

Execution Copy 30.12.2008

**Confidential**

**Amended & Restated  
POWER CONTRACT**

**between**

**ORKUVEITA REYKJAVÍKUR**

**and**

**NORÐURÁL HELGUVÍK EHF.**

**LOGOS**

LEGAL SERVICES

since 1907

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This Amended and Restated Agreement made as of the December 30, 2008 between

Orkuveita Reykjavíkur, id. No. 551298-3029, (hereinafter referred to as the "**Seller**"), an independent service company owned by the City of Reykjavik, the town of Akranes, and the municipality of Borgarbyggð, operated pursuant to the Act of the Althing No. 139, 21 December 2001, and whose principal office is located in the City of Reykjavik, Iceland.

and

Norðurál Helguvík ehf., id. no. 480207-2030 (hereinafter referred to as the "**Buyer**"), an Icelandic partnership ultimately owned by Century Aluminum Company and whose principal is located in the township of Reykjanesbær, Iceland.

**Whereas:**

1. The Buyer desires to construct and operate an aluminum reduction plant at Helguvik in Reykjanesbaer, Iceland along with necessary infrastructure, with a goal of beginning production as early as 2011 and to start up a complete potline not later than 2015 (the "**Plant**" as defined below) using electrical power supplied by the Seller and other power producers for its operations.
  - (a) **Phase I.** Initially the Plant will have an estimated total production capacity of up to 90,000 metric tons per year of primary aluminum using up to 160 MW of power.
  - (b) **Phase II.** The Buyer intends to expand the production capacity of the Plant up to 180,000 metric tons per year and to purchase in connection thereto up to a total amount of 315 MW of power.
  - (c) **Phase III.** The Buyer intends to expand the production capacity of the Plant up to 270,000 metric tons per year and to purchase in connection thereto up to a total amount of 470 MW of power.
  - (d) **Phase IV.** The Buyer has evaluated optimal size of a complete potline based on best available technology and as a result thereof the Buyer requires up to a total amount of 625 MW of power. The Seller has undertaken to enter into negotiations in good faith to supply such power to the Plant, based on the availability of such power.
2. The Seller expects to have available power for operation of the Plant from the following power projects:
  - (a) Hellisheiði unit 5 and 6 expected to start production of power in Q2 and Q3 – 2011.
  - (b) Hverahlíð unit 1 and 2 expected to start production of power in Q3 and Q4 2012.
  - (c) Gráuhnúkar unit 1 expected to start production of power in 2013.
3. An Affiliate of the Buyer, the Seller and HS Orka hf signed a Memorandum of Understanding on June 1, 2006 regarding the supply of power to the Plant. The principles set forth in that memorandum shall prevail in this Agreement.
4. There is in effect an agreement between HS Orka hf. and the Buyer, dated April 23, 2007 for supply of electricity to the Plant.
5. There is in effect an agreement between the Buyer and the Transmission System Operator (Landsnet hf.), dated October 3, 2007, concerning transmission of electricity to the Plant (the "**Transmission Agreement**" as defined below).

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6. The partners of Norðurál Helguvík sf., Norðurál Helguvík I ehf. and Norðurál Helguvík II ehf. merged on 7 October 2008. Following the merger Norðurál Holding I ehf. became a single surviving entity under and was renamed as Norðurál Helguvík ehf. Furthermore, following the merger Norðurál Helguvík sf. has been dissolved in accordance with Icelandic law and the assets and liabilities of Norðurál Helguvík sf. will be formally transferred to Norðurál Helguvík ehf. as of 1 January 2009.
7. An Affiliate of the Buyer has entered into a harbour agreement and smelter site agreement with Reykjaneshöfn on April 27, 2006. Furthermore, the Buyer, the town of Reykjaneshöfn, municipality of Garður, and Reykjaneshöfn entered into an agreement on January 4, 2007 on principles of licenses and payments. Also, an Affiliate of the Buyer entered into a joint action plan with Invest in Iceland Agency and Reykjaneshöfn Municipality on November 3, 2005 regarding development of the Plant.
8. The Buyer and the Seller are parties to that Power Contract dated June 7, 2007 (the "Power Contract"), as amended by the First Amendment to the Power Contract dated June 30, 2008, (the "First Amendment to the Power Contract") which provides that the Power Contract may be amended by written agreement of the Parties and the Parties desire to amend and restate in its entirety the Power Contract as set forth herein to modify certain provisions thereof.

The buyer and the Seller (hereinafter referred to individually as "Party" and together as "Parties" agree as follows:

## 1 Introductory

### 1.1 Definitions

For the purposes of this Agreement the following meanings shall apply, unless the context otherwise requires:

**"Affiliate"** means in relation to either Party, any other party who directly or indirectly controls, is controlled by or is under common control with that Party. For the purposes of this definition, the term "control" when used with respect to either Party, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Party, whether through the ownership of voting rights, by contract or otherwise.

**"Balance Power"** means the amount of power, equal to the difference between the planned consumption and the actual consumption.

**"Connection Agreement"** means the agreement between the Seller and the Transmission System Operator, regarding the connection of the Seller to the Transmission System.

**"Construction Contracts"** means each major construction contract entered into by the Buyer in connection with the design and construction of the Plant from time to time.

**"Contract Power"** means Firm Capacity, Firm Energy, Secondary Capacity, and Secondary Energy which the Seller shall be obligated to supply and the Buyer to receive on and after (i) the Date of Phase I First Delivery and (ii) Date of Phase I Delivery (iii) the Date of Phase II First Delivery (iv) the Date of Phase II Delivery (v) the Date of Phase III First Delivery (vi) the Date of Phase III Delivery (vii) the Date of Phase IV First Delivery (viii) the Date of Phase IV Delivery.

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"**Contract Period**" has the meaning assigned to that expression in Clause 6.7.

"**Contract Price**" has the meaning assigned to that expression in Clause 5.1.

"**Dates of First Delivery**" means (i) the Date of Phase I First Delivery (ii) the Date of Phase II First Delivery (iii) the Date of Phase III First Delivery (iv) the Date of Phase IV First Delivery.

"**Dates of Delivery**" means (i) the Date of Phase I Delivery (ii) the Date of Phase II Delivery (iii) the Date of Phase III Delivery (iv) the Date of Phase IV Delivery.

"**Date of Phase I Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase I First Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase II Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase II First Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase III Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase III First Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase IV Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Date of Phase IV First Delivery**" has the meaning assigned to that expression in Clause 2.2.2.

"**Firm Commitment**" has the meaning assigned to that expression in Clause 2.4.

"**Firm Capacity**" and "**Firm Energy**" have the respective meanings assigned to these expressions in Clause 2.1, and are collectively referred to as "**Firm Power**".

"**Force Majeure**" has the meaning assigned to that expression in Clause 6.6.

"**Grundartangi Plant**" means an aluminium reduction plant at Grundartangi in the Municipality of Hvalfjarðarsveit, county of Borgarfjarðarsýsla, Iceland, and all facilities appurtenant to the plant to be constructed, owned and operated by the Buyers Affiliate, Norðurál Grundartangi ehf., id. no 570297-2609, with the current annual base production capacity of 260,000 metric tones of primary aluminium per year. Norðurál Grundartangi ehf. is a private limited liability company, ultimately owned by Century Aluminum Company

"**Guaranteed Minimum Supply**" has the meaning assigned to that expression in Clause 2.1.3.

