

Republic of Liberia
MONTSERRADO COUNTY

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the "Memorandum") dated this 8th day of November A.D. 2013, is made and entered into by and between the Government of the Republic of Liberia (the "Government of Liberia") represented by Hon. S. Tornorlah Varpillah, Minister of Transport, and attested to by Hon. Christiana P. Tah, Minister of Justice and Attorney General of the Republic of Liberia and the West Africa Exploration SA, a company incorporated in the Republic of Guinea, whose registered office is at Commune de Kaioum, Quartier Almamy, Immeuble Elhad Si savane, 1er Etage à coté de l'OGP, BP 6886 Conakry, République de Guinée ("WAE"); represented by and through Aboubacar Sampil, its duly authorized officer, (each a "Party" and together the "Parties") hereby:

WITNESSETH

WHEREAS, a "Protocol to Facilitate the Transport of Guinean-based Natural Resources through Liberia for Export" (herein referred to as "the Protocol") was executed between the Republic of Liberia and the Republic of Guinea by and through their respective Heads of State and Government on October 25, 2013;

WHEREAS, the object of the Protocol was to confirm the commitment of the Government of Liberia to granting access and the Government of the Republic of Guinea (the "Government of Guinea") to accepting the use of said access to transportation facilities and infrastructure in Liberia, including in particular railways and ports, to facilitate the transportation of Guinea-based natural resources through Liberia for export and the transportation of personnel

and goods destined for Guinea through Liberia to support such Guinea-based natural resource operations;

WHEREAS, the Protocol provides under Article 2 on "Authorization and Implementation Modality" that the Government of Guinea shall have the primary authority to designate the entity or entities operating in Guinea for approval by the Government of Liberia to use the Liberian-based transportation facilities and infrastructure and that any such entity so approved by the Government of Guinea shall also be subject to approval by the Government of Liberia:

WHEREAS, the Embassy of the Republic of Guinea, in a Note Verbale dated November 8, 2013, addressed to the Minister of Foreign Affairs, Republic of Liberia, confirmed the matters in the authorization No. 062/MMG/CAB/CEF/2013, the presidential decree No.D2013/150/PRG/SGG and the Protocol and informed the Minister of Foreign Affairs of the Republic of Liberia that the Government of Guinea has authorized **WAE**, a company incorporated in the Republic of Guinea, as an entity from the Guinean side that may, subject to approval by the Government of Liberia, use Liberian-based transportation facilities and infrastructure in accordance with Article 2 of the Protocol on "Authorization and Implementation Modality:"

WHEREAS, the Government of Guinea notes and WAE confirms that **WAE** holds a mining operations permit ("*permis d'exploitation minière*") number A2013/106/DIGM/CPDM issued by the Republic of Guinea in respect of the mining of iron ore products from a project herein referred to as "the Nimba Project" (granted pursuant to Guinean Presidential Decree No D2013/150/PRG/SGG, dated 25 September 2013, a copy of which is included as Schedule 1 to this Memorandum), which said operations are situated within the

area defined by the coordinates set forth and contained in Article 2 of the Protocol on "Authorization and Implementation Modality";

WHEREAS, WAE, on the basis of its designation by the Government of Guinea as an entity from the Guinean side that is designated to use Liberian-based transportation facilities and infrastructure to facilitate the trans-shipment of iron ore through Liberia for further export, and the transportation of personnel and trans-shipment of goods through Liberia destined for Guinea to support WAE's iron ore mining operations (the "**Proposed Transaction**"), has requested the Government of Liberia to grant the approval for the use of such Liberian-based transportation facilities and infrastructure as is required under Article 2 of the Protocol on "Authorization and Implementation Modality" with the view to entering into a formal agreement;

WHEREAS, a formal agreement between the Parties in furtherance of the Proposed Transaction would require, as conditions precedent, satisfactory completion of comprehensive legal, financial, commercial and technical due diligence assessments and investigations by the Parties, to be followed by negotiations to provide the basis upon which one or more formal agreements relating to the Proposed Transaction can be prepared (the "**Transaction Documents**");

WHEREAS, both Parties acknowledge the fact that certain Liberian-based transportation facilities and infrastructure are currently also being used by third parties;

WHEREAS, WAE has represented to the Government of Liberia that it has the financial and technical capacity to enter into a mutually beneficial relationship with the Government of Liberia in furtherance of the Proposed Transaction, and both Parties are now willing to enter into this Memorandum to

form a basis for more in-depth discussions and negotiations with the view to entering into Transaction Documents on such terms and conditions as the Parties may subsequently agree:

