist.

3.3 Surrender of Exploration Area: Unless the Minister and the Operator otherwise agree:

- (a) At or before the end of the initial term of the Exploration Period, the Operator shall surrender a minimum of fifty percent (50%) of the Original exploration area.
- (b) At or before the end of the extension of the Exploration Period, the Operator shall surrender the remainder of the Exploration Area and, upon such surrender, the Exploration License shall automatically terminate.
- (c) Notwithstanding paragraphs 3.3 (b) above, if the Operator wishes to retain all of, or any part of, the Exploration area upon expiry of the exploration period, it shall have the right to do so by applying for a Mineral Development Agreement over the area.

3.4 Minimum Expenditures

- (a) Commencing no later than 120 days after the Operational Date, the Operator shall diligently and without interruption explore for gold and associated minerals within the Exploration Area; and should the Operator fail to so comply in accordance with the provisions of this section, then this Agreement shall be liable to cancellation.
- (b) During the Exploration Period, the Operator shall expend not less than Two United States Dollars (US\$2.00) per acre during each calendar year as Exploration Costs, the latter being defined to comprise all the Operators managerial and corporate costs without limitation.

4.0 PILOT MINING RIGHTS

The Operator, in addition to exploration, is hereby also granted the right to produce gold and/or associated minerals under a pilot mining plan to be approved by the Minister of Lands, Mines and Energy.

5.0 MINERAL DEVELOPMENT AGREEMENT

During or by the expiry of the Exploration Period, the Operator may apply for a Mineral Development Agreement which shall be concluded in accordance with the Minerals and Mining Laws and Regulations of Liberia, and which shall not unreasonably be refused if the Operator has reasonably complied with all the provisions of this Agreement

6.0 INCIDENTAL RIGHTS:

6.1 **Grant of Rights:** Subject to the terms and conditions herein provided, and solely for the purposes incidental to the exercise of the rights granted to the Operator under Sections 3 and 4 of this Agreement, the Government hereby grants to the Operator the right, within the Exploration Areas:

- (a) To acquire, build, and construct Infrastructure, Plant and Equipment, and other facilities, and to maintain and operate the same;
- (b) To remove, extract and use, solely for its own exploration purpose, free of tax or other charge or fee imposed by the Government, any water, gravel, sand, clay, stone and timber (except protected fauna and flora); provided however, that where any land, villages, houses, person, or watering places for animals have been supplied water by right through custom, the Operator shall not deprive them of a constant and reasonable supply of usable water, nor shall the Operator, without the Government's consent, interfere with any water or other rights enjoyed by anyone under any agreement with the Government

6.2 **Reservation of Rights:** The Government reserves the right, on reasonable notice to and after consultation with, the Operator, taking into account the existence of defined deposits and surrounding areas, to construct roads, highways, railroads, telegraph and telephone lines and other lines of communication within the Exploration Area.



- 6.3 **Condemnation:** If the use of any privately owned or occupied property within the Exploration Area is reasonably required for the conduct of operations hereunder, and the Operator is unable to come to an agreement with the owner or occupant of such property for such use, the Operator may request the Government, which request shall not be unreasonably denied, to exercise its right of eminent domain with respect to such property. The Operator shall reimburse the Government for any compensation paid or payable to the private owner or occupant as a result of the Government's exercise of such right.

## 7.0 INFRASTRUCTURE

- 7.1 **Construction by Operator:** The Operator shall, at its own cost, undertake the construction, installation and improvement of all or any part of the infrastructure. All such Infrastructure shall be maintained and operated by the Operator in a reasonably good manner.
- 7.2 The Government warrants not to exercise its rights to expropriate land in the Exploration Area if such expropriation shall in any way hinder the development of the Operation and Activities.

## 8.0 CONDUCT OF OPERATIONS

- 8.1 **Best Exploration Practices:** The Operator shall conduct all of its operations hereunder using appropriate modern and effective Plant and Equipment, Infrastructure, materials and methods. Such operations shall be conducted in a proper and workmanlike manner, with due diligence, efficiency and economy, in accordance with the laws of Liberia and with the best mining and engineering practices used by efficient operators in similar operations, elsewhere in the world.

