
MEMORANDUM OF UNDERSTANDING
RELATING TO THE EXPLOITATION OF THE FORT-
DAUPHIN MINERALIZED SAND DEPOSITS

BETWEEN

THE MALAGASY STATE

AND

RIO TINTO FER ET TITANE INC.

AND

QIT MADAGASCAR MINERALS LTD.

AND

QIT MADAGASCAR MINERALS S.A.

And in the presence of
the Office of National Mines and Strategic Industries

Executed on August 22, 2023, with an effective date of June 21, 2023

Between:

THE MALAGASY STATE, represented by Mrs. Rindra Hasimbelo Rabarininarison, Minister of Economy and Finance and Mr. Herindrainy Olivier Rakotomalala, Minister of Mines and Strategic Resources, duly authorized to represent the Malagasy State for the purposes hereof,

Hereinafter referred to as the "**State**",

Of the first part,

And

RIO TINTO FER ET TITANE INC., a Québec law company registered in the enterprise register under the number 1146439816, having its registered office at 1625 Route Marie-Victorin, Sorel-Tracy QC J3R1M6, Canada, represented by Benoit Palmer, as Senior Legal Counsel, duly authorized for the purposes hereof,

Hereinafter referred to as "**RTFT**",

Of the second part,

And

QIT MADAGASCAR MINERALS LTD., a Bermudian law company registered in the enterprise register under the number EC12358, having its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, represented by Benoit Palmer, as Director, duly authorized for the purposes hereof,

Hereinafter referred to as "**QIT**",

Of the third part,

And

QIT MADAGASCAR MINERALS S.A., a Malagasy law business corporation, registered in the enterprise register of Antananarivo under the number 98.B.480, having its registered office is at Immeuble Assist, Ivandry, Lot N°35, 5th floor, Antananarivo, 101, Madagascar, represented by Ny Fanja Rakotomalala, as President, duly authorized for the purposes hereof,

Hereinafter referred to as "**QMM**",

Of the fourth and final part,

And in the presence of the **OFFICE OF NATIONAL MINES AND STRATEGIC INDUSTRIES**, acting in its capacity as representative of the State under the Establishment Agreement and as holder of the shares of QMM, having its registered office at 21, Iàlana Razanakombana, P.O. 1Bis (101), Antananarivo, Madagascar, represented by Nantenaina Rasolonirina, as Acting Managing Director,

Hereinafter referred to as the "**ONMSI**".

RTFT, QIT and QMM are hereinafter collectively referred to as the "**Rio Tinto Group**".

The State, RTFT, QIT and QMM are hereinafter individually referred to as a "**Party**" or collectively as the "**Parties**".

IT BEING UNDERSTOOD THAT:

- A. The State, represented by the ONMSI, and RTFT (formerly QIT-Fer et Titane Inc.) have entered into the *Convention d'Établissement pour la recherche et l'exploitation minière, y compris la séparation, l'enrichissement et le traitement de Minéraux existant dans les gisements de Sables Minéralisés de Fort-Dauphin, et l'exportation et la commercialisation des Minéraux extraits de ces Sables* (Establishment Agreement for Mining Research and Operation, including the Separation, Enrichment and Treatment of Minerals existing in the Fort-Dauphin Mineral Sand Deposit, and the Exportation and Marketing of the Minerals extracted from such Sands), which came into force on February 19, 1998 following the promulgation by the President of the Republic of Madagascar of Law 98-002 authorizing the ratification of the Establishment Agreement (hereinafter the "**Establishment Agreement**" or "**EA**").
- B. Pursuant to Articles 3 and 4 of the Establishment Agreement, the State and RTFT incorporated the QMM corporation, currently held *inter alios*, by the State, RTFT and QIT, and governed by a shareholder agreement entered into on February 12, 1998 (the "**Shareholder Agreement**").
- C. In accordance with Article 6 of the Establishment Agreement, QMM has taken over, following its incorporation, the rights and obligations of RTFT under the Establishment Agreement.
- D. The Articles 18 to 21 of the Establishment Agreement establish a tax and customs regime applicable to the QMM for a term of twenty-five (25) years from the entry into force of the EA, subject to the terms and conditions set out therein (the "**Initial Tax and Customs Regime**").
- E. Article 21.8 of the Establishment Agreement provides that at least twenty-four (24) months prior to the expiry of the Initial Tax and Customs Regime, the Parties will undertake discussions to define the new tax and customs regime to which QMM will be subject.
- F. In order to give themselves the time needed to jointly define the new tax and customs regime applicable to QMM and to allow the adoption of the legislative measures required to that effect, the Initial Tax and Customs Regime was renewed by agreement of the Parties, endorsed by the Council of Ministers from January 11, 2023, until the end of this parliamentary session.
- G. Between the month of January and the date of this Agreement, the Parties have agreed to undertake discussions and to implement all steps towards agreeing on a beneficial agreement that meets the mutual expectations of the State and the Rio Tinto Group, and in particular to achieve the following objectives:
 - a. allow the State to access the project's cash flows on an accelerated schedule;
 - b. establish a new long-term tax and customs regime that will be competitive with respect to QMM's competitors and will encourage additional investments by the Rio Tinto Group necessary to maintain the operations and development of QMM;
 - c. improve communication and cooperation between the State and the Rio Tinto Group in connection with the development of QMM;

the whole, in full transparency and strict compliance with the laws and regulations applicable to QMM.

- H. In this context, the Parties have agreed to enter into this Memorandum of Understanding (the "**Memorandum**") in order to formalize and define the implementation terms of these objectives.

