

Republic of Liberia
Forestry Development Authority

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***CONTRACT TO MANAGE TIMBER SALE
AREA: A - 2***

***COMPOUND #1
GRAND BASSA COUNTY***

Holder: **TARPEH TIMBER CORPORATION**
Puku Villa, Robertsfield Highway
Adjacent Camp Falconer
Baptist Youth Camp
Paynesville, Liberia

JUNE 2008

REPUBLIC OF LIBERIA FORESTRY DEVELOPMENT AUTHORITY TIMBER SALE CONTRACT		Name and Address of Contract Holder Tarpeh Timber Corporation Puku Villa, Robertsfield Highway Adjacent Camp Falconer, Baptist Youth Camp - Paynesville, Liberia	
Region / Sector: # 3	County: Grand Bassa	District: District #1	Contract Number: TSC - 0001
Forest Name: TSC A- 2		Contract Signing Date: June 27, 2008	Termination Date: June 26, 2011

This contract is entered into at the City of Monrovia, County of Montserrado, Republic of Liberia, under the General Business Law, Title 14 of the Liberia Code of Law Revised, by and between the Government of the Republic of Liberia, acting through the **Forestry Development Authority**, hereinafter referred to as the **AUTHORITY**, and **Tarpeh Timber Corporation** a company duly organized, existing, and doing business under the Laws of the Republic of Liberia, hereinafter referred to as the **CONTRACT HOLDER**, or **HOLDER**.

WHEREAS, (1) Section 5.4 of the National Forestry Reform Law of 2006 authorizes the **AUTHORITY** to grant licenses to harvest timber through Timber Sale Contracts; (2) **HOLDER** wants to purchase, cut, and remove timber; (3) the **AUTHORITY**, having advertised a sale at which **HOLDER** was the successful bidder, wants to issue **HOLDER** a license to harvest the advertised sale; and (4) **HOLDER** and the **AUTHORITY** are willing to be bound by the terms set out in this contract;

Now, **THEREFORE**, the **AUTHORITY** and **HOLDER** execute this contract and indicate their acceptance of the terms of this contract.

This contract consists of two Parts: A – Specific Provisions, and B – Standard Provisions, together with contract area maps, plans, specifications, and other attachments specified in the text of Parts A and B.

TABLE OF CONTENTS

PART A – SPECIFIC PROVISIONS.....	5
A1 – Location and Area.....	5
A2 – Area Map.....	6
A3 – Performance Bonds.....	6
A4 – Land Rental Bid.....	6
A5 – Evidence of Access to Capital & Equipment.....	6A
PART B – STANDARD PROVISIONS.....	7
B1.0 – INTERPRETATION AND DEFINITIONS.....	7
B2.0 – GRANT.....	10
B2.1 – Contract Area.....	10
B2.11 – Reservations.....	10
B2.2 – Termination Date.....	10
B2.3 – Assignment or Transfer of Contract Rights.....	11
B3.0 – OBLIGATIONS OF CONTRACT HOLDER.....	11
B3.1 – Social Agreement.....	11
B3.2 – Performance Bonds.....	11
B3.3 – Responsible Employment and Management Practices.....	12
B3.31 – Safety.....	12
B3.32 – Health.....	12
B3.33 – Use of Local Labor.....	12
B3.4 – Responsible Environmental Practices.....	13
B3.5 – Laws and Regulations.....	13
B3.51 – Governing Law.....	13
B3.52 – Third-Party Beneficiaries.....	13
B3.53 – Harvesting Practices.....	13
B3.54 – Prohibited Transactions.....	13
B3.55 – False Statements and Material Misrepresentations.....	13
B3.56 – Indemnification.....	13
B4.0 – RIGHTS OF HOLDER.....	13
B4.1 – Occupancy of Surface and Easements.....	13
B4.11 – Public Lands inside Contract Area.....	14
B4.12 – Public Lands outside Contract Area.....	14
B4.13 – Rights-of-Way outside Contract Area.....	14
B4.14 – Use of Private Lands.....	14
B4.2 – HOLDER Improvements.....	14
B4.21 – Construction of Improvements.....	14
B4.22 – Approval Requirements.....	14
B4.23 – Right of Others to Use Facilities.....	14
B4.24 – Removal.....	14
B4.3 – Right to Take and Use Water.....	14
B4.4 – Use of Gravel, Sand, Clay, and Stone.....	14
B4.5 – Agents and Independent Contractors.....	14
B5.0 – REPRESENTATIVES AND COMMUNICATIONS.....	14