### 8.2 **Maximum Economic Operation:**

- (a) The Operator shall use its best efforts to produce Gold and associated minerals from each Pilot Mining Area and at the maximum capacity of each Production Area consistent with the optimum economic development of all Production Areas. Production shall not be restricted to high grades of Gold and other minerals, to the neglect of lower grades.

- (b) The Operator shall use its best efforts to sell Gold and any Associated Minerals produced at the maximum prices possible in the light of the prevailing international market prices and conditions, and in accordance with good competitive business practices generally accepted at the time. The Operator hereby undertakes to sell at least 95% of all Gold or Associated Minerals within forty-five (45) days after their production. Notwithstanding the foregoing, with the prior approval of the Government, the Operator shall have the right to delay the sale of a greater proportion of the Gold, and/or Associated Minerals produced beyond the said forty five (45) day period, upon such terms and conditions as the parties may agree.

## 9.0 HEALTH AND SAFETY

The Operator shall install, maintain and use modern health and safety devices and shall practice modern health and safety procedures and precautions (including, regular safety training instruction for its employees) as are in accordance with the best exploration and mining engineering practices, and acceptable labor safety standard. In this respect, the Operator shall comply with health and safety rules, regulations, and Laws of the Government.

## 10.0 EMPLOYMENT, TRAINING AND SECONDMENT

- 10.1 Employment of Liberians: The Operator shall not employ foreign unskilled labor. To the maximum extent feasible, the Operator shall employ Liberian citizens at all levels.
- 10.2 Training of Liberians: The Operator shall provide on a continuing basis for the training of its Liberian employees, in order to qualify them for skilled, technical administrative and managerial positions.
- 10.3 At least one (1) professional (mining engineers/geologists) from the Ministry shall be seconded to the Operator's operations at the expense of the Operator at terms and conditions to be mutually agreed by the Operator and the Ministry. The Operator's proposals will not be unreasonably rejected, market practice acting as a guide.

11.0 CONSERVATION

11.1 The Operator shall encourage economic and social development during the term of his operation and shall provide for meetings on a regular basis between representatives of the Operator and the local communities for the purposes of considering and making recommendations to the Operator and to the Government with respect to matters of community interest, such that it shall not hinder the Operator's work.

11.2 **Natural Resources.** The Operator shall take preventive, corrective and/or restorative measures to ensure that all streams and water bodies within or bordering Liberia, all dry land surfaces, and the atmosphere be protected from pollution, contamination or damage resulting from operations hereunder, as per Section 7.0 hereof, and that any existing pollution, contamination and damage of or to such water bodies, land surfaces, and atmosphere resulting from operations hereunder be rectified; and that the terrain, in general, be restored to and left in a usable state for purposes which are economically or socially desirable.

12.0 ADEQUATE CAPITAL AND STOCK OWNERSHIP

The Operator shall provide all capital necessary for the economic and profitable exploration for Gold and Associated Minerals and the production of these Minerals under this Agreement. In this connection, the Operator shall at all times maintain a reasonable and prudent capital structure.

13.0 TAXATION

13.1 **In General.** The Operator shall be liable to all taxes, fees, duties, excises, and other charges imposed by Liberian Laws of general application, except as may be otherwise provided by other laws and administrative regulations granting exemptions from customs duties and excise taxes.

13.2 **INCOME TAX.** The Operator shall be subject to Liberian Income Tax Law of General Application, except that notwithstanding any provisions of such laws, the rate of tax applicable to all the taxable income of the Operator shall be thirty percent (30%).

14.0 ROYALTIES

- 14.1 Gold: The Operation shall pay to the Government a royalty in respect of all gold discovered during exploration and produced under pilot mining. The amount of such royalty shall be 3% of the selling prices f.o.b. Monrovia for the Gold. The royalty shall be paid within thirty days of exports.
- 14.2 Associated Minerals and other Mineral Deposits: The Operator shall also pay to the Government a Royalty in respect of any Associated Minerals or any other mineral, as defined in Section 1.2 produced hereunder and shipped or otherwise disposed of by the Operator. The amount of said royalty shall be negotiated and agreed upon by the parties.