"**Helguvik Switchyard**" means the switchyard at the Plant that will be installed by the Buyer for transformation of high voltage Contract Power to the Plant.

"**Plant**" means the aluminium reduction plant and all facilities appurtenant to the plant to be constructed, owned and operated by the Buyer at Helguvik in Reykjanesbaer, Iceland, as the same shall be constituted and equipped at any particular time, which will have

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estimated production capacity of not less than 360,000 metric tons per year of primary aluminum. The Buyer currently has an operating license and has concluded environmental impact assessment for annual production capacity of up to 250,000 metric tons per year of primary aluminium. "Plant" as used in this Agreement shall include any further expansions from time to time.

"**Point of Supply**" has the meaning assigned to that expression in Clause 2.3.

"**Power Projects**" has the meaning assigned to that expression in Clause 2.2.4.

"**Secondary Capacity**" and "**Secondary Energy**" have the respective meanings assigned to these expressions in Clause 2.1., and are collectively referred to as "**Secondary Power**".

"**Start-up**" means the gradual increase of aluminium production from energisation of the first reduction cell until full production capacity is reached under each of Phase I, Phase II, Phase III and Phase IV.

"**Transmission Agreement**" means the agreement, as amended from time to time, between the Buyer and the Transmission System Operator to be entered into, regarding the transmission of Contract Power from the Seller to the Buyer.

"**Transmission System**" means the high voltage transmission system (lines and substations) operated by the Transmission System Operator.

"**Transmission System Operator**" means Landsnet hf., a public limited liability company incorporated under the laws of Iceland pursuant to the Act on Establishment of Landsnet No. 75/2004 and the Act on Electricity No. 65/2003, as amended, having its registered office in Reykjavik operating in pursuant to Act No. 65/2003 or such other entity that will operate the Transmission System.

## 1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- a. Headings are for convenience only and do not affect the interpretation of this Agreement.
- b. The singular includes the plural and vice versa.
- c. A reference to days means calendar days.
- d. A reference to a document includes an amendment or supplement to, or replacement or novation of, that document but disregarding any amendment, supplement, replacement or novation made in breach of this Agreement; and
- e. A reference to a party to any document includes that party's successors and permitted assigns.

## 2 Power Supply

### 2.1 Contract Power

2.1.1 The Seller will as further defined in Clause 2.3 of this Agreement, make Contract Power available to the Buyer on a firm basis ("**Firm Capacity**" and "**Firm Energy**")

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and on an interruptible basis (“**Secondary Capacity**” and “**Secondary Energy**”) in the following capacities and annual amounts of energy:

- i. The Seller shall make available to the Buyer power for Start-up and operation of the Plant according to a start-up plan as further agreed between the Parties, see **Appendix 1**. Unless otherwise agreed in writing, the Seller shall make available to the Buyer on or before the following dates power according to the Start-up plan in at least the following amounts:

ii.

<b>Date</b>	<b>Amount of Power per unit</b>	<b>Accumulated Amount of Power</b>
Date of Phase I First Delivery, 1 September 2011	42,5 MW	42,5 MW
Date of Phase I Delivery, 1 December 2011	5 MW	47,5 MW
Date of Phase II First Delivery, 1 September, 2012	42,5 MW	90 MW
Date of Phase II Delivery, 1 November 2012	42,5 MW	132,5 MW
Date of Phase III First Delivery, 1 September 2013	42,5 MW	175 MW
Date of Phase III Delivery, 1 September 2013	0 MW	175 MW

- iii. The Seller undertakes to use all reasonable efforts to accelerate the Dates of First Delivery taking into consideration contracts signed prior to the date of this Agreement and possible increases in retail demand. The Parties shall quarterly prior to planned Start-up confirm whether they are on schedule or whether they expect delays or acceleration in Start-up.
- iv. Should either Party be unable to meet the Dates of First Delivery it shall inform the other Party in writing as soon as possible and the Parties shall work together to minimise their respective damages related to potential delay of the Dates of First Delivery and find a solution that is mutually acceptable to both Parties.
- v. In the event that a Party cannot be ready in time to meet the Dates of First Delivery as mutually agreed by the Parties the other Party shall be informed in writing. Should the Parties be unable to agree on a new Dates of First Delivery the scheduled Dates of First Delivery shall remain but the delayed Party will be excused for its “non-performance” under the Agreement in the manner set forth hereunder.



<b>Time Notice is Issued</b>	<b>Consequences</b>
Between the fulfilment of all conditions provided for in Clause 6.17 and a date falling 24 months prior to the scheduled Dates of First Delivery.	Delayed Party's performance hereunder excused for a period of up to nine (9) months after scheduled Dates of First Delivery
From a date falling 24 months until a date falling 18 months prior to the scheduled Dates of First Delivery.	Delayed Party's performance hereunder excused for a period of up to three (3) months after scheduled Dates of First Delivery
From a date falling 18 months until the scheduled Dates of First Delivery.	Delayed Party's performance hereunder excused for a period of up to one (1) month after scheduled Dates of First Delivery

- vi. From the Dates of Delivery and thereafter the Seller shall make available to the Buyer energy according to the following, subject to Clause 2.1.1 i.:

<b>Phase I</b>	<b>Firm</b>	<b>Secondary</b>	<b>Total</b>
Phase I Capacity:			
(Mean per Hour)	42,8 MW	4,7 MW	47,5 MW
Energy per year:	375 GWh	41 GWh	416 GWh

<b>Phase II</b>	<b>Firm</b>	<b>Secondary</b>	<b>Total</b>
Phase II Capacity:			
(Mean per Hour)	76,5 MW	8,5 MW	85 MW
Energy per year:	670 GWh	74 GWh	744 GWh

<b>Phase III</b>	<b>Firm</b>	<b>Secondary</b>	<b>Total</b>
Phase III Capacity:			
(Mean per Hour)	38,3 MW	4,2 MW	42,5 MW
Energy per year:	336 GWh	37 GWh	373 GWh

- vii. When all Contract Power has been made available to the Buyer the Contract Power delivered shall be:

	<b>Firm</b>	<b>Secondary</b>	<b>Total</b>
Capacity:			
(Mean per Hour)	157,5 MW	17,5 MW	175 MW
Energy per year:	1380 GWh	153 GWh	1533 GWh

2.1.2 Subject to the provisions of this Agreement, Contract Power shall be continuously available in the capacities stated and up to the stated amounts of energy without specific limitations except as provided for in Clauses 2.1.3- 2.1.6.

2.1.3 Subject to the conditions prescribed in this Clause 2.1.3, the Seller shall have the right to curtail or suspend entirely the availability of Secondary Capacity and/or Secondary Energy. Such curtailments and suspensions shall not reduce the overall availability of Secondary Energy during any calendar year below the supply corresponding to 50% of the annual amount of Secondary Energy. Further, the overall availability of Secondary Energy during any successive four-year period shall be not less than 60%. The overall availability of Secondary Energy during the Contract Period shall be not less than 80%. The several minimum obligations referred to in the preceding sentences being separately and collectively called the **"Guaranteed Minimum Supply"**.