<i>B5.2 – Government Representatives</i>	18
<i>B5.3 – Government Inspection</i>	18
<i>B5.4 – Notices</i>	18
<i>B5.5 – Reports</i>	19
B5.51 – Records Maintenance and Inspection (Generally).....	19
B5.52 – Annual Report.....	19
B5.53 – Other Reporting Requirements.....	19
B5.54 – Holder to Provide Documents Free of Charge.....	20
B5.55 – Broad Public Access to Information.....	20
B6.0 – OPERATIONS	20
<i>B6.1 – Operations (Generally)</i>	20
B6.11 – Annual Operational Plan.....	20
B6.12 – Annual Harvesting Certificate.....	21
B6.13 – Changes to Annual Operational Plan.....	21
B6.14 – Infrastructure and Works.....	21
<i>B6.2 – Timber Specifications</i>	22
B6.21 – Merchantable Trees.....	22
B6.22 – Minimum Diameter Limit.....	22
B6.23 – Felling and Utilization Activities.....	22
B6.24 – Tree Clearing.....	22
B6.25 – Construction Timber.....	22
<i>B6.3 – Protection of Environment and Contract Area</i>	22
B6.31 – Encroachment.....	23
B6.32 – Damage to Trees.....	23
B6.33 – Protection of Land Survey Monuments.....	23
B6.34 – Protection Measures for Plants, Animals, and Cultural Resources.....	23
B6.35 – Watercourse Protection.....	24
B6.36 – Erosion Prevention and Control.....	24
B6.37 – Prevention of Pollution.....	24
<i>B6.4 – Conduct of Logging</i>	24
<i>B6.5 – Road Construction and Maintenance</i>	25
<i>B6.6 – Fire Precautions and Control</i>	25
B6.61 – Fire Control.....	25
B6.62 – Fire Suppression Costs.....	25
<i>B6.7 – Participation in Chain of Custody System</i>	25
B7.0 – FISCAL OBLIGATIONS	25
<i>7.1 – Fees and Rental Bids</i>	25
B7.11 – Land Rental Bid Payment.....	25
B7.12 – Stumpage Fees.....	26
B7.13 – Land Rental Fees.....	26
B7.14 – Forest Product Fees.....	26
<i>B7.2 – Other Payment Rates</i>	26
B7.21 – Timber Cut through Mistake.....	26
B7.22 – Timber Damaged Without Negligence.....	26
B7.23 – Timber Unnecessarily Damaged or Negligently or Willfully Cut.....	26
B7.24 – Careless Falling or Extraction.....	26

B7.25 – Liquidated Damages	27
B7.3 – Payments	27
B7.31 – Designated Account	27
B7.32 – Accrual	27
B7.33 – Payment Guaranteed by Bond or Deposited Securities	27
B7.34 – Payments Not Received	27
B7.35 – Prohibitions	28
B8.0 – PERFORMANCE AND SETTLEMENT	28
B8.1 – Non-Waiver	28
B8.2 – Approval and Consent	28
B8.3 – Disputes and Claims	29
B8.31 – Contract Documents	29
B8.4 – Title and Liability	29
B8.41 – Title Passage	29
B8.42 – Liability for Loss	29
B8.5 – Force Majeure	30
B8.6 – Contract Interruption	30
B8.7 – Breach	31
B8.71 – Failure to Execute Contract	31
B8.72 – Termination for Breach	31
B8.73 – Termination for Breach Procedure	32
B8.8 – Periodic Review	33
B8.9 – Settlement and Contract Closure	34
B8.91 – Settlement	34
B8.92 – Contract Closure	34
Signature Page	35





PART A – SPECIFIC PROVISIONS

A1 – Location and Area
Applicable to B2 1.