15.0 EXPLORATION FEES AND SURFACE RENTAL

- 15.1 The Operator shall make an annual payment of Five Thousand United States Dollars (US\$5,000.00) for the grant or renewal of the Exploration License.
- 15.2 The Operator shall make annual rental payments of Eighteen United States Cents (US\$0.18) per acre to the Government for all unsurrendered portions of the Exploration Area and Three United States Dollars (US\$3.00) per acre for all areas operated under pilot mining.
- 15.3 The first payment for the exploration license fee shall be made on the date of signature of the agreement. Subsequent payments shall be made within thirty (30) days after each subsequent anniversary of the date of signature.
- 15.4 The surface rental fee in the first year will be payable in equal quarterly installments. The first installment payment shall be made on the date of signature of the Agreement. Subsequent installment payment shall be made at the beginning of each quarter. For succeeding years, full surface rental payments shall be made within 30 days after each subsequent anniversary of the date of signature.

16.0 RECORDS, REPORTS, AND INSPECTION

16.1 Availability of Records: The Operator shall maintain at its principal office in Liberia, or at such other office as the Government may approve:

- (a) Copies of all maps, geological, mining, or other earth science reports and mineral analysis (together with all field data which supports such reports or data), production records, marketing report and any other data obtained or compiled by the Operator as a result mining Operations and Activities. All information, data and material specified in this paragraph shall be in a form suitable for reproduction, use or processing as the case may be. The Operator shall have the right to temporarily remove such samples and other data from such location and (on prior notice to the Government) from Liberia for the purpose of study and evaluation.
- (b) The Operator shall keep the Government fully informed of all Operations and Activities, wherever conducted, and of its plans in respect thereof. The Government shall have the right to monitor exploration and pilot mining operations and Activities from time to time and a reasonable number of Government personnel may, upon prior notice to the Operator, at reasonable times and subject to compliance with the Operator's security requirements, attend and inspect Mining Operations and Activities conducted in Liberia.
- (c) Within thirty (30) days after the end of each calendar quarter, the Operator shall provide the Government with a report on all Operations and Activities for that calendar quarter including Minerals recovered and sold. Within ninety (90) days after the end of each Financial Year, the Operator shall furnish the Government with a report on all Mining Operations for that Financial Year, including Minerals recovered and sold.

- 16.2 **Audit:** The Operator shall cause its books of accounts to be audited within three (3) months after the close of each fiscal year by an internationally recognized independent auditor, satisfactory to the Government and a copy of the annual financial statement duly certified by said auditors shall be furnished to the Government within twenty (20) days thereafter. The foregoing shall not, in any way, imply acceptance of any such audit or certification by the Government, or preclude the Government from auditing such books of accounts but at the Government's expense.
- 16.3 **Reports.** The Operator shall submit such reports to the Government, in such form, in such detail, and at such time, as may be required by law, or as the Government may otherwise require with respect to exploration, production, employment and training, marketing and such other matters as may be related to the conduct of operations hereunder.
- 16.4 **Inspection:** The Government may, upon reasonable notification to the Operator, inspect the books and records of the Operator, and any all facilities and area related to the Operator's operation as provided hereunder. The Operator shall make its appropriate employee available to render assistance with respect to any such inspection.
- 16.5 **Confidentiality of Operator's Reports** The Government shall treat all information supplied by the Operator hereunder as confidential and shall not reveal such information to a third party without the prior written consent of the Operator, which consent shall not be unreasonably withheld.

Financial information about the Operator shall however be treated as confidential for a period of one (1) year, commencing as of the date of submission of such information. The Government may nevertheless use any such information received from the Operator for the purpose of preparing and publishing general records or statistics on natural resources or other conditions in Liberia, and in connection with any dispute between the Government and the Operator.