IT HAS BEEN AGREED AND DECIDED AS FOLLOWS:

Article 1. DEFINITIONS

Unless otherwise indicated, capitalized terms used in this Memorandum have the meanings set forth below.

"**Article**" means an Article of this Memorandum.

"**Business Integrity Laws**" means all laws, regulations or rules applicable to Madagascar, Canada, the United Kingdom, the United States of America and Australia relating to the prevention of bribery, corruption, money laundering, the facilitation of tax evasion or fraud, including but not limited to the *UK Bribery Act* of 2010, the *U.S. Foreign Corrupt Practices Act* of 1977 and the *Corruption of Foreign Public Officials Act* (Canada) (S.C. 1998, c. 34).

"**Business Integrity Statutes and Standards**" means the laws and regulations of Madagascar, the Business Integrity Laws and the Standards of the Rio Tinto Group with respect to ethics, integrity and transparency.

"**Concertation Committee**" has the meaning ascribed thereto in Article 8 below.

"**Contribution Agreement**" has the meaning ascribed thereto in Article 12.4 below.

"**CSR Budget**" has the meaning ascribed thereto in Article 9 below.

"**Development Period**" has the meaning ascribed thereto in Article 4.2 below.

"**Effective Date of the New Tax and Customs Regime**" has the meaning ascribed thereto in Article 3.1.3 below.

"**Effective Date**" has the meaning ascribed thereto in Article 19 below.

"**Equipment**" has the meaning ascribed thereto in Article 4.1.2 below.

"**Establishment Agreement Rider**" or "**Rider**" has the meaning assigned to it in Article 3.1.1 below.

"**Establishment Agreement**" has the meaning ascribed thereto in paragraph A of the opening statement above.

"**External Event**" has the meaning ascribed thereto in Article 4.6 below.

"**Fort-Dauphin Operating Perimeter**" has the meaning ascribed thereto in the Establishment Agreement.

"**Fort-Dauphin Operating Permit**" has the meaning ascribed thereto in the Establishment Agreement.

"**General Contractor**" has the meaning ascribed thereto in Article 12.1 below.

"**Initial Tax and Customs Regime**" has the meaning ascribed thereto in paragraph D of the opening statement above.

"**Jirama Claim**" has the meaning ascribed thereto in Article 14 below.

"**Jirama**" has the meaning ascribed thereto in Article 14 below.

"**Memorandum**" has its meaning attributed thereto in paragraph H of the opening statement above.

"**Minerals**" has the meaning ascribed thereto in the Establishment Agreement.

"**New Tax and Customs Regime**" has the meaning ascribed thereto in Article 3.1.1 below.

"**Order No. 130/2007**" has the meaning ascribed thereto in Article 5.1 below.

"**Other Deposits**" has the meaning ascribed thereto in Article 4.7 below.

"**Petriky Deposit**" has the meaning ascribed thereto in Article 4.1.3 below.

"**Production Start-Up Period**" has the meaning ascribed thereto in Article 4.3 below.

"**Project Activities**" has the meaning ascribed thereto in the Establishment Agreement.

"**Project**" has the meaning ascribed thereto in the Establishment Agreement.

"**Renewable Energy Plant**" has the meaning ascribed thereto in Article 4.1.1 below.

"**RN13 Project**" means the one hundred and nine kilometers (109 km) rehabilitation project of the RN13 National Highway in the Anosy Region.

"**Shareholder Agreement**" has the meaning ascribed thereto in paragraph B of the opening statement above.

"**Standards of Rio Tinto Group**" means the standards of the Rio Tinto Group with respect to ethics and integrity, including the Code of conduct, *The Way We Work* and the Business Integrity Standard (available at the following address : <https://www.riotinto.com/sustainability/policies>).

Article 2. PURPOSE OF THIS MEMORANDUM

The purpose of the Memorandum is, among other things, to:

- 2.1.1 acknowledge the agreement of the Parties on the terms of the new tax and customs regime applicable to QMM and on the terms of its adoption and coming into force;
- 2.1.2 agree on certain amendments to make to the capital of QMM and to the shareholders' receivables to provide for an accelerated and more regular compensation to the State on the operating income of QMM;
- 2.1.3 make certain other adjustments to ensure the sustainable development of the QMM's activities in Madagascar; and
- 2.1.4 formalize certain commitments of QMM to support and promote actions and initiatives for the protection of the environment and the development of local communities and national projects.

Article 3. NEW TAX AND CUSTOMS REGIME

3.1 Definition of the New Tax and Customs Regime

- 3.1.1 In accordance with Article 21.8 of the Establishment Agreement, the Parties have agreed on the new tax and customs regime applicable to the QMM operations described in greater detail in the Establishment Agreement Rider which reflects the agreement of the Parties on the terms of the New Tax and Customs Regime (the "**Establishment Agreement Rider**") and other amendments to be made to the provisions of the Establishment Agreement¹ (the "**New Tax and Customs Regime**").
- 3.1.2 The State will use its best efforts to proceed with legislative approval by submitting the Act to ratify the Establishment Agreement Rider in the National Assembly during the regular parliamentary session in June 2023.
- 3.1.3 The coming into force of the Establishment Agreement Rider and, therefore, the full effectiveness of the New Tax and Customs Regime, will occur on the date of promulgation by the President of the Republic of the Act to ratify the Establishment Agreement Rider (the "**Effective Date of the New Tax and Customs Regime**"),

¹ **Note:** In accordance with the terms agreed between the parties (see the document "Main Resolutions resulting from the Rio Tinto - State Negotiations"), the current regime of QMM will be renewed, subject to the following adjustments: removal of the professional tax (*taxe professionnelle*, or *TP*) and the property tax on built-up properties (*impôt foncier sur les propriétés bâties*, or *IFPB*) - arts. 19.6 and 19.7 of the EA (taxes that no longer exist under Malagasy law).

regardless of its publication in the Official Journal of the Republic of Madagascar, in accordance with Article 35.1 of the Establishment Agreement.