The CONTRACT AREA of 5,000 hectares, more or less, has the following metes and Bounds description:

Tarpeh Timber Corporation Area A-2 lies within Latitudes $6^{\circ}15'36''$ - $6^{\circ}20'24''$ North of the equator and Longitudes $10^{\circ}3'36''$ - $10^{\circ}9'36''$ West of the Greenwich meridian and it is located in Grand Bassa County-Liberia.

Starting from the town of Goewein, ($6^{\circ}16'40.11''N$ - $10^{\circ}04'35.05''W$) thence a line runs N 84° W for 1,277 meters to the point of COMMENCEMENT. ($6^{\circ}16'44.12''N$ - $10^{\circ}05'15.99''W$) thence a line runs S 52° W for 4,815 meters to a point ($6^{\circ}15'08.21''N$ - $10^{\circ}07'20.91''W$) thence a line runs N 76° W for 4,346 meters to a point ($6^{\circ}15'43.35''N$ - $10^{\circ}09'38.22''W$) thence a line runs N 37° E for 11,526 meters to a point ($6^{\circ}20'41.30''N$ - $10^{\circ}05'50.03''W$) thence a line runs S 68° E for 4,889 meters to a point ($6^{\circ}19'42.46''N$ - $10^{\circ}03'23.15''W$) thence a line runs S 44° W for 4,811 meters to a point ($6^{\circ}16'44.12''N$ - $10^{\circ}05'15.99''W$) thence a line runs S 5° W for 1,965 meters to the point of COMMENCEMENT ($6^{\circ}16'44.12''N$ - $10^{\circ}05'15.99''W$).

Embracing 5,000 hectares of forest land and no more.



A5. Evidence of Access to Capital and Equipment

Within 90 days of the signing of this contract, CONTRACT HOLDER will supply to the AUTHORITY

- A) Evidence of access to at least US\$250,000 in funds available for use in executing this contract during the first six months of the contract life;
- B) Evidence that the provider of funds has sufficient capital to meet its obligations to the CONTRACT HOLDER

Failure of the CONTRACT HOLDER to meet these requirements in a form acceptable to the AUTHORITY will represent an event of default.

[End of Page 6A]

Page 6A



PART B - STANDARD PROVISIONS

This Part is organized into Articles, Sections, and Subsections. These are numbered in accordance with the following scheme: Article B1.0, Section B1.1, and Subsection B1.11. References to an Article include all Sections and Subsections within that Article and references to a Section include all Subsections within that Section. Cross-references within this contract cite the reference number of the applicable Article, Section, and Subsection. Descriptive headings used are not to be considered in determining the rights and obligations of the parties.

The Standard Provisions in this Part are subject to Specific Provisions of the contract stated in Part A. When appropriate, Specific Provisions established in Part A are cited by reference number.

B1.0 - INTERPRETATION AND DEFINITIONS

Unless specifically required by law, stated in this contract, or later agreed in writing:

- (i) All written plans, certificates, approvals, communications, and notices required under this contract must be in English.
- (ii) All monetary amounts in the contract are stated in United States dollars. All **MONETARY OBLIGATIONS** are payable in United States dollars, unless the law or a subsequent agreement states otherwise.
- (iii) All references to statutes, regulations, and codes of practice incorporate the material as it may be from time to time amended. If the material is repealed, the reference is to the material that replaces the repealed material, as determined by the **CONTRACTING OFFICER**.
- (iv) There are no oral provisions to this contract; the whole agreement is in writing. At the time of signing, this document reflects the whole agreement.
- (v) Future modifications or additions to this contract must be in writing.
- (vi) This contract does not create any sort of agency, partnership, joint venture, or other business entity.
- (vii) Time is of the essence. That means that if this contract goes before a court, the court should honor the time limits and deadlines in this contract as firm unless the parties agree to waive them.
- (viii) If a court ever holds that some part of this contract is somehow invalid, the parties want the court to strike only the offending provision and not the entire contract.
- (ix) Each party wants to keep a legally valid "original" of the signed contract. Therefore, the parties are signing two identical documents containing the contract. If a court is ever asked to admit the text of the contract into evidence, the parties ask the court to consider either document to be acceptable proof of the contract.