NOW, THEREFORE, the Parties have set out their understanding in this Memorandum as follows:

SECTION ONE **Agreement in Principle**

- 1.1. The Parties agree in principle to negotiate in good faith with the view to enter into the Transaction Documents within One Hundred Eighty (180) calendar days effective as of the date of the signing of this Memorandum of Understanding (the "Negotiation Period"); provided however that if the Parties are unable to negotiate, or to agree upon the terms and conditions, and or to execute the required Transaction Documents by the end of the Negotiation Period, this Memorandum may be extended with the consent of both Parties, and where no extension is obtained, the Memorandum shall terminate automatically without any further action on the part of either Party.
- 1.2. The Parties recognize that nothing in this Memorandum restricts the Government of Liberia from entering into other discussions or agreements relative to the use of Liberian territory or infrastructure for the transshipment of Guinea-based natural resources.
- 1.3. The Parties further recognize that this Memorandum does not constitute approval by the Government of Liberia of WAE as a designated entity under the Protocol as such approval shall be dependent upon completion and execution of the Transaction Documents.

- 1.4. WAE undertakes to procure a certificate of authorization to engage in business in Liberia as a foreign registered corporation from the Ministry of Foreign Affairs of the Republic of Liberia or other authorized agency of the Government of Liberia as soon as is possible following the execution of this Memorandum.

SECTION TWO Legal Relationship

2. This Memorandum does not and is not intended to create any binding legal relationship between the Parties.

SECTION THREE Object

- 3.1. The object of this Memorandum is to enable the Parties to conduct the necessary legal, financial, commercial and technical due diligence assessments, and investigations during the Negotiation Period including but not limited to the following:

- a. Discussions and negotiations with relevant persons including Arcelor Mittal Liberia, an entity incorporated under the laws of Liberia, with a view to undertaking and completing an optimization study covering:

- i. review of the present rail conditions of the Yekepa-Port Buchanan railway line, repair and subsequent rail maintenance regime;
- ii. railway network and consist configuration;
- iii. railway communication and signaling system;
- iv. train scheduling;

- b. Discussions and negotiations with the Government of Liberia on the following:

- i. Allocation to WAE of the use of land for the construction of transfer (and associated) facilities at Yekepa and the feasibility of transferring product from trucks onto trains (requiring the use of a suitable area for use of land by WAE);
- ii. Refurbishment of the Yekepa-Tokadeh link of the Yekepa-Buchanan railway line, and construction of loops on the Yekepa Buchanan railway line so as to increase capacity (as necessary);
- iii. Allocation to WAE of use of land for development and/or improvement of port handling facilities at Port Buchanan (as necessary); and establishment of all infrastructure necessary to support the above installations/works (together, the "Infrastructure Works");
- iv. The timetabling for delivery of feasibility studies, commencement of Infrastructure Works and other project deliverables;
- v. Fiscal regimes applicable to the development and use of the Infrastructure Works (including but not limited to import/export duties, corporation tax, withholding taxes, social security (and other employment related issues));
- vi. Framework for ministerial approval of Infrastructure Works;
- vii. Health, Safety and Environmental standards;
- viii. Rights to use Infrastructure Works; and
- ix. Fee structures (as applicable).

3.2 Discussions concerning, and production to the Government of Liberia of, such financial and technical records as the Government of Liberia may reasonably require to be satisfied of WAE's financial and technical capabilities, including such records of any affiliate or

parent company to be made a party to the Transaction Documents.

SECTION FOUR **Mutual Undertakings**

- 4.1 In furtherance of Section 1 of this Memorandum, it is agreed that if a Party decides not to proceed with the Proposed Transaction, that Party will immediately notify the other Party of its decision.
- 4.2 The Parties recognize that in order to make progress with negotiations for the Proposed Transaction, it will be necessary at an early stage:
- i. To obtain clear and accurate information relating to areas available "land-side" at the Port of Buchanan;
 - ii. To obtain a general understanding of the principle that there will be other users of the Yekepa-Port Buchanan railway line;
 - iii. For Arcelor Mittal Liberia to openly participate in the exchange of information regarding capacity requirements, and
 - iv. That the Parties use their respective reasonable endeavors to secure the participation and cooperation of Arcelor Mittal Liberia, as needed.

SECTION FIVE **Confidentiality & Non-Disclosure**

- 5.1 In the absence of agreement between the Parties and unless otherwise agreed or required by law, each Party agrees not to publish,

other material, whether of a business, technical, financial, operational, administrative, marketing or other nature provided by the other Party, either directly or through its agents, affiliates, or parent company in the case of WAE, with the exception of information already in the public domain or information required by law or by court of competent jurisdiction.