17.0 NON-ASSIGNABILITY

This Agreement and any interest therein may not be transferred or assigned, or mortgaged, pledged or otherwise encumbered, in whole or in part, without the Government's prior written approval, unless to an affiliate. However any request to joint-venture any rights to any commodities with a third party, will be fully allowed and any assignment that is legally required to protect the interest of the joint-venture partner will therefore be accepted.

18.0 FORCE MAJEURE

18.1 Except as provided in this Section, failure on the part of the Operator to comply with any of the conditions hereof (except the obligation to make payment of monies to the Government) shall not be grounds for cancellation or give the Government any claim for damages insofar as such failure arises from force majeure, if the Operator has taken all appropriate precautions, due care and reasonable alternative measures with the objective of avoiding such failure and of carrying out its obligations hereunder. The Operator shall take all reasonable measures to cure such failure and to fulfill the terms and conditions hereof with a minimum of delay. The Operator shall notify the Government within fourteen (14) days of an event of force majeure affecting its ability to fulfill the terms and conditions hereof or any event, which may endanger the natural resources of Liberia and similarly notify the Government of efforts being made to rest normal conditions within twenty-four (24) hours thereof. For purpose of this Section 17, force majeure includes an act of God, war, insurrection, civil commotion, earthquake, storm, flood or any other extraordinary event which the Operator could not reasonably be expected to prevent or control, but shall not include any event caused by a failure to observe the best mining and engineering practices or by the negligence of the Operator or any of its employees or contractors. If, as a consequence of force majeure, operations hereunder remain in substantially total suspension for an uninterrupted period of more than six months, the duration of the term of this Agreement shall be extended by the time of such suspensions. JIC

18.2 Except as hereinafter provided, the time for the performance of any obligation (except the obligation to make payment of money) of the Operator under or arising out of this Agreement, which performance is hindered, prevented or delayed by force majeure, as well as any other time periods and dates set forth in this Agreement, shall be extended by the period of delay, but not longer than the continuance thereof and such additional period as may be reasonable in the circumstances, and the Operator shall not be liable in damages or otherwise to the other nor shall any action, claim or demand be taken or made against the Operator by reason solely of such delay in the performance of such obligation

18.3 The Operator shall use all reasonable diligence to remove the cause of the force majeure as quickly as practicable after notice of the same shall have come to its attention, save and except that this provision shall not, in and of itself require the Operator to settle any strike, lockout, ban "go slow" activity, stoppage restraint of labor or other similar events ("Industrial Dispute").

#### 19.0 SURRENDER OF OPERATOR'S RIGHT

During the Exploration Period, the Operator may surrender by not less than sixty (60) days notice to the Government, all its rights hereunder in respect of all or any part of the Exploration Area, and the Operator shall be relieved of all obligations in respect of area so surrendered except those obligations that may have accrued prior to the Operational Date of, or arising out of or related to the surrender

#### 20.0 GOVERNMENT'S RIGHT TO TERMINATE

20.1 Causes for Termination: The Government may terminate this Agreement if any of the following events shall occur

- (a) The Operator shall fail to make any of the payments described in this Agreement on the payment date, and such default is not cured within thirty (30) days after notice by the Government (or within such longer period as may be specified in said notice), or shall materially fail to comply with any other conditions of this Agreement and such condition is not cured within ninety (90) days after notice by the Government or within such period as may be specified in said notice.



- (b) The Operator shall voluntarily dissolve, liquidate or wind up its affairs, or shall make an assignment for the benefit of creditors or shall petition or apply to any tribunal for the appointment of a trustee or receiver for itself or of any substantial part of its assets; or any proceedings are commenced against it under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt law of any jurisdiction, whether or not hereafter in effect; or, if any such petition or application is filed or any such proceedings are commenced against it, shall indicate its approval thereof consent thereto, or acquiescence therein, or, if an order is entered into appointing any such trustee or receiver or adjudicating the Operator bankrupt or insolvent, or approving the petition in any such proceedings, or if the Operator shall fail to take corrective measure(s) to have such order removed or lifted within sixty (60) days.
- (c) The Operator shall fail to carry out Exploration as stipulated in this Agreement or cease exploration for a period of twelve (12) consecutive months