Except for the following terms, which are capitalized in this contract and defined below, terms in this contract have their common contextual definition. In case of dispute, **CONTRACTING OFFICER** may interpret term in accordance with accepted terminologies of the forestry profession.

ANNUAL HARVESTING CERTIFICATE means a certificate issued by **AUTHORITY** in accordance with Subsection B6.12.

ANNUAL OPERATIONAL PLAN means the plan required under Subsection B6.11.

AUTHORITY means the Forestry Development Authority (FDA).



7


AWARD NOTICE DATE means the date that the tentative contract award notice is given to the winning bidder.

BOARD OF DIRECTORS means the Board of Directors of the AUTHORITY.

BREAST HEIGHT means a point 1.36 meters above the average ground level or, if there is a buttress, 30 centimeters above the convergence of the buttress.

CHAIN OF CUSTODY means the path of custodianship followed by logs, timber and wood products through harvesting, transportation, interim storage, processing distribution and export, from source of origin to end use. Chain of Custody encompasses changes of state – for example, changes resulting from cutting, processing, splitting, or sorting.

CHAIN OF CUSTODY SYSTEM means the set of procedures and mechanisms used to track and monitor CHAIN OF CUSTODY.

CLAIM means a written demand by one of the parties seeking the payment of money, adjustment or interpretation of contract terms, or other relief, under or relating to this contract.

CONTRACT AREA means the area described in Article A1.

CONTRACT SIGNING DATE means the date that this contract is signed by the Managing Director of the AUTHORITY.

CONTRACTING OFFICER means an AUTHORITY officer to whom the AUTHORITY has delegated the power and duty to administer this contract, including inspection and enforcement of the contract, under Subsection B5.2.

CONTRACT HOLDER or HOLDER means the PERSON entering into this contract with the AUTHORITY and receiving a license to harvest timber under this contract.

CONTROL means the power to exercise, directly or indirectly, a controlling influence over the management, policies, or activities of an individual or business concern, whether through ownership of voting securities, through one or more intermediary individuals or business concerns, or otherwise. In all events CONTROL shall be deemed to include ownership, directly or indirectly, of an aggregate of 10 percent or more of either the voting power or the equity interests.

FEE means any forestry fee that a HOLDER must pay under the terms of this contract or under any law of the Republic of Liberia, concerning forest fees, and other applicable regulations.

FELLING EFFECTIVE DATE means the date on which the AUTHORITY certifies that the HOLDER has completed all PRE-FELLING OPERATIONS.

FOREST PRODUCT means any material derived from FOREST RESOURCES, including, but not limited to flora, fauna, and micro-organisms that may be exploited for social, economic, or other benefits.

FOREST RESOURCES means anything of practical, commercial, social, religious, spiritual, recreational, educational, scientific, subsistence, or other potential use to humans that exists in the forest environment, not limited to flora, fauna, or micro-organisms.

GOVERNMENT means the government of the Republic of Liberia and includes all branches, subdivisions, instrumentalities, authorities, and agencies.

HARVESTING BLOCK means an area for timber harvest identified in an ANNUAL OPERATIONAL PLAN under Subsection B6.11.

INFRASTRUCTURE means non-movable assets of the following types:

- (i) Transportation and communication facilities, including roads, bridges, garages, and radio, telephone, and telegraph facilities;



(ii) Electrical power, water, and sewage facilities, including water supply systems and water drains for disposal of plant wastes and sewage;

(iii) Miscellaneous facilities built in connection with the operation of the foregoing, including offices, machine shops, repair shops, and warehouses.

LOG means a portion of a tree, with or without side limbs and bark removed, otherwise substantially intact and intended for further processing.

MAJOR DEFECT includes heart shake, ring shake, heart decay, holes, shatters, dry rot, parasitic damage, and similar characteristics reducing the commercial value of a LOG.