5.2 It is agreed, notwithstanding any other provisions in this Memorandum that WAE intends to make a Regulatory News Service (RNS) announcement of the signing and nature of this Memorandum (the "RNS Announcement") without delay following signing.

5.3 It is further agreed that WAE shall provide the proposed final draft of the RNS Announcement to the Government of Liberia for written approval prior to publishing or disseminating for publication the RNS Announcement, and subject to the confidentiality restrictions otherwise contained in this Section 5. For the avoidance of doubt, WAE shall ensure that the RNS Announcement is not published or disseminated for publication either by WAE, its parent company, affiliates or agents without the written approval of the Government of Liberia.

SECTION SIX

No obligation to proceed with the Proposed Transaction

6. Neither this Memorandum nor the future negotiations relating to the Proposed Transaction shall commit a Party to proceed with the Proposed Transaction, which is subject to the conclusion of one or more formal written agreements signed by the Parties.

SECTION SEVEN

Costs

7. Each Party to this Memorandum shall bear its own costs of whatever nature in relation to all its activities during the Negotiation Period.

SECTION EIGHT

Governing Law and Jurisdiction

8. This Memorandum shall be governed by Liberian law. Both Parties agree to submit to the exclusive jurisdiction of the Courts of Liberia.

SECTION NINE

Notices

- 9.1 Any notice or other communication under or in connection with this Memorandum (a "Notice") shall be in writing; in the English language; and sent by hand delivery, courier, or by email transmission to the party due to receive the Notice to the address or email address, as set forth below:

For the Government of Liberia

Hon. S. Tornorlah Varpilah
Minister of Transport
Broad Street
Monrovia, Liberia
Email:

For WAE

Mr. Chris Parry
18th Street
Monrovia, Liberia
Email:

Hon. Michael Wotorson
Chairman
National Investment Commission
Sinkor
Monrovia, Liberia
Email:

- 9.2 Unless there is evidence that the Notice was received earlier, a Notice is deemed given if hand delivered at the addresses stated above, sent by courier with evidence of delivery and receipt, or sent by email transmission

with confirmation of receipt. In proving service of a Notice it shall be sufficient to show by evidence confirmed transmission, delivery and acknowledgment of receipt.

SECTION TEN
General

10. This Memorandum is executed in two original copies each containing the true text thereof in the English language.

SECTION ELEVEN
Intent of the Parties

- 11.1 This Memorandum reflects the intent of Parties to cooperate in achieving the objects herein expressed and to subsequently enter into formal agreements on such terms and conditions as the Parties may subsequently agree which shall be consistent with the Constitution, statutory laws and policies of the Republic of Liberia.
- 11.2 This Memorandum does not create any binding obligations on the part of any Party, nor does it create any duty to negotiate, or to negotiate in any particular manner, other than in good faith.

SECTION TWELVE
Assignment

12. This Memorandum and the rights hereunder shall not be assigned by any of the Parties to any third party or parties without the consent in writing of the other Party.

SECTION THIRTEEN
Amendments and Modifications

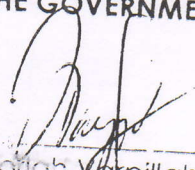
13. Either Party may request an amendment or modification to this Memorandum.

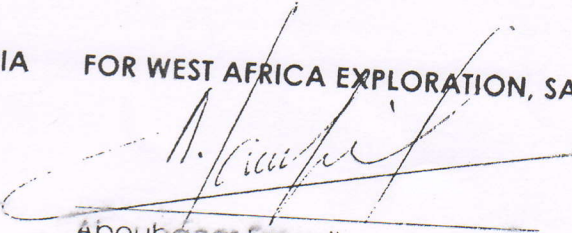
consent and shall be in writing signed and executed by the authorized representatives of both Parties to this Memorandum.

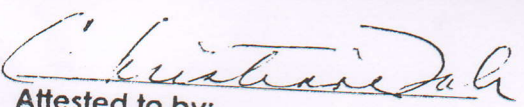
WHEREFORE AND IN VIEW OF THE FOREGOING, the Parties have set their hands and executed this instrument on the day and date first above written in two original copies each containing the true text thereof in the English language.

FOR THE GOVERNMENT OF LIBERIA

FOR WEST AFRICA EXPLORATION, SA


S. Tomorlah Varpillah
Minister of Transport


Aboubacar Sampil,
Duly Authorized Officer


Attested to by:
Hon. Christflana P. Tah
Minister of Justice & Attorney General
Republic of Liberia

Schedule 1

Guinean Presidential Decree No D2013/150/PRG/SGG