## 21.0 ARBITRATION

21.1 Submission to Arbitration: Any dispute between the Government and the Operator arising out of, in relation to or in connection with this Agreement or its formation, or the validity, interpretation, performance, termination, enforceability or breach of this Agreement (including any dispute concerning whether the Government or the Operator has violated or is in breach of this Agreement or of any Law affecting the rights, obligations or duties of any Party under this Agreement), for which resolution by submission to an expert is not specifically provided elsewhere in this Agreement shall be exclusively and finally settled by binding arbitration pursuant to the Convention in accordance with the rules of the Centre in effect on the Operational Date except to the extent in conflict with this Section 21 which shall prevail in that event. The Parties agree that this Agreement and the Operator's Operations pursuant thereto constitute an "investment" by reason of the expenditure of a considerable amount of money in the Republic and that for purposes of Article 25(1) of the Convention, any dispute subject to this Section 21 is a legal dispute arising directly out of an investment. Either of the Parties to such dispute may institute arbitration proceedings by giving Notice to the other Party and Notice to the Secretary-General of the Centre including in each a statement of the issues in dispute.

- 21.2 Nationality for Purposes of Arbitration. The Operator is incorporated in the British Virgins Islands and notwithstanding the incorporation in the Republic of any of the Operator's successors or assignees, or of any of its other Affiliates, all such entities shall be treated for purposes of arbitration under this Section 21 as nationals of the United States of America for purposes of the Convention and of this Agreement, except that the Operator and any other such entity may, alternatively, elect to be treated instead as a national of any other state of which, under the Convention, international law or the law of such state, it is a national.
- 21.3 Arbitrators: Any arbitral tribunal constituted pursuant to this Agreement shall consist of one (1) arbitrator to be appointed by the Government, one (1) arbitrator to be appointed by Operator and one (1) arbitrator, who shall be the president of the tribunal and shall be a citizen neither of the Republic nor of a national of the United States of America (or of any other state of which a Party is a national under Section 21 2), to be appointed by the Secretary-General of the Centre. No such arbitrator shall have an interest in the matters in dispute, nor of the Parties thereof.
- 21.4 Referee: At the request of a Party, any matter otherwise subject to arbitration under this Agreement shall instead be referred for resolution to a single referee to be appointed by the Secretary-General of the Centre, or of any successor entity as provided for by Section 21.10 below, except for any dispute arising out of or related to Sections 2, 3, 13, 14, 16, 18, 20, 21 and 24 of this agreement, which must be referred to arbitrators appointed pursuant to Section 21.3 above unless the Parties jointly agree that any such dispute is not material, in which event it may be referred to the referee for decision at the option of either party. The decision of the referee shall be rendered pursuant to Section 21.6 of this Agreement (except as regards the requirement for a decision by majority vote) and shall be final and binding unless appealed by any Party to arbitrators appointed as provided in this Section 21.3, who shall examine the referee's decision only as to manifest error of law, findings of fact that are not supported by any credible evidence, and abuse of authority, misconduct or other unauthorized act by the referee.