MERCHANTABLE LOG means a LOG at least 4 meters long coming from a tree not less than 40 centimeters in diameter, provided that:

(i) If a tree was not bucked to assure as much volume as possible, merchantable contents are assessed as if it had been properly bucked.

(ii) The LOG is not merchantable if one-third or more of its volume is subject to MAJOR DEFECTS.

(iii) The LOG is not merchantable if the volume of its sapwood exceeds one-third of its total volume, unless it can be sold, processed, or otherwise utilized commercially together with its sapwood.

(iv) The LOG is not merchantable if the diameter of any branch knot, decayed knot, hole, or decayed butt or the sum of the diameters of such defects exceeds the gross diameter of the LOG inside bark at its small end.

In applying this definition, use the standards for determining volume and grading referenced in AUTHORITY Regulation 108-07 on Chain of Custody, Sections 26 and 27.

MERCHANTABLE TREE means a tree that is at least 40 centimeters in diameter at BREAST HEIGHT that can produce at least one MERCHANTABLE LOG and is identified and marked for felling in the ANNUAL OPERATIONAL PLAN.

MONETARY OBLIGATIONS means all amounts the HOLDER owes under this contract, including FEES, liabilities, and amounts owed under Social Agreements.

PERSON means any individual, partnership, joint venture, association, corporation, trust, estate, unincorporated entity, community, government or state, and any branch, division, political subdivision, instrumentality, authority, or agency.

PLANT AND EQUIPMENT means the following assets, other than INFRASTRUCTURE, necessary or desirable for operations hereunder:

(i) Felling and extraction equipment;

(ii) Facilities and equipment to saw, cut, and otherwise process TIMBER;

(iii) Facilities and equipment used in connection with the operation of the foregoing, including offices, machine shops, repair shops, and warehouses;

(iv) Facilities and equipment for the maintenance of personnel, including dwelling, stores, mess halls, and recreation facilities; and

(v) Moveable equipment, including motor vehicles, necessary or desirable with the PLANT AND EQUIPMENT or INFRASTRUCTURE.

PRE-FELLING OPERATIONS means the "Major Pre-Felling Operations" that apply to Timber Sale Contracts under AUTHORITY Regulation 105-07, on Major Pre-Felling Operations.

TIMBER means sawn wood or LOGS.

WORK means actions associated with the construction, reconstruction, demolition, repair, or renovation of a building or structure or surface and includes site preparation, excavation,

assembling, installation of plant, fixing the equipment, and laying out of materials, and any action previously stated pertaining to logging or preparation of logging activities.

B2.0 – GRANT

B2.1 – Contract Area

The CONTRACT AREA for this contract is set out in Specific Provision A1 as depicted on the metes and bounds and the attached CONTRACT AREA map(s). The AUTHORITY grants HOLDER the license to harvest TIMBER within the confines of the CONTRACT AREA. This license is exclusive, but it is subject to the reservations in Subsection B2.11. Access to FOREST PRODUCTS other than TIMBER is not granted under this license unless a specific provision in this contract allows for their harvest or use.

B2.11 – Reservations

The parties recognize that Chapters 11 and 12 of the National Forestry Reform Law of 2006 reserve rights for private landowners and the public, and HOLDER agrees to respect those rights. In addition, the GOVERNMENT reserves the right:

(a) Of access, or to allow others to access, the CONTRACT AREA for the purpose of exploring for or exploiting minerals or other substances or for any subsoil investigation or other reasonable investigation, provided HOLDER's operations and activities shall not be unduly interfered with nor its rights prejudiced and that if damages result to HOLDER's property as a result of such exploration, investigation, or exploitation, the GOVERNMENT agrees to provide fair and reasonable compensation to HOLDER for such damages.

(b) To take from the CONTRACT AREA such TIMBER and FOREST PRODUCTS as may be required for public purposes or to allow others to access the CONTRACT AREA for traditional and customary community uses of TIMBER and FOREST PRODUCTS, provided HOLDER's operations and activities shall not be unduly interfered with nor its rights prejudiced.