- 3.1.4 Subject to the provisions of Article 4 below, the New Tax and Customs Regime will have a term of twenty-five (25) years from the Effective Date of the New Tax and Customs Regime.

3.2 Maintenance of the Initial Tax and Customs Regime

- 3.2.1 In line with the State's commitment pursuant to the minutes of the meeting of January 10, 2023, and the statements in the decision of the Council of Ministers of January 11, 2023, the Initial Tax and Customs Regime currently applicable to QMM remains in force and is automatically renewed until the Effective Date of the New Tax and Customs Regime.
- 3.2.2 As such, the State guarantees the full effectiveness of the Initial Tax and Customs Regime and undertakes, in particular, to ensure that no act or omission of the State, its bodies, agents or other representatives calls into question the full effectiveness of the Initial Tax and Customs Regime during this period.

Article 4. DEVELOPMENT OF QMM

- 4.1 The Parties acknowledge that QMM has indicated its intention to pursue the long-term development of its mining operations, including:
 - 4.1.1 through its participation in the implementation of the renewable energy (solar and wind) plant project already underway at Fort Dauphin for an installed capacity of more than 20 MW of electricity (the "**Renewable Energy Plant**"), of which approximately twenty percent (20%) will be available for purchase by the Jirama on terms to be determined between the Parties, for the purposes of the community of Fort-Dauphin; and
 - 4.1.2 through the commissioning by QMM of a second dredge equipment or other equipment to support the current production of QMM ("**Equipment**"); and
 - 4.1.3 through the preparation of social, environmental and technical studies related to the evaluation and development of the Petriky deposit (the "**Petriky Deposit**"), with a view to allowing the Rio Tinto Group to make an investment decision during the Development Period, as defined in Article 4.2 below.
 - 4.2 To this end, and within a maximum period of five (5) years after the Effective Date of the New Tax and Customs Regime (the "**Development Period**"), QMM will use its best efforts to:
 - 4.2.1 commission the Renewable Energy Plant;
 - 4.2.2 perform at least one of the following initiatives:
 - 4.2.2.1 the purchase and commissioning of the Equipment;
 - 4.2.2.2 the making a favourable investment decision for the development of the Petriky Deposit,
- it being understood that the completion of the initiatives described in this Article is subject to the conclusions of any study and evaluation prepared in this regard being to the satisfaction of the Rio Tinto Group.

- 4.3 Subject to a favourable investment decision by QMM for the development of the Petriky Deposit in accordance with Article 4.2.2.2 above, QMM will use its best efforts to ensure the commercial production start-up of the Petriky Deposit within two (2) years of the expiration of the Development Period (the "**Production Start-Up Period**").
- 4.4 The State will support and provide all the necessary backing to QMM for the assessment and development by QMM of the initiatives described in Article 4.2 above and, where applicable, for the production start-up of the Petriky Deposit pursuant to Article 4.3 above, including by granting permits and authorizations required in accordance with applicable laws and regulations, as soon as possible, it being understood that any delay attributable to the State will automatically extend the Development Period for a period equivalent to such delay.
- 4.5 In particular, the State will actively participate in the review and validation process of studies and submissions regarding the implementation of these initiatives (including the production start-up of the Petriky Deposit pursuant to Article 4.3) and make its decisions as soon as possible.
- 4.6 In the event that QMM is unable to make a favourable investment decision for the development of the Petriky Deposit at the end of the Development Period or, if applicable, to proceed with the production start-up of the Petriky Deposit, at the end of the Production Start-Up Period, as extended where applicable pursuant to Article 4.4 above, by reason of any external event, as defined in Article 4.8 below (the "**External Event**"), the Parties will by mutual agreement extend the Development Period or, if applicable, the Production Start-Up Period sufficiently to allow QMM to make a favourable investment decision for the development of the Petriky Deposit or, if applicable, to proceed with its production start-up under Article 4.3.
- 4.7 For the purposes of Article 4.6 above, it is specified, in the event that QMM would not be able to make a favourable investment decision for the development of the Petriky Deposit or to proceed with its production start-up, under the conditions set out in Articles 4.2.2.2 and 4.3 above, due to an External Event, that QMM may, during the Development Period or the Production Start-Up Period, as extended where applicable in accordance with Article 4.6 above, notify the State of its intention to study the feasibility of developing any other deposit located in the Fort-Dauphin Operating Perimeter, including the Saint Luce deposit (the "**Other Deposits**"), with a view to making a favourable investment decision for its development and to ensure its commercial production start-up, it being understood that the Parties will agree in such a case on a schedule providing adequate time to allow QMM to make a favourable investment decision and to proceed with the production start-up of the Other Deposit.
- 4.8 Will be considered an External Event, for the purposes of Articles 4.6 and 4.7 above, any of the following events:
- 4.8.1 any force majeure event, as defined in Article 29 of the Establishment Agreement, or
 - 4.8.2 any other event not attributable to QMM, including but not limited to the following events:
 - 4.8.2.1 the determination, through studies carried out for the purpose of implementing the initiatives referred to in Article 4.2 above, that the implementation of such initiatives is not sufficiently profitable or does not present a sufficient social and community acceptability; and
 - 4.8.2.2 any political, social, economic or financial instability or disturbance at the national level that may affect the implementation of the initiatives referred to in Article 4.2 above.