- 21.5 Venue: Arbitration proceedings conducted pursuant to this Agreement shall be held in Washington, D.C or such other place as the Parties may agree and shall be conducted in the English language. The costs of the proceedings shall be assessed and borne in such manner as the arbitral tribunal shall decide. Any procedural issues that cannot be determined under the arbitral rules of the Centre shall be determined pursuant to applicable law as set forth in Section 24 below.
- 21.6 Award. The arbitrators shall, by majority vote, render a written decision stating the reasons for their award within three (3) months after any hearing conducted has been concluded. Any monetary award shall be assessed and payable in Dollars (determined at the Prevailing Market Rate of Exchange as of the date of the award if the award involved an obligation expressed in any currency other than Dollars) through a bank designated by the recipient, and in the case of an award to the Operator, shall be exempt from any Taxes and Duties imposed upon Government. Each Party shall bear its own costs and attorney fees. Neither Party shall have any liability for either consequential damages (except for purposes of set off) or exemplary or punitive damages, but interest at a rate not to exceed the London Interbank Offering Rate (LIBOR) existing at the time of such award, plus one (1) percentage point, multiplied by the amount of the award, shall be assessed from the date of any monetary award until its satisfaction. If LIBOR should cease to be reported, then the rate to be applied shall be another substitute rate agreed to by a majority of the arbitrators. In any case, the liability of the Operator shall be limited to the net book value of its investment in the Republic at the time of the award. If the decision of the arbitral tribunal is adverse to the Operator, then the arbitral tribunal may, in its discretion, specify a reasonable period of grace to cure any defect or default on the part of the Operator, provided that such period of grace shall not exceed one hundred eighty (180) days for the making of any payment required by such award.
- 21.7 Waiver of Sovereign Immunity.<sup>o</sup> The Government hereby irrevocably waives all claims of immunity from the Arbitrators' jurisdiction, and from the enforcement of any arbitral award rendered by a tribunal constituted pursuant to this Agreement including immunity from service of process and immunity from the jurisdiction of any court situated in any state, country or nation.

- 21.8 Reservation of Rights: The right to refer a claim or dispute to arbitration hereunder shall not be affected by the fact that a claimant or respondent has received full or partial compensation from another Person for a loss or injury that is the object of the claim or dispute, and any such other Person may participate in such proceedings by right of subjugation.
- 21.9 Nature of Award: The Parties agree that the arbitral award of any arbitral tribunal constituted pursuant to this Agreement may contain such orders (including orders for specific performance, other equitable relief or monetary damages) in respect of or affecting any of the Parties (and any loss or damage suffered by any of them) as such arbitral tribunal determines to be appropriate in the circumstances. The Parties, subject to their respective obligations contained elsewhere in this Agreement, shall take all such actions as are necessary to give full and complete effect to the award which, in accordance with its terms, shall be binding upon and enforceable against them.
- 21.10 Successors: The consent to the jurisdiction of the Centre as set forth in this Section 21 shall equally bind any successor or successors-in-interest to either Party to this Agreement. Should the Centre be replaced by or its functions be substantially conferred upon or be transferred to any new international body of a similar type and competence, the Parties shall have the right to submit any dispute to such body for settlement by arbitration in accordance with the foregoing provisions of this Section 21.

22.0 INDEMNIFICATION

The Operator shall at all times indemnify and hold the Government and its officers and agents harmless from all claims and liabilities for death or injury to persons or damage to property from any cause whatsoever arising out of the Operator's operations hereunder or as a result of the Operator's failure to comply with any law or regulation.

23.0 NOTICES

- (a) All notices, requests, reports, approvals, consents, designations or other communications (collectively referred to herein as "communications") required by, provided for, in, or relative to this Agreement shall be in writing. All communications shall be delivered, in case of the Government to:

The Minister of Lands, Mines & Energy  
Ministry of Lands, Mines & Energy  
P.O. Box 10-9024  
1000 Monrovia 10, Liberia

And in the case of the Operator to

The President  
African Aura Resources, Ltd  
C/o Monrovia Office  
Monrovia, Liberia

or such other address as may be designated in writing by the Operator.

A delivery of a communication shall be deemed effective only when mailed, postage prepaid and return receipt requested, telefaxed; or, hand-delivered and receipted, or email provided it is explicitly acknowledged

- (b) Nothing in this Section shall be deemed to relieve the Operator from filing any report, return or other communication required by Liberian Laws of general application at the time and in the manner therein prescribed

24.0 GOVERNING LAW

This Agreement and the rights, obligations and duties of the Parties hereunder shall be construed and interpreted in accordance with Liberian Law and by such rules and principles of generally accepted international law as may be applicable, particularly with regard to an investment by nationals of one country in another country. Notwithstanding the foregoing, in the event of a conflict between this Agreement or the rights, obligations and duties of a Party under this Agreement, and any other Law, including administrative rules and procedures and matters relating to procedure and applicable international law, then this Agreement shall govern the rights, obligations and duties of the Parties.