2.1.4 The Seller will not apply curtailments or suspensions of Secondary Capacity and/or Secondary Energy pursuant to Clause 2.1.3 except in cases of (i) insufficient power generating capacity at its power plants or (ii) unforeseen power production disturbances at its power plants and/or disturbances in the Transmission System, and (iii) events of Force Majeure. Subject to production and/or transmission limitations, the reduction in supply of Secondary Capacity and/or Secondary Energy due to curtailments or suspensions shall not be more than the proportionate reduction in the supply of similar interruptible power to buyers other than the Buyer during periods of such curtailments or suspensions and shall within such periods be effected in a nondiscriminatory manner. The Seller will give the Buyer as much advance written notice as practicable in each case of the probable occurrence of such curtailments and suspensions, and of their probable extent and duration. In cases under (i) above, an initial written notice (for avoidance of doubt initial written notices may be given in e-mails) shall be given not less than 45 days in advance, while in cases under (ii) and (iii) above an initial written notice will whenever possible be no less than one hour in advance. The Seller shall subsequently provide the Buyer with a final written notice (which shall be clearly identified as such), and upon receipt of such final written notice, the Buyer will reduce its load immediately, at which time the period of curtailment or suspension of Secondary Capacity and/or Secondary Energy shall begin. The period of curtailment or suspension shall end as soon as final notice is given to that effect. Notices hereunder may be given orally, but shall then be confirmed in writing.

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- 2.1.5 Notwithstanding Clause 2.1.4 the Seller shall have the right to request the consent of the Buyer for the Seller to curtail or suspend half of the Secondary Capacity and/or Energy once every calendar year for a period of up to 30 days. The Buyer agrees its consent shall not be unreasonably withheld. The Seller shall submit a written request for consent to the Buyer as early as possible but not less than 90 days in advance of the date the Seller wishes to initiate the curtailment or suspension. Amounts of power curtailed under this Clause 2.1.5 shall be added to those amounts curtailed under Clause 2.1.3 for purposes of calculating Guaranteed Minimum Supply.
- 2.1.6 Where there is a curtailment or suspension of Secondary Energy due to insufficient power generating capacity, either Party may request an arrangement whereby the Firm Energy which is scheduled to be delivered during the period may be delivered and used during the period in a manner which gives the Plant optimum operational conditions. Such arrangement is subject to mutual agreement.
- 2.1.7 If the Seller is forced to reduce its deliveries of power to its buyers of firm power (including the Buyer) according to article 9 paragraph 8 of the Act of Electricity 65/2003, by reason of disturbances in the Transmission System due to any reason, including Force Majeure (which reduction may, subject to transmission limitations affecting the delivery of power to the Buyer, only occur after the Seller has ceased delivery of secondary power to its buyers (including the Buyer) of secondary power), the Seller is entitled, after putting into operation all available resources, to reduce the delivery of power to the Buyer below the stated values of Firm Capacity and Firm Energy, provided that the reduction below such values shall not be more than the proportionate reduction in the supply of firm power to buyers other than the Buyer (which applies after power required for emergency needs has been deducted) and such reduction shall be effected in a non-discriminatory manner. Where practicable, the Seller will give the Buyer as much advance written notice as possible of any reduction in Firm Energy and of its estimated extent and duration. The Buyer shall cooperate by applying the necessary restrictions in load during any such period of reduced power. Whenever any such disturbances threaten to damage the Plant, the Seller will use its best efforts to supply power to the Plant in a capacity and for a period sufficient to allow the necessary steps to be taken to prevent such damage.
- 2.1.8 If the Seller is unable or fails to deliver sufficient energy the Buyer has the right to purchase energy from a third party, without prejudice to the rights of the Buyer under this Agreement for failure on the part of the Seller to deliver such power.

## 2.2 *Start of Delivery*

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2.2.2 The Dates of First Delivery for the Contract Power shall be in accordance with the start-up plan provided for in Appendix 1., or such later dates which the Buyer may specify to the Seller by notice in writing according to Clause 2.1.1. The Parties expect the Dates of First Delivery and the Dates of Delivery to be the following:

	<b>Dates of First Delivery</b>	<b>Dates of Delivery</b>
<b>Phase I</b>	1 September 2011	1 December 2011
<b>Phase II</b>	1 September 2012	1 November 2012
<b>Phase III</b>	1 September 2013	1 November 2013
<b>Phase IV</b>		

2.2.3 The Buyer shall use all reasonable endeavours to have the Plant ready to receive power on a continuing basis by the Dates of First Delivery. The Buyer will keep the Seller closely informed on the progress of construction of the Plant. Failure by the Buyer to have the Plant ready to receive power on a continuing basis by the Dates of First Delivery shall not constitute a breach or default under this Agreement provided that the Buyer complies with any payment obligations under this Agreement in respect of Firm Commitment (taking into consideration Clause 2.1.1.v). The Seller shall be entitled to terminate this Agreement if the Plant is not ready to receive Contract Power by the date falling 12 months after the Dates of First Delivery (taking into consideration Clause 2.1.1.v) and after such time no power is taken (unless the Buyer pays for Contract Power as if it was taken by the Buyer in accordance with Clause 2.1.1), except where such delay results from Force Majeure or the Seller is not ready to deliver the full amount of Contract Power. The Seller will similarly use all reasonable endeavours to have the Power Projects and related facilities ready for the delivery of Contract Power to the Plant on the dates specified in this Agreement and keep the Buyer closely informed as to the construction of its Power Projects and any facilities pertinent to delivery of Contract Power to the Plant.

2.2.4 In the event that at any time preceding the Dates of First Delivery, construction work (including engineering and equipment deliveries) in connection with the Plant or the power generating facilities of the Seller, necessary for delivery of Contract Power to the Plant (the "Power Projects"), shall suffer delays due to Force Majeure (as defined in Clause 6.6.1) affecting the Parties or any party providing construction work (including engineering and equipment deliveries) to either of them, and the Parties, as the case may be, cannot overcome such delays by using their best efforts, then the Party so affected shall promptly give notice to the other Party of such Force Majeure in accordance with Clause 6.6.5 and, if it is the Buyer, may as applicable reduce (if applicable to zero) its obligation to pay under the Firm Commitment or, as the case may be, if it is the Seller, may, subject to Clause 5.4.1, curtail the availability of Contract Power in order to serve the existing power delivery obligations in any of its customer contracts signed prior to the date of this Agreement, in each case for a period to be specified by notice in writing to the other Party. However, the period of any such reduction/curtailment may not exceed the lesser of twelve months and the actual period of delay caused by such Force Majeure. If the period of delay due to Force Majeure exceeds twelve months, then the affected Party shall be required to perform its obligations in accordance with the terms of this Agreement with effect from the end of the twelve months, notwithstanding continuing Force Majeure event. Any such demand for reduction/curtailment shall be presented as promptly as practicable and in any event not more than thirty days after the cessation of the period of delay caused by Force Majeure giving rise to such reduction/curtailment. The other Party may challenge any request for

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reduction/curtailment, the duration of any asserted period of delay, or the use of measures to overcome such delay, but any such challenge shall be asserted not later than sixty (60) days after notice was given by the demanding Party. Any such challenge, if not amicably settled, may be submitted to adjudication or arbitration pursuant to Clause 6.9, the latter at the request of either Party. The Court or arbitration tribunal shall be empowered to make such disposition of the issues involved in such challenge as may be appropriate.

2.2.5 During the construction work at the Sellers facilities the Buyer and financial institutions involved in the financing of the Plant may individually or jointly appoint technical consultants to follow the progress of that construction work of the Seller. Likewise the Seller may appoint a technical consultant to follow the progress of the construction of the Plant .

### 2.3 Point of Supply

2.3.1 The Point of Supply shall be as further provided for in the Connection Agreement and the Transmission Agreement (the "**Point of Supply**").