- 4.9 In the event that QMM is unable to implement at least two (2) of the initiatives referred to in Article 4.2 above, for any reason other than an External Event, at the end of the Development Period or, if applicable, to proceed with the production start-up of the Petriky Deposit or an Other Deposit, at the end of the Production Start-Up Period pursuant to Articles 4.3 and 4.7, as extended where applicable pursuant to Articles 4.4, 4.6 and 4.7 above, and unless the Parties agree to extend the Development Period or, if applicable, the Production Start-Up Period, or to maintain the New Tax and Customs Regime, the State may partially or completely terminate the New Tax and Customs Regime, effective at the end of the calendar year during which the State will have notified QMM of its decision to terminate it.
- 4.10 The Parties intend to reiterate, where necessary, that the conduct by QMM of operations for the development of any deposit within the Fort-Dauphin Operating Perimeter (including the Petriky and Saint Luce Deposits) will be governed by the Fort-Dauphin Operating Permit and the provisions of the Establishment Agreement.

Article 5. DURATION OF THE FORT-DAUPHIN OPERATING PERMIT

- 5.1 The Parties intend to reiterate that Order No. 130/2007 granting the Fort-Dauphin Operating Permit (the "**Order 130/2007**") provides that the Fort-Dauphin Operating Permit shall have a term of forty (40) years from November 12, 1996, namely until November 11, 2036, and is renewable, upon request by QMM, in successive fifteen (15) year periods, subject to the submission of an updated feasibility study.
- 5.2 Subject to the completion by QMM of at least two (2) of the initiatives referred to in Article 4.2 above, the State undertakes to take all measures and to carry out all procedures necessary at the request of QMM to have the Fort-Dauphin Operating Permit renewed for a period of fifteen (15) years in accordance with Article 5.1 above after the initial period of the Fort-Dauphin Operating Permit.

Article 6. PARTICIPATION OF THE STATE

- 6.1 With a view to allowing the State to more quickly and regularly access the financial flows derived from the profits of QMM (*pro rata* to its participation in the capital), the Rio Tinto Group and the State have agreed to make the following changes to the allocation of the capital of QMM and to the associated rights (and, where applicable, the State shall cause these undertakings to be performed by the ONMSI or the entity referred to in Article 6.4):

- 6.1.1 QIT and the ONMSI (or the entity referred to in Article 6.4) will put in place appropriate legal mechanisms (including any transfer of shares issued by QMM between the ONMSI, or the entity referred to in Article 6.4, and QIT, any conversion of shares into a different class of shares, any subscription of any share, investment certificate, voting rights certificate, etc.) allowing the allocation of the share capital and the voting rights of QMM to be modified as follows:

QMM Shareholders	Contemplated Allocation	
	Share of financial rights	Share of voting rights
QIT	c. 85%	c. 80%
ONMSI	c. 15%	c. 20%

Others ²	c. 0%	c. 0%
Total	100%	100%

In the event that several legal mechanisms would be available and would achieve an equivalent result, QIT and the ONMSI (or the entity referred to in Article 6.4) will favour the most efficient and/or least costly legal mechanism for QIT.

- 6.1.2 As consideration for and subject to compliance by the State with the covenants of the State set forth in this Memorandum, QIT waives its claim against the State, amounting, to this date, to seventy-seven million two hundred thousand US dollars (77,200,000 USD), resulting from the recapitalization transactions of QMM entered into in 2012 and 2015 subscribed in full by QIT, as advances, for a cumulative amount of three hundred and eighty-six million US dollars (386,000,000 USD).
- 6.1.3 The ONMSI (or the entity referred to in Article 6.4) and QIT will put in place appropriate legal mechanisms to allow the participation of the State not to be diluted in the event of the issuance of new capital securities of QMM (i.e. free carry type securities).
- 6.1.4 The Shareholder Agreement and the articles of QMM will be amended, where necessary, to introduce a new dividend distribution policy and allocation mechanism (including by converting the shares of QMM into preferred shares) which would, subject to applicable laws and regulations, ensure that:
- 6.1.4.1 at the end of each fiscal year between fiscal 2023 and fiscal 2030, at least 40% of the annual profit (as determined by the board of directors of QMM on the basis of the financial statements audited by the statutory auditor of QMM) is collected by the State up to its proportionate share of the financial rights of QMM in the form of dividends (such minimum percentage being set at 60% for fiscal years between fiscal 2031 and fiscal 2048); and
- 6.1.4.2 all distributions of QMM dividends are distributed among the shareholders of QMM at the pro rata of their respective financial rights; provided that until the date of the full repayment of the shareholder loan granted by QIT to QMM (amounting to 704,000,000 USD at the date of this Agreement), the proportionate share of the dividends corresponding to the financial rights of QIT will not be distributed but will be temporarily allocated to reserves, before being finally distributed to QIT after that date by way of a dividend distribution from the reserves allocated to it.
- 6.1.5 As consideration for and subject to compliance by the State with the covenants made by the State under this Memorandum, QMM will declare a dividend that will permit the distribution of an amount of twelve million US dollars (12,000,000 USD) to the ONMSI (or the entity contemplated in Article 6.4) as dividends during fiscal 2023, which will be brought to the annual budget of the State.
- 6.2 The Parties confirm that the above covenants are consistent with the social interest of QMM and are the result of negotiations between the Parties with a view to reaching an agreement beneficial to both

² **Note:** The capital of QMM includes minority shareholders holding a limited number of shares, without voting or financial rights.

the State and the Rio Tinto Group and, in particular, to ensure the sustainability of the operations of QMM while allowing the State to access more quickly and regularly the financial flows derived from the profits of QMM (*pro rata* to its participation in the capital).