(c) To enter the CONTRACT AREA to conduct reforestation or any other activity, as may be required for public purposes, provided HOLDER's operations and activities shall not be unduly interfered with nor its rights prejudiced.

(d) To construct roads, highways, railways, and communication lines within the CONTRACT AREA, provided the GOVERNMENT shall not unreasonably interfere with HOLDER's operations and shall compensate HOLDER for all damage caused, including, but not limited to, property damage and economic or other losses, including lost profits.

B2.2 – Termination Date

HOLDER's right and license to harvest TIMBER ends after the termination date specified on the first page of the contract, unless extended or shortened under a provision of this contract or by operation of law.

This contract is not renewable. Limited extensions are possible under Sections B8.5 and B8.6, regarding force majeure and interruptions. Beyond those, HOLDER shall discharge all its obligations under this contract in a timely manner, excepting only those obligations for which AUTHORITY has given written permission to delay performance. Absent an extension or written permission to delay, HOLDER's failure to honor time-related obligations is a breach of the contract.

B2.3 – Assignment or Transfer of Contract Rights

(a) HOLDER shall at all times maintain a majority interest in the contract and shall not assign or transfer this contract or any part or interest in the contract, nor any rights, privileges, liabilities, or obligations granted or imposed by this contract, without prior, written consent of the AUTHORITY.

(b) AUTHORITY shall not consent to any assignment or transfer of this contract, except in compliance with the requirements of AUTHORITY Regulation No. 104-07, Section 71, concerning assignment of Timber Sale Contracts.

B3.0 – OBLIGATIONS OF CONTRACT HOLDER

B3.1 – Social Agreement

HOLDER shall complete the Social Agreement or Agreements called for under AUTHORITY Regulation 105-07, complying with all requirements set out in that regulation. After the AUTHORITY attests to a Social Agreement between the HOLDER and an affected community, the Social Agreement becomes part of this contract and a breach of the Social Agreement by HOLDER is a breach of this contract. If HOLDER is not in compliance with the provisions regarding Social Agreements in Part III of AUTHORITY Regulation 105-07, HOLDER may not fell trees.

B3.2 – Performance Bonds

(a) Before the deadline set in Section 61(b) of AUTHORITY Regulation 104-07, HOLDER shall deposit with the Ministry of Finance an initial Performance Bond, in the amount shown in Specific Condition A3.

When the AUTHORITY approves an ANNUAL OPERATIONAL PLAN under Standard Provision B6.11, the AUTHORITY shall inform the HOLDER of the amount required for the annual Performance Bond. The AUTHORITY shall set the amount based on the formula in AUTHORITY Regulation 104-07, Section 61(d). In using the formula, the AUTHORITY shall include the Land Rental Bid payment in the estimated annual revenue, and shall base its estimate of revenue from the Log Stumpage Fee on the harvest level described in the ANNUAL OPERATIONAL PLAN.

Within 30 days after the AUTHORITY approves each ANNUAL OPERATIONAL PLAN, the HOLDER shall deposit with the Ministry of Finance an annual Performance Bond in the amount set in the preceding paragraph.

The HOLDER shall not fell trees under an ANNUAL OPERATIONAL PLAN before the HOLDER has deposited the applicable Performance Bond.

(b) Each Performance Bond must be issued in favor of the GOVERNMENT, warranting that HOLDER shall faithfully and promptly commence operations and comply with all contract terms, pay MONETARY OBLIGATIONS, and obey applicable laws and regulations. HOLDER shall post the bond in one of the forms allowed under AUTHORITY Regulation 104-07, Section 61(e).

The GOVERNMENT may draw upon the Performance Bond if the HOLDER is in arrears on any amount owed the GOVERNMENT. In particular, should HOLDER fail to comply with contract terms, pay MONETARY OBLIGATIONS, or obey applicable laws and regulations, AUTHORITY may use the Performance Bond to make the GOVERNMENT whole, including to

pay any amount owed to the GOVERNMENT, to replace lost revenues, and to pay for restoration of environmental damage.