25.0 NON-WAIVER

The failure of either party at any time to require performance by the other party of any provisions hereunder shall in no way affect the right of that party thereafter to enforce the same, or shall it effect the party's right to enforce any of the other provisions of this Agreement; nor shall the waiver by either party of the breach of any provisions hereof be taken or held to be a waiver of any subsequent breach of such provision or as a wavier of the provision itself.

26.0 AFFIRMATIONS

- 26.1 The Operator shall, during the term of this Agreement and for such period thereafter as may be reasonable, continue to have corporate existence as well as all corporate rights, powers, purposes and duties set forth and described in this Agreement, and in its Articles of Incorporation and By-Laws, as the same may from time-to-time be amended in accordance with their terms.
- 26.2 The ownership of any Mineral shall pass from the Government to the Operator at the time that the Mineral in the Exploration Area is excavated by the Operator but the Operator is deemed to have a legal lien over the Mineral as soon as it has been defined by a feasibility study, and if necessary, the Operator is authorized, in the interest of the parties, to secure such lien using the legal means at its disposal under Liberian law.
- 26.3 Subject to the obligations of the Operator and the Government elsewhere contained in this Agreement, the Operator shall ensure that it complies with the Agreement.
- 26.4 The Government and Operator shall each be the beneficiary of the rights granted to it under this Agreement. No other person shall have any rights under this Agreement unless a Party or unless otherwise specifically provided in this Agreement.
- 26.5 Each Party shall execute such documents and do such further things as may be necessary to give full and complete effect to the provisions of this Agreement.

27.0 OPERATIONAL DATE

This Agreement shall become effective and be binding on the Parties when executed by them. However the Operational Date will be the day following a joint security visit by the Government and the Operator to the Exploration Area, at the end of which the area has been declared 'safe to operate in', in writing by the parties. The Operator shall under the guidance of the relevant United Nations department in Monrovia not unreasonably refuse any suggested date by the Government for the joint visit to take place and shall make all reasonable efforts to accept a 'safe to operate in' declaration

IN WITNESS WHEREOF, the Parties have executed this Agreement, through their respective duly authorized representatives, on the day, month and year indicated below.

Signed in 2 originals on the 27<sup>th</sup> day of February A.D. 2004

IN PRESENCE OF

FOR THE GOVERNMENT OF THE  
REPUBLIC OF LIBERIA

[Signature]

[Signature]  
DEPUTY MINISTER FOR OPERATIONS  
MINISTRY OF LANDS, MINES &  
ENERGY



FOR THE OPERATOR

[Signature]

[Signature]  
For the Board of Directors  
LLOYD B. KENNEDY

Acting Under Power of Attorney Dated 02/04/04  
AFRICAN AURA RESOURCES, LTD

[Signature]  
Notary Public, Monrovia, Liberia

[Signature]  
MAMA MAMIE KESSIE  
NOTARY PUBLIC, MONROVIA, LIBERIA  
REPUBLIC OF LIBERIA

APPENDIX "A" UTM COORDINATES OF THE MINERAL EXPLORATION  
AREA OF AFRICAN AURA RESOURCES LIMITED, GRAND CAPE  
MOUNT COUNTY

<u>POINT</u>	<u>EASTING</u>	<u>NORTHING</u>
A	280000	800000
B	280000	820000
C	300000	820000
D	300000	800000