- 6.3 The Parties further agree that the reduction of the State's participation in the capital of QMM provided for in this Memorandum will not result in the loss of the specific governance rights of the State provided for in Article 4.6 (*Shareholder Agreement*) of the Establishment Agreement and covenant to ensure the maintenance of such rights notwithstanding the State's participation in the equity capital of QMM reaching below the twenty per cent (20%) threshold.
- 6.4 The State may designate a new entity to hold the State's participation in the capital of QMM in lieu of the ONMSI, subject to prior notification to the Rio Tinto Group and the Parties agreeing on the terms and conditions applicable to such participation, it being understood that such new entity (i) will be owned and controlled by the State, (ii) will be entitled, under applicable laws and regulations, to hold the participation of the State in private law companies, and (iii) will have undertaken to comply with the best international standards regarding good governance and transparency (including the principles of the Extractive Industries Transparency Initiative).
- 6.5 The Parties will formalize the covenants set out in Articles 6.1.1 to 6.1.5 of this Memorandum throughout all useful actions and documents agreed upon among them so that all such covenants shall be effective as soon as possible after the Effective Date of the New Tax and Customs Regime.

Article 7. ROYALTY APPLICABLE TO QMM

- 7.1 The Parties agree that the two per cent (2%) mining royalty rate provided for in Article 7.2.4 (*Fort-Dauphin Operating Permit*) of the Establishment Agreement will be changed and increased to two point five per cent (2.5%), representing one point four per cent (1.4%) of rebates for decentralized territorial authorities and one point one percent (1.1%) of royalties for the State and its divisions.
- 7.2 It is specified, where necessary, that the rate of two point five per cent (2.5%) referred to in Article 7.1 above will apply to the FOB value of all Minerals.
- 7.3 For the purposes of Article 7.2, the Parties will agree by mutual agreement on the terms and conditions for the establishment of a system for verifying the quantities of exported Minerals.
- 7.4 QMM and the State will amend the provisions of Article 7.2.4 (*Fort Dauphin Operating Permit*) of the Establishment Agreement in the Establishment Agreement Rider to reflect the provisions of this Article 7.
- 7.5 In the event that royalty rates lower than those referred to in this Article 7 would be provided in any act or regulation that came into force after the Effective Date (including any amendment to mining legislation or regulation), QMM will be entitled as of right to the application of such rates in lieu of those contemplated in this Article upon simple notification to the State. These rates will take effect retroactively to the date on which the legislation providing such rates comes into force.

Article 8. PROJECT SUPPORT AND MONITORING

- 8.1 Within the limits of the powers and the jurisdiction conferred upon it by applicable law and subject to the compliance by QMM with the obligations set forth in the Establishment Convention and this Memorandum, the State undertakes, in line with its covenants set forth in Article 11 of the Establishment Convention, to use its best efforts to:

- 8.1.1 support and allow QMM to complete and pursue the Project Activities in accordance with the Establishment Agreement and its mining permit, including in the Vatovy, North Snake, Mandena deposit, Petriky Deposit and Saint Luce deposit areas;
 - 8.1.2 facilitate the timely issuance of any permits and authorizations required for the completion of the Project Activities; and
 - 8.1.3 work with QMM to enable the completion of the Project in accordance with the best international standards regarding environment, good governance and transparency.
- 8.2 The Parties acknowledge the importance of ensuring regular and transparent communication between the Rio Tinto Group and the State on the operations of QMM, including the covenants made under this Memorandum, and agree to set up as soon as possible a concertation committee ("**Concertation Committee**"), allowing for further consultations between the State and the Rio Tinto Group with the following objectives:
- 8.2.1 a more significant monitoring by the State of the progress of the operations of QMM;
 - 8.2.2 a communication program related to the development of QMM and all initiatives and covenants under this Memorandum (including the RN13 Project);
 - 8.2.3 the establishment of communication channels enabling an efficient sharing of information for a better understanding of the respective expectations of the Parties;
 - 8.2.4 the establishment of a committee to monitor regional and community development projects, enabling the establishment and financing of projects meeting the needs of the Malagasy citizens;
 - 8.2.5 the support of the State to enable QMM to complete and pursue the Project Activities in accordance with the Establishment Agreement and its mining permit, including in the Vatovy, North Snake, Mandena deposit, Petriky Deposit and Saint Luce deposit areas; and
 - 8.2.6 the formal delivery to QMM by the State of a copy of the *Rapport de synthèse et de consolidation des résultats d'analyse des eaux issus et autour de la mine de Mandena* (Summary and Consolidation Report of the water analysis results from and around the Mandena mine) prepared by the National Water and Sanitation Authority (ANDEA) dated May 2022 for use and publication by QMM.
- 8.3 The Concertation Committee will comprise three (3) senior government officials, including: one (1) senior representative of the President of the Republic of Madagascar, one (1) senior representative of the Department of Mines and Strategic Resources, and one (1) senior representative of any other relevant government department at the State's option, as well as three (3) senior officials of the Rio Tinto Group. Appointments are made or modified by giving written notice to the other party.
- 8.4 The Concertation Committee shall meet at least quarterly and at such other frequency as the Parties deem necessary.
- 8.5 Subject to the prior confirmation of all representatives, the meetings of the Concertation Committee may be held remotely by electronic means (such as videoconferencing) enabling the identification of participants and ensuring their effective participation.
- 8.6 Any person whose attendance at a meeting of the Concertation Committee is useful or necessary may be invited, with the consent of the Parties, to participate in the meeting.