### 2.4 Firm Commitment.

2.4.1 The Buyer undertakes, as from the Dates of Delivery, to pay for the amount of Contract Power specified below, as an average over any consecutive twelve months period (the "**Firm Commitment**"), whether or not the Buyer's actual consumption of energy in such periods does reach the average annual amount applicable:

- (a) during the applicable Start-up, 65 % of the energy stated in the Start-up plan with respect to each of **Phase I, Phase II, Phase III** and **Phase IV**, as provided in **Appendix 1**; and
- (b) as of the applicable Start-up with respect to each of **Phase I, Phase II, Phase III** and **Phase IV**, 85% of Contract Power as set forth in Clause 2.1.1 subparagraph v;

provided that Firm Power is available from the Seller during the respective period. If the Buyer is permanently not able to consume Contract Power in part or whole the Parties shall in order to minimise the damage to the Buyer in good faith seek other users of the power (which the Buyer is not able to consume). In that event the Firm Commitment shall then be proportionally reduced. Any power actually consumed by the Buyer shall count towards the Firm Commitment.

2.4.2 The Buyer shall take energy from the Seller and other power producers on a pro rata basis in accordance with the proportional amount of total contract power committed to and available under each power agreement it has entered into. The Seller shall have the right to have an independent public accountant review and verify how the energy used by the Buyer as divided by the Seller and the other power producers. The books and records maintained for energy used and purchased by the Buyer shall be made available, upon reasonable request, to an independent public accountant on behalf of the Seller, in order to verify the use of energy. Such audits may be requested no more frequently than twice per calendar year, and the cost of such audits shall be the responsibility of the Seller. The information disclosed to independent public accountants for such purposes, as well as any reports generated from such information and made available to the Seller, shall contain and constitute proprietary information, which is to be; (i) treated with strictest confidence, (ii) disclosed only to those having need to receive such information for the purpose of

such audit and who agree to maintain the confidentiality of such information, and (iii) used only for the purpose of such audit, as set forth above.

## 2.5 *Balance obligations.*

2.5.1 The Buyer undertakes to submit to the Seller plans for consumption of energy for each day of operation. The Seller shall assure that the Transmission System Operator shall provide Balance Power for imbalances on each operating day, at its own expense unless the difference between the planned consumption and actual consumption of the Buyer is greater than 0.5%. The price for Balance Power outside the planned consumption shall be:

- (a) If the actual power consumption of the Buyer exceeds planned consumption by more than 0.5% the Buyer shall pay the Seller, the applicable balance power price including transmission fees (energy charge, ancillary services and transmission losses) less the actual Contract Price.
- (b) If the actual power consumption of the Buyer is less than the planned consumption by more than 0.5% the Buyer shall pay the Seller the actual Contract Price less transmission fees (energy charge, ancillary services and transmission losses) and the applicable balance power price.
- (c) If the calculated outfeed capacity charge for the Buyer, as defined in the Transmission System Operators applicable tariffs, is greater than the Buyer's instantaneous value the resulting additional costs charged by the Transmission System Operator shall be reimbursed at year end.

## 3 **Metering**

### 3.1 *Metering of Power Supplied*

3.1.1 Metering will be subject to the Transmission Agreement and the general terms and conditions of the Transmission System Operator, as well as Government Regulation No. 513/2003.

## 4 **Transmission of Contract Power**

4.1.1 The Buyer has entered into the Transmission Agreement with the Transmission System Operator. The Transmission Agreement as amended from time to time will be attached to this Agreement, **Appendix 2.**, and shall be considered to be part of this Agreement as referred to herein. The Seller has entered into Connection Agreements with the Transmission System Operator.

4.1.2 The Seller shall deliver the Contract Power to the Point of Supply as specified in the Transmission Agreement.

4.1.3 Payments for transmission of Contract Power are included in the Contract Price as further provided in Clause 5.1.

4.1.4 General terms and conditions of the Transmission System Operator on reserves will constitute a part of this Agreement.

4.1.5 If a Party is prevented from performing its obligations under this Agreement due to failure of the Transmission System Operator to perform its transmission obligations then the Seller's obligations to provide Contract Power and the Buyer's obligations to

take delivery of Contract Power and pay for such power shall be suspended to the extent and for the duration during which the above mentioned failure exists without liability to either Party and the limitations on duration of Force Majeure set forth in Clause 2.2.4 shall not apply.

## 5 Charges and payment conditions

### 5.1 Contract price.

5.1.1 The Buyer shall pay for all contract power delivered to the Plant under this Agreement at the rates (the "**Contract Price**") and in the manner provided in this Clause 5.1.

The Contract Price shall be calculated pursuant to the following power price formula:

$$CP = \frac{LME \times p}{14.2}$$

where:

CP = Contract Price, expressed in United States mills per kWh;

LME = The average cash price, expressed in United States dollars per metric ton, of the daily averaged postings at the London Metal Exchange for primary aluminium, minimum purity 99.7 percent, for the preceding calendar month, as published by the Metal Bulletin; and

p= 17.2% when the LME is less than \$1,900; 17.7% when the LME is \$1,900 or higher but less than \$2,300 and 18.2% when the LME is \$2,300 or higher.

5.1.2 The price payable by the Buyer for Contract Power shall include payments according to the Transmission System Operator's terms and tariff for capacity, energy, transmission charges, delivery charges, losses, all taxes and applicable fees as well as ancillary services, excluding initial connection fees or credit to the Transmission System for the Buyer.

5.1.3 A) In the event that any of the information needed to ascertain LME as defined in Clause 5.1.1 is, for reasons beyond the control of either Party, unavailable for any given calendar month, then the LME for the preceding calendar month will be used in calculating the Contract Price. Upon such availability, the Contract Price will be recalculated based on such newly available information, and the resulting difference, if any, between the Contract Price as originally calculated and the Contract Price as recalculated will, without interest be paid by the Buyer or refunded by the Seller, as the case may be, at the first time thereafter that the Seller submits a statement to the Buyer pursuant to Clause 5.2 of this Agreement.

B) In the event that any of the information needed to ascertain LME as defined in Clause 5.1.1 is, for reasons beyond the control of either Party unavailable (other than delayed), then the Seller and the Buyer shall seek to agree on the method for calculating the Contract Price from comparable information in lieu of the information that has become unavailable. If the Parties so agree, such information shall be so used, and if they are unable to so agree, the matter may be referred by either Party

to arbitration in accordance with Clause 6.9 of this Agreement. Until the matter is resolved by agreement or arbitration, and subject to the terms of such resolution, the provisions of this Clause 5.1.3 A) shall continue to apply.

- 5.1.4 The price to be paid by the Buyer to the Seller pursuant to invoicing from time to time as hereinafter provided shall be calculated by multiplying the invoiceable kWh by the Contract Price.
- 5.1.5 In the event the Seller has excess power available, which can be used by the Buyer, the Parties may agree on prices and other conditions for its use.