Although the AUTHORITY assumes no liability for the HOLDER's actions and does not act as the HOLDER's insurer or indemnifier, the Performance Bond must allow the AUTHORITY, after any GOVERNMENT claims are satisfied, to draw upon the Performance Bond when ordered by a court to assure payment of third-party claims against HOLDER for compensation of employees, redress of injuries, or return of property, as provided under National Forestry Reform Law of 2006, Section 5.1(e).

(c) If the Performance Bond is drawn upon or otherwise loses value, the HOLDER shall, within 30 days, replace the Performance Bond or restore the Performance Bond to the required value. If HOLDER fails to replace or restore the bond in time, HOLDER shall stop felling trees until the bond is replaced or restored.

(d) The GOVERNMENT shall return the initial Performance Bond to the HOLDER promptly after the HOLDER posts the first annual Performance Bond. The GOVERNMENT shall return all but the final annual Performance Bonds to the HOLDER when the HOLDER has satisfactorily completed all of the HOLDER's contract obligations for actions covered in the year's ANNUAL OPERATIONAL PLAN. The GOVERNMENT shall return the final annual Performance Bond after the HOLDER's has satisfactorily completed all the HOLDER's obligations under this contract. If the GOVERNMENT properly draws upon the bond to cover the HOLDER's MONETARY OBLIGATIONS, the GOVERNMENT does not need to return the amount drawn out.

B3.3 – Responsible Employment and Management Practices

B3.31 – Safety

(a) HOLDER shall follow internationally recognized, modern safety precautions in all activities, as are used elsewhere by others under comparable conditions. HOLDER shall comply with safety instructions that the GOVERNMENT gives in writing.

(b) HOLDER shall employ temporary traffic controls only in compliance with AUTHORITY Regulation No. 104-07, Section 73(b). The Holder shall not employ checkpoints of any kind.

B3.32 – Health

HOLDER shall employ internationally recognized, modern measures for the protection of general health and safety of its employees and all other PERSONS having legal access to the CONTRACT AREA. HOLDER shall comply with public health instructions given in writing by the GOVERNMENT.

B3.33 – Use of Local Labor

(a) HOLDER shall give preference to competent and qualified ECOWAS citizens in the selection of employees to conduct its operations under this contract.

(b) HOLDER shall not import unskilled labor from outside the ECOWAS nations.

(c) HOLDER shall comply with all training and employment obligations required by law or regulation.

B3.4 – Responsible Environmental Practices

HOLDER shall conduct operations in accordance with the terms and conditions of this contract and in a manner that promotes the sustainable development of FOREST RESOURCES and environmental protection for the common good of the people of Liberia, as provided for in applicable laws, statutes, rules, and regulations of Liberia.

B3.5 – Laws and Regulations

B3.51 – Governing Law

This contract shall be governed by, construed under, and interpreted in accordance with the laws of the Republic of Liberia.

B3.52 – Third-Party Beneficiaries

All PERSONS dealing with HOLDER, including employees and shareholders, and all PERSONS having an interest in the condition or management of the affected environment are third-party beneficiaries under this contract.

B3.53 – Harvesting Practices

HOLDER shall comply with the Liberian Code of Forest Harvesting Practices.

B3.54 – Prohibited Transactions

HOLDER shall not directly or indirectly engage in any transaction with any government, faction, or armed movement that the GOVERNMENT has by law or by official pronouncement declared to be hostile or unfriendly, or in any other transaction prohibited by law.

B3.55 – False Statements and Material Misrepresentations

If HOLDER knowingly makes a false statement or material misrepresentation (including misrepresentation by omission) to the GOVERNMENT on any matter relating to this contract, such action constitutes a breach of this contract.

B3.56 – Indemnification

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

B4.0 – RIGHTS OF HOLDER

B4.1 – Occupancy of Surface and Easements

B4.11 – Public Lands inside Contract Area

Within the CONTRACT AREA, HOLDER shall have the right to enter and occupy any public land or use public rights-of-way to undertake operations and activities under this contract. If not described in an approved ANNUAL OPERATIONAL PLAN, such occupancy is subject to prior approval in writing by AUTHORITY. HOLDER's occupancy and use must protect natural resource values.