Article 9. CORPORATE SOCIAL RESPONSIBILITY "CSR" CONTRIBUTIONS

- 9.1 QMM will increase its budget allocated to the development and promotion of CSR actions (the "**CSR Budget**") to 4 million US dollars (4,000,000 USD) per year.
- 9.2 The CSR Budget will be increased to account for inflation by two per cent (2%) per year.
- 9.3 The State and QMM agree that the CSR Budget will be administered by QMM, but the selection of the projects will be made in coordination with the decentralized territorial authorities and communities and will be subject to an annual prior approval by the State at the Council of Ministers.
- 9.4 The CSR Budget is planned to be allocated as follows:
- 9.4.1 a portion of the annual CSR Budget, amounting to five hundred thousand US dollars (500,000 USD), will be allocated to a reforestation program; and
 - 9.4.2 the balance of the annual CSR budget will be allocated equally between the development of local projects and the development of regional projects;
- it being understood that such allocation may change over time and as required with the approval of the State and QMM.

Article 10. CARBON CREDITS

- 10.1 The Parties acknowledge the will of the Rio Tinto Group and the State to develop and implement a project to reduce emissions resulting from the deforestation and the forest degradation (REDD+) in the protected area of Tsitongambarika at Fort Dauphin, in collaboration with Birdlife International and Asity Madagascar (the "**TGK Project**"), which must also enable the generation of carbon credits in support of the objectives of sustainable development of the State and of the Paris Climate Agreement.
- 10.2 To the extent that the TGK Project is registered in the VERRA Registry as soon as possible and subject to the issuance by the State of a notice of no prior objection, and the completion of the TGK Project in accordance with Business Integrity Statutes and Standards, the Rio Tinto Group will make a total direct investment in the TGK Project of five million US dollars (5,000,000 USD) over a period of five (5) years following the Effective Date of the New Tax and Customs Regime.
- 10.3 The Rio Tinto Group will also purchase from the State, over a period of five (5) years following the Effective Date of the New Tax and Customs Regime, high integrity carbon credits, using a clearly defined methodology and under the auspices of clearly defined institutions, from the TGK Project and up to ten million US dollars (10,000,000 USD), subject to the availability of such credits. The terms and conditions for the use of such funds will be determined by mutual agreement of the Parties in accordance with national and international requirements, it being understood that a fair portion of such funds will need to be allocated to the host communities in view of their leading role in the success and safeguarding of the project.
- 10.4 The Parties acknowledge that such potential investments are in no way linked to compliance with the Madagascar Mining Code, the Water Code or any other applicable law and instead represent an additional voluntary investment by the Rio Tinto Group in connection with its climate action.

Article 11. OTHER FINANCIAL CONTRIBUTIONS

- 11.1 In order to support the implementation of initiatives for the development of Madagascar, QMM will contribute to a public fund established in accordance with the laws and regulations of Madagascar to fund projects of national interest by means of financial contributions made as follows:

- 11.1.1 the payment, within twenty (20) business days of the investment decision of QMM concerning the production start-up of the Petriky Deposit, of an amount of three million three hundred thousand US dollars (3,300,000 USD); and
- 11.1.2 the payment, within twenty (20) business days of the investment decision of QMM concerning the production start-up of the Saint Luce deposit, of an amount of fifteen million US dollars (15,000,000 USD).
- 11.2 The public fund will be subject to the conditions necessary to ensure the monitoring, transparency and good governance of the above amounts.
- 11.3 In the event that an act or regulation that came into force after the Effective Date (including any amendment to mining legislation or regulations) would provide for the payment of amounts less than those referred to in Articles 11.1.1 and 11.1.2, QMM will be entitled as of right to pay such amounts in lieu of those contemplated in Articles 11.1.1 and 11.1.2 upon simple notification to the State, with effect retroactively to the date on which the legislation providing such amounts comes into force.

Article 12. RN13 PROJECT

- 12.1 The RN13 Project is a structuring project for Madagascar that will benefit communities in the Fort Dauphin Region and promote the movement of goods through the port of Éhoala. The RN13 Project will be completed in tranches through the construction of various sections of the RN13 national highway. Construction of these various sections will be carried out by one or more contractors designated by the State ("**General Contractor**").
- 12.2 The State has decided and committed to carrying out by all means the implementation of the RN13 Project, including through the contribution of public funds of at least twelve million US dollars (12,000,000 USD), which is equivalent to the sum the ONMSI (or the entity contemplated in Article 6.4) will receive as a dividend during fiscal 2023.
- 12.3 Subject to the foregoing and the provisions of this Article, QIT will contribute, in the form of a donation to the State, an amount of eight million US dollars (8,000,000 USD) for the implementation of the RN13 Project.
- 12.4 The payment by QIT of such contribution will be made pursuant to the terms and conditions set forth in a contribution agreement to be entered into between QIT and the State in accordance with the Business Integrity Statutes and Standards ("**Contribution Agreement**"). In the event that QIT makes the payment of the donation directly to the General Contractor, a tripartite Contribution Agreement between QIT, the State and the General Contractor will be concluded.
- 12.5 The payment of the contribution will also be subject to the following prior conditions:
 - 12.5.1 the prior completion, by the Rio Tinto Group, of a satisfactory due diligence review (*know your supplier*) of the General Contractor, in accordance with the terms of the Contribution Agreement;
 - 12.5.2 the undertaking by the General Contractor to comply (and to cause any sub-contractor or affiliated company to comply) with the Business Integrity Statutes and Standards in connection with the completion of Project RN13;
 - 12.5.3 that the work on the RN13 Project has substantially begun (including, but not limited to, the mobilization of the required workers, equipment and material) and is underway with a view to its completion; and