## 5.2 *Monthly Reports and Payments*

- 5.2.1 Payments for Contract Power shall be made monthly by the Buyer in accordance with the Transmission System Operator's metered quantity of Contract Power ordered by the Buyer. In the event that such metered consumption during any such month is less than one-twelfth (1/12th) of the applicable Firm Commitment for that calendar year, the monthly payment shall not be less than for one-twelfth (1/12th) of such Firm Commitment provided, that the Buyer shall pay only for the amount of energy metered during any such month if the aggregate amount of monthly payments already paid or payable during the calendar year is at least equal to the pro-rata aggregate amount of the applicable Firm Commitment, with adjustments as warranted by the provisions of Clause 5.4.
- 5.2.2 The Buyer shall pay for the Contract Power in USD (United States Dollars). The payment shall be made into such USD bank account as specified by the Seller from time to time.
- 5.2.3 Within fifteen (15) days from the end of each calendar month the Seller shall deliver to the Buyer statements showing the amounts payable for Contract Power in such month and payments shall be made by the Buyer on the later of twenty five (25) days from the end of each calendar month or ten (10) days after receipt of the Seller's statements.
- 5.2.4 The Buyer shall submit on a monthly basis and within fifteen (15) days from the end of each calendar month to the Seller an invoice which shall state the amount payable by the Buyer to the Transmission System Operator if any for each corresponding month in relation with the transmission of Contract Power from the power plants to the Plant. To such effect the Buyer will convert the amount charged by the Transmission System Operator to USD (United States Dollars) if necessary, using the monthly average currency index published by the Central Bank of Iceland. The invoiced amount shall become due and payable by the Seller on the later of twenty five (25) days from the end of each calendar month or ten (10) days after receipt of the Buyer's invoice.
- 5.2.5 The Parties agree that they shall discharge mutual debts and payments and payment obligations due and owing to each other on the same date pursuant to all transactions provided or herein through netting, in which case all amounts owed by each Party to the other Party during each calendar month, including interest and payments for credits shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

## 5.3 *Annual Adjustments of payments*



- 5.3.1 In January each calendar year following the Date of Phase I Delivery, the Seller shall deliver to the Buyer an annual statement for the current calendar year showing:
- i) the total consumption of Contract Power in the preceding year, together with any applicable corrections and estimates multiplied by the applicable Contract Price;
  - ii) the Firm Commitment applicable in the year, as adjusted to reflect the consecutive twelve month average power usage, as provided in Clause 2.4.1, less any reductions provided for pursuant to Clause 5.4, multiplied by the applicable Contract Price; and
  - iii) any adjustment due for any variation in the average power factor below the minimum specified in the Transmission Agreement.
- 5.3.2 The annual statement shall specify the aggregate amount due to the Seller in the calendar year, which amount shall be the larger of the amounts calculated according to subsections (i) and (ii) of Clause 5.3.1 plus any amount due under subsection (iii) of Clause 5.3.1. Such aggregate amount shall be compared with the total of payments for Contract Power shown by monthly statements for the calendar year. Net amounts owed by the Seller shall be credited against the liability of the Buyer on the next monthly bill rendered by the Seller. Net amounts due to the Seller shall be paid by the Buyer within thirty days of receipt of the above annual statement.
- 5.3.3 In calculating the Buyer's aggregate payment obligation, the Seller shall, in calculating the consecutive twelve month average of power usage include in such calculation any amount of Contract Power paid for by the Buyer, but not taken by the Buyer during the period, pursuant to Clause 2.4.1.

#### 5.4 *Reduction in Firm Commitment*

- 5.4.1 For every interruption or restriction in the supply or usage of Contract Power due to Force Majeure (including any curtailment of Contract Power by the Seller pursuant to Clauses 2.1.3 and 2.2.4) or otherwise covered by the provisions of Clause 2.1 and Clauses 6.3 or 6.4 or due to the failure of the Seller to perform its obligations hereunder which lasts for more than two hours (the "**5.4 Reduction**"), the Buyer's obligation in relation to the Firm Commitment will be reduced in the same proportion as the 5.4 Reduction bears to the aggregate annual amount of energy specified in Clause 2.1. If such interruption, curtailment or restriction in the supply of Contract Power causes a reduction in the number of functioning operating cells in the Plant, the Firm Commitment shall be further reduced by a methodology to be agreed between the Parties which takes into account the time which would be required to be taken by reasonable prudent operator to restart such cells.

## 6 **General Terms**

### 6.1 *Undertakings.*

- 6.1.1 The Buyer's net worth shall not be less than 30% of the book value of total assets during the Contract Period and not less than USD 150,000,000 when the Plant has reached 150,000 mtpy capacity, unless the Seller agrees otherwise.
- 6.1.2 Notwithstanding Clause 6.17.2 below the Buyer undertakes as of 1 April 2011 to pay 85% of the first 50 MW of Contract Power to be delivered under this Contract, as an average over any consecutive twelve months period whether or not the Buyer's actual consumption of energy in such periods does reach the average annual amount applicable, provided that Firm Power is available from the Seller during the respective period.

6.1.3 The Seller undertakes to enter into negotiation in good faith to supply further power 75 MW for Phase IV.

## 6.2 *The Buyer's Right of Use.*

6.2.1 The Contract Power made available under this Agreement shall only be for the use of the Buyer for the following purposes:

(a) operation of the Plant, as construction power for the purpose of expanding the capacity or facilities of the Plant;

(b) operation of the Grundartangi Plant or

(c) the Buyers obligations according to law.

6.2.2 The Contract Power made available under this Agreement shall not be resold or otherwise disposed of, directly or indirectly, for any other purpose than according to Clause 6.2.1. except by permission of the Seller.

## 6.3 *Repair and Maintenance.*

6.3.1 The Contract Power to be supplied hereunder is to be held at the Buyer's disposal at all times. The Seller may nevertheless suspend or restrict the supply of such power when necessary in order to effect annual overhauls or to make expansions, repairs or inspections which cannot be carried out while installation concerned is in operation. Such suspension or restriction of operations shall take place only after consultation with the Buyer, and the Seller shall endeavour to carry them out in such a manner as to enable the Buyer to protect himself against loss as far as possible. The Seller will use its best efforts to limit each such suspension or restriction of power supply to a maximum of two hours any twenty-four hour period. The Seller shall be obligated to complete such work as quickly as possible.

## 6.4 *Emergencies.*

6.4.1 The Parties are aware of Article 9 Paragraph 8 of the Act of Electricity 65/2003, as outlined in Clause 2.1.7. The parties shall endeavour to minimize any adverse effect on the Buyer's operations or any damage to its equipment.

## 6.5 *Liability*

6.5.1 The Seller and the Buyer shall each be obligated to construct, maintain and operate their respective facilities to the standards of a reasonable and prudent operator and to correct without delay all faults and defects which are or may become a risk to the other Party.

6.5.2 The Seller agrees that before exercising any right which it may have to restrict, curtail or suspend the supply of Contract Power to the Plant by reason of the non-performance or non-observance by the Buyer of any obligation under this Agreement, the Seller shall, wherever possible, give the Buyer written advance warning of the proposed restriction, suspension or curtailment and allow the Buyer a reasonable time to remedy the default before restricting, suspending or curtailing the power supply.

6.5.3 In the event of the non-performance or non-observance of any obligation by the Seller or the Buyer, the non-defaulting Party shall be entitled to such legal or

equitable remedies as are available by law, including, without limitation, damages or an order for specific performance (subject to Force Majeure and any exemption or limitation of liability in this Agreement).

6.5.4 Without prejudice to the express provisions of this Agreement, neither Party nor any subcontractor (at any level) of either Party shall in any event be liable to the other Party for any loss of use, loss of profit or any indirect, consequential or special loss except to the extent such loss or damage is caused by the gross negligence or intentional misconduct by such Party or any subcontractor (at any level) of such Party.