Area = 400 sq. km. or 98,840 acres



DEPARTMENT OF MINERAL EXPLORATION  
MINISTRY OF LANDS, MINES & ENERGY

APPENDIX A: Map of Mineral Exploration Area of  
AFRICAN ALBA RESOURCES LIMITED



EXPLORATION PERMIT

02/27/64

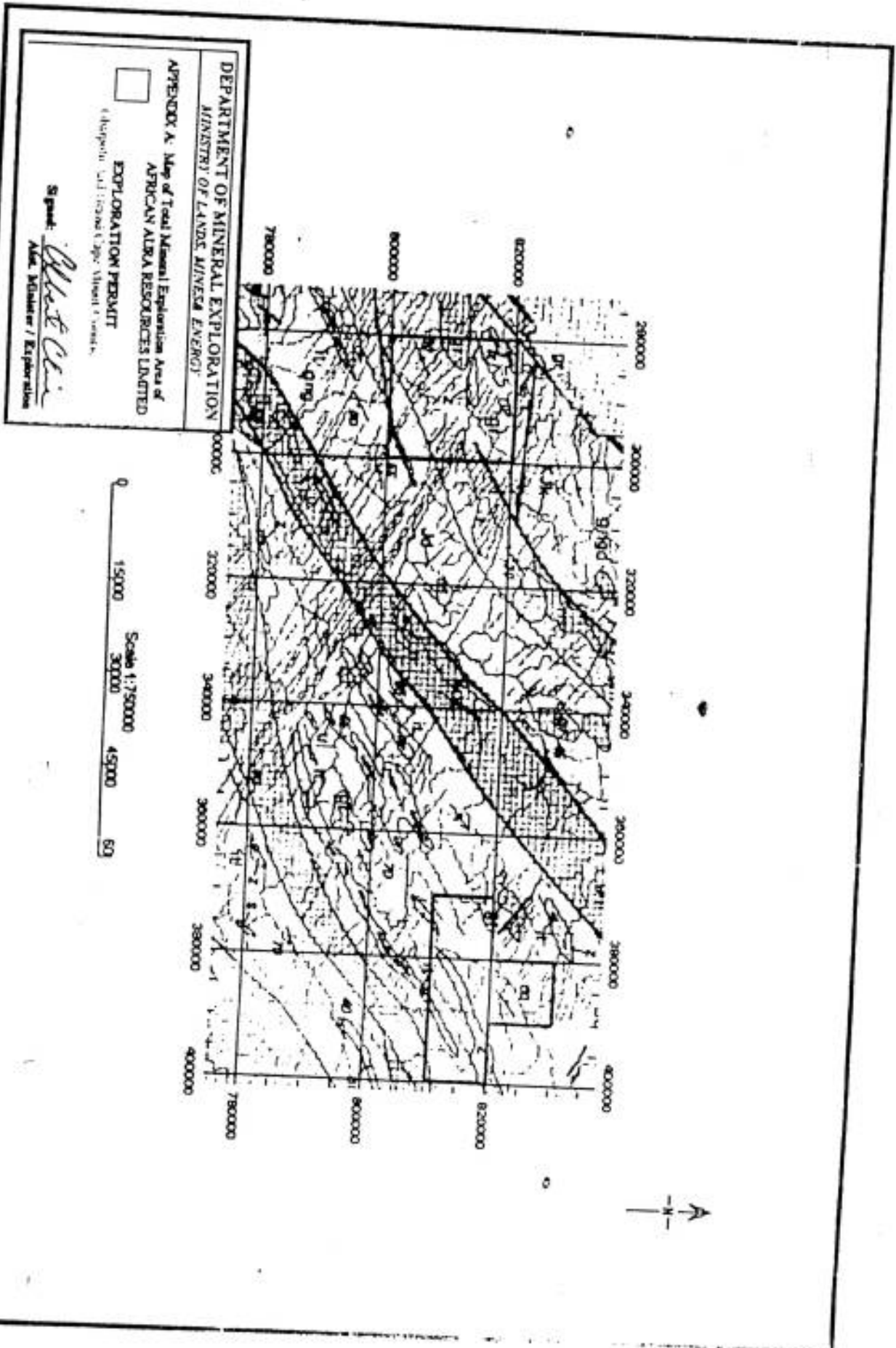
Signed:

*Willem Cloos*

Appl. Minister / Exploration



Scale 1:365,000  
0 7,300 14,600 21,900 29



DEPARTMENT OF MINERAL EXPLORATION  
 MINISTRY OF LANDS, MINES & ENERGY

APPENDIX A: Map of Total Mineral Exploration Area of  
 AFRICAN ALBA RESOURCES LIMITED  
 EXPLORATION PERMIT  
 (Sheepskin, Callitriche, Cypripedium, etc.)

Signed: *Walter C. C.*  
 Min. Minister / Exploration