- 12.5.4 the payments will be made in accordance with the applicable Rio Tinto Group standards for gifts and sponsorships and the covenants set out in Article 18.6 below.
- 12.6 Subject to the prior satisfaction of the conditions referred to in Articles 12.4 and 12.5 above, the contribution provided for in Article 12.3 above will be paid as follows:
- 12.6.1 an amount of four million US dollars (4,000,000 USD) will be paid within 10 working days of the Effective Date of the New Tax and Customs Regime in respect of the first section of the RN13 national highway;
- 12.6.2 an amount of two million US dollars (2,000,000 USD) will be paid within 10 working days of the start of the work on the second section of the RN13 national highway (but, in any case, not before January 31, 2024);
- 12.6.3 an amount of two million US dollars (2,000,000 USD) will be paid within 10 working days from the date on which the RN13 Project will have reached an eighty percent (80%) progress threshold,
- 12.7 The Parties will announce publicly their participation in the RN13 Project in a concerted manner at the time of the announcement of the signature of this Memorandum.

Article 13. ENVIRONMENT

- 13.1 In accordance with Article 27.1 (*Environmental Covenants of QMM SA*) of the Establishment Agreement, QMM covenants to conduct the activities contemplated in the Memorandum in a manner that respects the environment, the health, the safety and the well-being of its employees and the community.
- 13.2 QMM will comply with the best international standards, adapted to the Fort Dauphin Region, to minimize as much as possible the environmental impacts of the project and preserve existing ecosystems, with a particular focus on water quality.

Article 14. CANCELLATION OF THE DEBT OF JIRAMA

- 14.1 The Parties acknowledge the existence of a claim by QMM against the Malagasy national power corporation, Jiro Sy Rano Malagasy (the "**Jirama**"), corresponding to amounts outstanding or remaining due by Jirama under the existing power supply agreement between QMM and Jirama as at July 31, 2023 (the "**Jirama Claim**").
- 14.2 In addition, the Parties acknowledge the intention of QMM and the Jirama to enter into a new agreement for the supply of electricity by QMM to the Jirama, as part of the Renewable Energy Plant project referred to in Article 4.1.1 above.
- 14.3 QMM hereby waives, and with effect from the Effective Date of the New Tax and Customs Regime, to the benefit of the Jirama Claim and will, as such, take all necessary steps and formalities to ensure the full effectiveness of such waiver.

Article 15. MAINTENANCE OF THE PROVISIONS OF THE ESTABLISHMENT AGREEMENT

- 15.1 The Parties intend to reiterate that the activities of QMM, including the development of the Petriky Deposit (or, if applicable, the Other Deposits), are and remain subject to the provisions of the Establishment Agreement.

- 15.2 Subject to the extension of the Initial Tax and Customs Regime and the agreements provided for in this Memorandum to be formalized in connection with the Establishment Agreement Rider in accordance with Article 3, Article 5 and Article 7, it is specified that no provision of the Memorandum will have the effect of modifying the provisions of the Establishment Agreement.
- 15.3 It is further clarified, for all purposes, that the stabilization rights set out in Article 12 (*Stability*) of the Establishment Agreement remain unchanged and will not be affected by any legislative or regulatory change (including any changes in mining legislation or regulations).

Article 16. APPLICABLE LAW AND DISPUTE SETTLEMENT

The provisions of Article 30 (*Dispute Settlement*) of the Establishment Agreement shall apply *mutatis mutandis* to this Memorandum.

Article 17. NOTIFICATIONS

- 17.1 Any notification made under this Memorandum shall be:
- 17.1.1 in writing;
 - 17.1.2 signed by the sender or a person duly authorized by the sender; and
 - 17.1.3 delivered in person or sent by prepaid registered mail, or messenger service through an internationally recognized messenger company.
- 17.2 The notifications referred to in the preceding paragraph will be sent to the following addresses:
- | | |
|--|---|
| <p>For the Malagasy State:</p> <p>Department of Mines and Strategic Resources</p> <p>Immeuble La Croix, 1 rue Farafaty,
Ampandrianomby, Antananarivo
Madagascar
Attn: Minister of Mines and Strategic Resources</p> | <p>For Rio Tinto Fer et Titane Inc.:</p> <p>Rio Tinto Fer et Titane Inc.</p> <p>1625 Route Marie-Victorin,
Sorel-Tracy, Québec
J3R1M6
Canada
Attn: Managing Director</p> |
| <p>For QIT Madagascar Minerals Ltd.:</p> <p>QIT Madagascar Minerals Ltd.</p> <p>Clarendon House
2 Church Street,
Hamilton, HM11
Bermuda
Attn: Secretary</p> | <p>For QIT Madagascar Minerals S.A.:</p> <p>QIT Madagascar Minerals SA</p> <p>Immeuble Assist, Ivandry,
Lot N° 35, 5° floor,
Antananarivo, 101,
Madagascar
Attn: Managing Director</p> |
- 17.3 Each Party may change its address by giving the other Parties at least sixty (60) days' prior written notice of the change.