## 6.6 Force Majeure

6.6.1 For the purposes of this Agreement, "**Force Majeure**" is hereby defined to mean hostilities (whether or not a state of war is declared), warlike operations, military occupation, revolution, insurrection, civil war, riot, rebellion, civil commotion, mob violence, terrorism, acts of piracy, acts of sabotage, radioactivity, plague, explosion, fire, earthquake, volcanic eruption, windstorm, tidal wave, flood, severe icing conditions, drought, lightning, quarantine, embargo, loss of critical equipment during transportation, general suspension of transportation or navigation, or any similar event which may not reasonably be prevented or controlled by the affected Party, and for said purposes Force Majeure shall also include general strikes, local strikes, boycotts, lock-outs or similar labour disturbances which the Party affected could not, by taking all reasonable measures available to it, have prevented or controlled, but only for such period as such Party shall remain unable to effect a termination thereof by taking all reasonable measures available to it.

6.6.2 A Force Majeure event shall not include: (a) changes in market conditions that affect the cost or availability of supply of goods or services, (b) the unavailability of equipment that could reasonably have been avoided by adherence to prudent operational standards, except to the extent directly caused by an event within the definition of Force Majeure set forth above, or (c) changes in market conditions that affect the price of energy or capacity.

6.6.3 No failure or omission by the Parties to perform any of their obligations pursuant to this Agreement shall be considered a default or breach in the performance of such obligations if and insofar as any such failure or omission is caused by Force Majeure.

6.6.4 The Party alleging the existence of Force Majeure for the purposes of this Clause shall have the burden of establishing the existence of such Force Majeure. A failure or omission shall for the purposes of this Clause be considered to have been caused by Force Majeure only if the Party so failing or omitting to perform can establish (i) that the failure or omission is the direct result of Force Majeure as defined in Clause 6.6.1 above, and (ii) that it has exercised due care and has taken all reasonable alternative measures to avoid such failure or omission.

6.6.5 Each Party shall promptly give notice to the other Party of Force Majeure causing any failure or omission in the performance of its own obligations under this Agreement whether in whole or in part. Notice shall also be given when the Force Majeure ceases to affect such performance. The Party affected shall make all reasonable efforts to mitigate the effect of its failure or omission to perform in full, and shall upon cessation of the Force Majeure take all reasonable steps within its power to resume with the least possible delay the performance of its obligations under this Agreement.

6.6.6 The term of this Agreement shall be extended by a period of time equal to the duration of the event of Force Majeure, unless otherwise specifically agreed between the Parties.

6.6.7 In the event that any Force Majeure continues for a period in excess of 365 consecutive days (or such longer period as the Parties may agree) and has the effect of reducing the supply or consumption of Contract Power by more than 50% for such period, then (except in the circumstances described in Clause 2.2.4 hereof) the Party which has not claimed Force Majeure shall have the right (while that Force Majeure continues to cause a failure or omission of performance) to terminate this Agreement upon 30 days' written notice to the other Party.

6.6.8 Notwithstanding anything to the contrary contained in this Clause 6, prior to the Dates of Delivery the following provisions shall apply:

(a) If at any time there occurs an event of Force Majeure causing or being likely to cause a delay in construction work (including engineering and equipment deliveries) on either or both the Plant or the Power Projects, the Seller (in the case of the Power Projects) and the Buyer (in the case of the Plant) affected by such Force Majeure shall take all reasonable measures within its power to avoid or overcome the effects of the Force Majeure and shall at the same time seek consultation with the other Party with respect to the event and the potential response thereto. If the effects of the event are such that the Party affected cannot in its best estimate overcome a delay in the construction work by taking all reasonable measures available to it, this Party shall be entitled to declare, by notice in writing to the other Party, a postponement of the Dates of Delivery to a later date specified in such notice, provided always that the period of such postponement shall not exceed the period of delay caused by the Force Majeure.

(b) A declaration of postponement pursuant to the preceding Paragraph (a) shall be presented as promptly as practicable and in any case not more than thirty days after the cessation of the period of delay caused by the Force Majeure. The other Party may challenge the notice of postponement, the duration of any alleged period of delay, or the use of measures to overcome such delay, provided that such challenge is asserted in writing not later than sixty days after the notice was received. Any such challenge, if not amicably settled, may be submitted to adjudication or arbitration pursuant to Clause 6.9 hereof, the latter at the request of either party. The court or arbitration tribunal shall be empowered to make such disposition of the issues to which the challenge relates as may be appropriate.

6.6.9 Without prejudice to the generality of Clause 6.6.1, the Buyer shall be entitled to claim relief from the performance of its obligations under this Agreement in the event of any failure to perform to the extent that such failure was caused by Force Majeure which will include for the Buyer any one or more of the following events or circumstances:

(i) failure, technical breakdown or inoperability of the Plant or harbour facilities as a result of any Force Majeure, as defined in Clause 6.6.1, event beyond the reasonable control of any party to the Construction Contracts, anode supply agreements, Site Agreement, the Harbour Agreement, or the Connection Agreement and Transmission Agreement which results in or causes the failure of such party to perform any of its obligations under such agreement; and

(ii) any delay in the commencement of the full operation of the Plant beyond the Date of Phase I Delivery, as a result of any Force Majeure, as defined in Clause 6.6.1, event beyond the reasonable control of any party to the Construction Contracts, anode supply agreements, Site Agreement or the Harbour Agreement which results in or causes such failure of such party to perform any of its obligations under such agreement,

provided that each and any such event or circumstance is beyond the reasonable control of the Buyer.

#### 6.7 Contract Period

6.7.1 This Agreement shall remain in force from the date hereof until 25 years after the respective Dates of Delivery, unless extended by Force Majeure as provided in Clause 6.6.6, (the "**Contract Period**"). The Sellers obligation to deliver and the Buyers obligation to purchase Contract Power according to Clause 2.1.1. shall expire 25 years after the respective Dates of Delivery. However, within 20 years after the respective Dates of Delivery, the Parties shall conclude discussions regarding an extension of this Agreement for a period of not less than 10 years following the respective dates of expiration, on mutually agreeable terms.

#### 6.8 Termination

6.8.1 If the Buyer fails to pay the charges due upon any statement, the Seller may suspend the supply of Contract Power upon an advance written notice of 60 days, without thereby forfeiting its rights to the charges due or otherwise impairing its rights hereunder. If after a further 120 days written notice to the Buyer (following expiry of the said 60 day period and the charges remaining unpaid), the Seller may terminate this Agreement if the said charges remain unpaid without thereby forfeiting its other rights under this Agreement.

6.8.2 If the Seller in breach of this Agreement (i) fails to deliver at least 60% of the annual amount of Firm Energy specified in Clause 2.1 over any 120 days period, or (ii) fails to deliver as an annual average over an consecutive two year period commencing on or after the Dates of Delivery at least 90% of the annual amount of Firm Energy specified in Clause 2.1, the Buyer may upon 120 days written notice terminate this Agreement without prejudice to any rights it may have under this Agreement.

6.8.3 Any suspension of supply under Clause 6.8.1 shall promptly recommence following the payment of the relevant unpaid charges due.

#### 6.9 Governing Law and Jurisdiction.

6.9.1 This Agreement shall be governed by and construed in accordance with the law of the Republic of Iceland.

6.9.2 Any dispute, claim or difference arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination ("Dispute"), shall be subject to exclusive jurisdiction of the Icelandic courts unless either Party prefers to submit to arbitration pursuant to Clause 6.9.3 below and gives notice in writing to that effect to the other Party. If a Party commences court proceedings (the "**Claimant Party**") in respect of a Dispute and the other Party (the "**Respondent Party**") prefers to submit the Dispute to arbitration, the Respondent Party must give notice to this effect to the Claimant Party in writing with 30 days of

receiving the Summons. Immediately after receiving such notice, the Claimant Party will discontinue the court proceedings and the Dispute will be resolved by arbitration.