- 17.4 In the event of a failure of the means of transmission provided for in this Memorandum, or in the event of a new means of transmission, the Parties shall use any other means of transmission to ensure that notification is received by the addressee as soon as possible.

Article 18. GENERAL PROVISIONS

18.1 Amendment

Any amendment to this Memorandum may be made only in writing and by mutual agreement of the Parties.

18.2 Entire Agreement of the Parties

The provisions of this Memorandum, including the opening statement, constitute the entire agreement between the Parties with respect to its subject matter and replace any prior agreements or discussions, written or oral, with the same subject matter.

18.3 Priority

In the event of inconsistency between the provisions of this Memorandum and those of the Establishment Agreement as amended by the Rider, the provisions of the Establishment Agreement as amended by the Rider will prevail.

18.4 Assignment

Any Party may assign its rights and obligations under this Memorandum only with the prior written agreement of the other Parties, without prejudice to the possibility for the State, under Article 6.4 above, to designate a new entity to hold the State's interest in the capital of QMM in lieu of the ONMSI.

18.5 Confidentiality - Communication

18.5.1 The provisions of Article 34.11 (*Confidentiality*) of the Establishment Agreement shall apply *mutatis mutandis* to this Memorandum.

18.5.2 The Parties further agree that this Memorandum (including any provision of this Memorandum) may be communicated by way of press or otherwise only with the formal agreement of each of the Parties.

18.5.3 Notwithstanding the foregoing, the Parties agree to issue a joint press release setting out the conclusion of the Memorandum, on terms and on a schedule to be determined jointly by the Parties, provided that such press release shall be issued no later than the date on which the Rider is promulgated.

18.6 Ethics and Business Integrity

18.6.1 The Parties have agreed to ensure that all covenants made by the Parties under the Memorandum are performed at all times in accordance with and in full compliance with the Business Integrity Statutes and Standards.

18.6.2 In particular, the Parties declare and warrant that:

18.6.2.1 They comply, have always complied and will continue to comply with the Business Integrity Statutes and Standards in connection with the performance of this Memorandum and any underlying agreement entered into pursuant to the Memorandum for the performance of the covenants arising therefrom;

18.6.2.2 Any amount paid by a Party pursuant to this Memorandum and any underlying agreement entered into for the purpose of the performance of the covenants under the Memorandum shall be used in accordance with their intended purpose, as provided for in this Memorandum, and in accordance with Business Integrity Statutes and Standards;

18.6.2.3 in the event that one Party has reasonable grounds to believe that any of its representations or warranties under this Article is or becomes false, such Party shall immediately notify the other Party and not later than seven (7) business days;

18.6.3 The Parties reserve the right to take any appropriate precaution or action (including any conservatory measure) in the event of a reasonable doubt as to compliance with the provisions of this Article, subject to prior notification to the other Party.

18.7 **Survival**

The provisions of Article 16, Article 17 and this Article 18 shall survive the early termination of the Memorandum.

Article 19. COMING INTO FORCE

19.1 The Memorandum comes into force retroactively on June 21, 2023, after adoption in the Council of Ministers (the "**Effective Date**").

19.2 Notwithstanding the preceding paragraph, the Parties agree that the covenants arising from the provisions of Article 4, Article 6, Article 7, Article 9, Article 10, Article 11, Article 12 and Article 14 will take effect only from the Effective Date of the New Tax and Customs Regime.

19.3 Subject to prior termination by the Parties, this Memorandum shall remain in force until the earlier of:

19.3.1 The termination of the Memorandum by mutual agreement of the Parties, assuming that all the obligations and covenants included in the Memorandum have been performed in full or, where applicable, reproduced in their entirety in other agreements; or

19.3.2 The expiration, for any reason, of the New Tax and Customs Regime; or

19.3.3 The transmission by QMM of a written notice to the State confirming the definitive termination of the commercial production activities of QMM; or

19.3.4 The expiration, for any reason, of the Establishment Agreement; or

19.3.5 The termination by a Party of this Memorandum in the event of a substantial breach by another Party of its essential obligations under the Memorandum, provided that the defaulting Party has not cured the breach within one hundred and twenty (120) days following the receipt of a notification of default by the non-defaulting Party.

(The signatures are on the following page)

**MEMORANDUM OF UNDERSTANDING RELATING TO THE EXPLOITATION OF THE FORT-DAUPHIN
MINERALIZED SAND DEPOSITS**

Dated at ANTANARIVO, on August 22, 2023

In six (6) original copies,

For the **MALAGASY STATE:**

(signed and sealed)

Rindra Hasimbelo Rabarininarison
Minister of Economy and Finance

(signed and sealed)

Herindrainy Olivier Rakotomalala
Minister of Mines and Strategic Resources

For **Rio Tinto Fer et Titane Inc.:**

For **QIT Madagascar Minerals Ltd.:**

(signed and sealed)

Benoit Palmer
Senior Legal Counsel

(signed and sealed)

Benoit Palmer
Director

For **QIT Madagascar Minerals S.A.:**

(signed and sealed)

Ny Fanja Rakotomalala
President

In the presence of the **Office of
National Mines and Strategic
Industries**

(signed and sealed)

Nantenaina Rasolonirina
Acting Managing Director