- 6.9.3 Notwithstanding the provisions of Clause 6.9.2, any Dispute may, at the instigation of either Party, be referred to and finally resolved in accordance with the arbitration rules of the Arbitration Institute of the Stockholm Chamber of Commerce as in force at the date of this Agreement, which rules are, subject to the provisions of this Clause 6.9.3, deemed to be incorporated by reference into this Clause 6.9.3. The Arbitration Tribunal shall consist of three arbitrators. If the Claimant Party and/or the Respondent Party do not appoint their arbitrator in their Request and Reply respectively, to other Party to the arbitration shall have the right to apply to the Arbitration Institute of the Stockholm Chamber of Commerce for it to appoint the relevant arbitrator. If the two party appointed arbitrators cannot agree upon the appointment of the third arbitrator, he shall be appointed by the Arbitration Institute of the Stockholm Chamber of Commerce at the request of either Party. The third arbitrator however appointed shall not be of the same nationality as that of the Parties to this Agreement, nor the United States of America whilst the Buyer is a subsidiary of Century Aluminum Company, nor as that of any subsequent shareholder in the Buyer unless the Parties otherwise agree. The arbitrators shall meet the qualifications set out in Article 6 of Act. No. 53/1989 on Contractual Arbitration. The arbitration proceedings shall be held in Reykjavik and shall be conducted in English.
- 6.9.4 In the event that an arbitrator, originally appointed by either the Claimant Party or Respondent Party, dies, or is or becomes unable to act, a replacement arbitrator shall be appointed by the original Party. If the original appointing Party does not appoint a replacement arbitrator within a reasonable time, the other Party to the arbitration shall have the right to apply to the Arbitration Institute of the Stockholm Chamber of Commerce for it to appoint the replacement arbitrator. In the event that the third arbitrator dies or becomes unable to act, a replacement arbitrator shall, in the absence of agreement by the two party appointed arbitrators, be appointed by the Arbitration Institute of Stockholm Chamber of Commerce.
- 6.9.5 The Parties hereby undertake, in relation to arbitration proceedings commenced under Clause 6.9.3, to carry out any award of the Tribunal without delay and to waive their right to any form of appeal on any question of fact or law insofar as such a waiver may be validly made. The Parties agree that awards issued in respect of an arbitration commenced under Clause 6.9.3 are final and binding on the Parties as from the date they are made provided always that any award of the Tribunal may if necessary be enforced by any court or other competent authority. The Parties shall continue to perform their obligations under this Agreement notwithstanding any Dispute, which may be outstanding between them.
- 6.9.6 Each of the Parties consents generally to the giving of any relief or the issue of any process in connection with proceedings against it. Each of the Parties hereby irrevocably waives, to the fullest extent permitted by the law of any jurisdiction in which proceedings may be taken or any judgment or arbitral award enforced with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:
- i. service of process or other documents relating to proceedings and any immunity from jurisdiction, suit or judgment;
  - ii. jurisdiction of any Courts in which enforcement is sought;



- iii. relief by way of injunction, order for specific performance or for recovery of property;
- iv. attachment of its assets; and
- v. execution or enforcement of any judgment or arbitral award to which it or its revenues or assets might otherwise be subjected.

Each Party hereby irrevocably agrees, to the fullest extent it may effectively do so, that it will not claim any such immunity.

#### *6.10 Confidentiality*

6.10.1 The content of this Agreement, whether in whole or in part, is confidential and may not be disclosed by either Party to a third party without the prior written consent of the other Party, unless such content is publicly available. The Buyer may however disclose the content of this Agreement to financial institutions and their advisors as a part of any financing of the Plant or its expansions and to their auditors or in documents they must file with public agencies as a matter of law. In the case of filings with public agencies, the Buyer shall seek confidential protection for all information regarding pricing. Furthermore, the Seller is aware that the ultimate parent company of the Buyer is listed on a regulated securities market and may therefore have certain disclosure obligations in relation to this Agreement. In any case the Contract Price shall not be disclosed without written consent of both Parties.

#### *6.11 Amendments*

6.11.1 Amendments to this Agreement shall be made only by written agreements entered into between the Parties.

#### *6.12 Assignment*

6.12.1 The rights and obligations under this Agreement shall not be assigned or delegated by either Party without the consent of the other Party, which consent shall not be unreasonably withheld, and any purported assignment or delegation without such consent shall be void and of no effect. Notwithstanding the foregoing, a Party may assign its rights and obligations to an Affiliate without consent, provided that the Party making such assignment continues to guarantee performance hereunder.

6.12.2 If the Plant is permanently closed or if the Plant is unable, on an ongoing basis, to consume the whole or a portion of the Contract Power the Buyer shall be entitled to assign this Agreement to a third party, that has the financial and technical resources to perform the Buyer's obligations under this Agreement and that qualifies as a power intensive user which fulfills the requirements for the special tariff for power intensive users as provided for under applicable laws and regulations.

6.12.3 Notwithstanding the provisions of Clause 6.12.1, the rights and obligations under this Agreement may be assigned by the Buyer, without consent of the Seller, to financial institutions as security for any financing or refinancing relating to the Plant. Subject to the terms of a direct agreement which may be required between the Seller and the respective financial institutions, upon enforcement of the security, the Seller shall consent to the transfer of the Buyer's rights and obligations under this Agreement to any person who acquires the Buyer's interest in the Plant.

6.12.4 Notwithstanding the provisions of Clause 6.12.1, the rights and obligations under this Agreement may be assigned by the Seller, without consent of the Buyer, should the owners of the Seller elect to change the legal form of the Seller in accordance with Icelandic law and regulations on limited liability companies and partnerships.

### 6.13 Change of control

6.13.1 The consent of the Seller shall be required for transfer of majority (51% or more) of the shares in the Buyer. Such consent shall not be unreasonably withheld or delayed and shall not be required in the case of (a) transfers to any Affiliate of the Buyer or other entity incorporated in an OECD-country as listed on the date of this Agreement, (b) a pledge of all or any of such shares to secure any financing made to the Buyer in connection with the construction and operation of the Plant or any sale of any such shares pursuant to such pledge to any companies incorporated in an OECD-country as listed on the date of this Agreement or (c) according to step in rights under any direct agreements entered into between the Seller and any finance party providing financing to the Buyer.

6.13.2 The Parties acknowledge that provisions similar to Clause 6.13.1 are commonly found in investment agreements entered into by the Government of Iceland and parties in Buyer's position. They further acknowledge that the Buyer intends to enter into an investment agreement, and they agree that upon the Buyer entering into an investment agreement, provision 6.13.1 shall be of no further force and effect provided that such investment agreement contains similar change of control provisions acceptable to the Seller.

### 6.14 Notices

6.14.1 Any notice under this Agreement shall be in writing and delivered by personal delivery, express courier, confirmed facsimile, confirmed email or certified or registered mail, return receipt requested, and shall be deemed given upon personal delivery, one (1) day after deposit with express courier, upon confirmation of receipt of facsimile or email or five (5) days after deposit in the mail. Notices shall be sent to a Party at its address set forth in the signature block below, or such other address as that Party may specify in writing pursuant to this Clause. If a notice sent to the Buyer a copy thereof shall be sent to:

Norðurál Helguvík sf.  
Skógarbraut 945  
232 Reykjanesbær  
Iceland  
Fax: +354 430 1001, Attn: Managing Director  
Email: ragnar@nordural.is

with a copy to  
Century Aluminum Company,  
2511 Garden Road,  
Monterey CA 93940,  
USA,  
Fax: +1 831 642-9328, Attn: General Counsel.  
Email: bnielsen@centuryca.com

If a notice sent to the Seller a copy thereof shall be sent to:



Orkuveita Reykjavíkur  
Bæjarháls 1  
110 Reykjavík  
Iceland  
Fax: +354 516 7709, Attn: Chief Executive Officer  
Email: hjorleifur.b.kvaran@or.is

#### 6.15 Review

6.15.1 In entering into this Agreement the Parties recognize that it is impractical to make provisions for every contingency which may arise during the course of this Agreement. The Parties declare it to be their intention that this Agreement shall be operated between them with fairness and without detriment to the interests of either of them, taking into account the allocation of benefits and risks ensuing from it. However if events (including but not limited to, fundamental changes in the aluminium industry) occur which are beyond the control of the Parties and which either:

(i) are not reasonably foreseeable by the Parties, or

(ii) are the result of legislation or regulations affecting the electricity industry coming into force in Iceland after the date of this Agreement,

and which alter the equilibrium of this Agreement, thereby causing unfairness in the allocation of benefits and risks between the Parties, the Parties will meet and in good faith negotiate and use their best endeavours to agree upon an amendment to this Agreement to remove the cause or causes of such unfairness. In the event that the Parties are unable to agree as to the existence of such unfairness or as to the causes or effects thereof, such dispute may be referred by either Party to adjudication or arbitration as provided in Clause 6.9 above. The Parties shall attempt in good faith to reach agreement in the light of the findings of the tribunal. In the event that they are unable to agree on such an amendment, either of them may refer the dispute to adjudication or arbitration as provided for in Clause 6.9 above.

6.15.2 Notwithstanding the foregoing, neither Party may invoke the provisions of Clause 6.15.1 prior to the date ten years from the Date of Phase I Delivery or more than once during the term of this Agreement. Any amendments to this Agreement implemented under this Clause 6.15 shall not take into account the economic effects on the Party concerned occurring prior to the date ten years after the Date of Phase I Delivery.

6.15.3 The provisions of this Clause 6.15 have been negotiated and agreed in full knowledge by both Parties of the provisions of Article 36 of Act No. 7 of 1936 on Contracts, as amended by Act No. 11 of 1986. The provisions of this Clause 6.15 shall be in substitution of the provisions of Article 36 of the said Act which states the a contract can be nullified, partially or as a whole, or amended if it is thought to be unfair or contrary to good business practice to rely on it. Paragraph 2 of the Article states that the evaluation according to the paragraph shall take into account the content of the contract, the position of the contracting parties, circumstances during the making of the contract and circumstances which occurred after the contract was made.

#### 6.16 Official Language

6.16.1 The official language of this Agreement shall be English.

#### 6.17 Conditions

6.17.1 The Seller's commitment to deliver of Contract Power as stated in Clause 2.1.1 from the Power Projects is subject to the following principal conditions respectively and it shall not be binding until the conditions concerning each phase are fulfilled. The Seller shall diligently seek such approvals and shall provide written notice to the other Parties promptly upon obtaining the same:

- a. The approval of the owners and the board of directors of the Seller.
- b. Conclusion of financing arrangements for each power project.
- c. That the power projects at Hverahlíð and Gráuhnjúkar are profitable taking into account estimated investment, operational costs, transmission costs and future revenues.
- d. Environmental impact assessment for Gráuhnjúkar. Expected to be completed by June 30<sup>th</sup> 2009.
- e. That drilling in Hverahlíð and Gráuhnjúkar geothermal areas reasonably demonstrates that production of electricity according to estimates is possible. Expected to be completed by December 31<sup>st</sup>, 2009 and which will be accelerated by six months in case of Hverahlíð with expected completion by June 30, 2009 if the Buyer provides short term financing to fund drilling costs the amount of ISK 1 billion to be made available 1 March 2009, 1 April 2009 and 1 May 2009 that is to be repaid before the year end 2009.
- f. The necessary licenses and approvals to be in force for Hverahlíð and Gráuhnjúkar power plants to be in ongoing operation.
- g. Conclusion of amendments to master and local plans for Hverahlíð in the Municipality of Ölfus. Expected to be completed by January 31<sup>st</sup> 2009.
- h. Conclusion of amendments to master and local plans for Gráuhnjúkar in the Municipality of Ölfus. Expected to be completed by August 31<sup>st</sup> 2009.
- i. The Buyer is aware of that the Municipality of Ölfus has the first right to power from the Hverahlíð power plant until June 30<sup>th</sup> 2009.

6.17.2 The Buyer's commitment to purchase Contract Power is subject to the following principal conditions and it shall not be binding until the conditions are fulfilled. The Buyer shall diligently seek such approvals and shall provide written notice to the other Parties promptly upon obtaining the same:

- a. The approval of the board of directors.
- b. Conclusion of financing arrangements.
- c. Fulfillment of conditions of Other Power Producers under the power agreement between the Buyer and Other Power Producers or equivalent arrangements for supply of power. Expected to be completed by June 30, 2009.

6.17.3 All conditions and reservations set forth in this Clause 6.17 with respect to Phase I shall be fulfilled no later than June 30, 2009, with respect to Phase II no later than June 30, 2010, , with respect to Phase III no later than June 30, 2011, and with respect to Phase IV no later than June 30, 2012. If a Party is unable to obtain applicable board approvals or otherwise elects for reasons within its control not to proceed to construct the Plant or the Power Projects, as the case may be, such Party

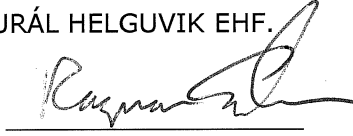
shall give prompt written notice to the other Party and shall be liable to the other Party in the manner set forth in Clause 6.5.

This Agreement is executed in two original copies, one for each Party.

The Parties agree to issue an amended and restated version of this Agreement should the Agreement be amended.

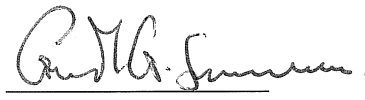
IN WITNESS WHEREOF, the duly authorized representatives of each of the Parties hereto have executed this Agreement as of the day and year first written above.

NORÐURÁL HELGUVÍK EHF.

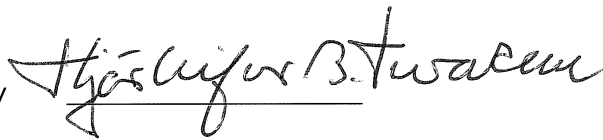
By 

Ragnar Guðmundsson,  
Managing Director

ORKUVEITA REYKJAVÍKUR

By 

Guðlaugur Sverrisson,  
Chairman

By 

Hjörleifur Kvaran,  
Chief Executive Officer

Witnessed:

By 

By \_\_\_\_\_

**Appendix 1. Phase I Start Up Plan.**

The Seller shall make available to the Buyer energy in accordance with this start up plan which has been mutually agreed upon by the Parties.

**Appendix 2. Transmission agreement.**

*Handwritten initials/signature*