B4.12 – Public Lands outside Contract Area

HOLDER shall use public land outside the CONTRACT AREA only with written approval of the AUTHORITY. AUTHORITY shall not unreasonably deny the right to use such land. Requests to use such public lands must be in writing. AUTHORITY and HOLDER shall negotiate the terms and conditions under which the easement or other rights may be exercised. If HOLDER occupies lands, the terms shall include payment of area fees and an amount for land rental at the Land Rental Bid rate. The right to use such land does not extend to the right to harvest timber, unless the timber is taken to clear land for a right-of-way or yarding area.

For convenience, HOLDER may make such requests in its ANNUAL OPERATIONAL PLAN. If made in this manner, these requests must be expressly and clearly identified as requests to use public land outside the CONTRACT AREA. AUTHORITY shall approve or deny such requests as part of its review of the ANNUAL OPERATIONAL PLAN. AUTHORITY may deny the request while approving the remainder of the plan.

B4.13 – Rights-of-Way outside Contract Area

HOLDER shall use public or private lands outside the CONTRACT AREA for rights-of-way only with written approval of the AUTHORITY. Such use must be necessary for HOLDER's activities and operations under this contract. In the same manner as requests are handled under Standard Provision B4.12, HOLDER and AUTHORITY may make and approve such requests as part of the ANNUAL OPERATIONAL PLAN.

B4.14 – Use of Private Lands

(a) HOLDER may use private lands with the permission of the land owner. If HOLDER does not obtain permission of the land owner, use and compensation of private lands is governed by Chapter 11 of the National Forestry Reform Law of 2006 and AUTHORITY Regulation 110-07, on the Rights of Private Land Owners.

(b) With or without permission of the land owner, (i) HOLDER shall not seek a use, lease, right-of-way, or easement that substantially interferes with the operations of another previously issued Forest Management or Timber Sale Contract; and (ii) HOLDER shall not interfere with any good faith exercise of third-party rights to TIMBER or FOREST PRODUCTS, including customary rights, without permission of the third party.

(c) If HOLDER uses private lands without permission of the land owner, the use must be necessary for HOLDER's activities and operations under this contract.

(d) For avoidance of doubt, Standard Provision B3.56 regarding indemnity applies to any claims against the GOVERNMENT for HOLDER's damage or use of private lands. In acting under this contract, even if done with the AUTHORITY's knowledge and consent, HOLDER does not act as the AUTHORITY's agent.

B4.2 – HOLDER Improvements

B4.21 – Construction of Improvements

(a) Section 18.8 of the National Forestry Reform Law of 2006 grants HOLDER rights concerning construction of infrastructure. HOLDER agrees to exercise those rights subject to the requirements in this contract.

(b) HOLDER shall comply with all laws governing the occupation of the land and with all laws governing construction, maintenance, and use of the improvements. HOLDER shall

construct, maintain, and use the improvements in a manner that will not interrupt or interfere with the conduct of AUTHORITY business.

B4.22 – Approval Requirements

(a) By law, certain improvements require authorization from GOVERNMENT agencies other than the AUTHORITY. HOLDER shall secure such authorization before constructing the improvements. Activities affecting private land are subject to the provisions of Standard Provision B4.14 and the prompt payment of adequate compensation to any PERSON whose rights are affected.

(b) If HOLDER wishes to construct, maintain, alter, and operate the following improvements, HOLDER shall describe them in an ANNUAL OPERATIONAL PLAN. HOLDER shall have the necessary permission to proceed only if the AUTHORITY approves the Plan.

(i) Industrial buildings and installations, including roads, warehouses, storage places, and tanks;

(ii) Means of communications, including telephone lines and wireless stations;

(iii) Living accommodations and amenities for HOLDER's operations and activities under this contract; and

(iv) Other buildings, installations, and work necessary or useful for the effective carrying out of HOLDER's operations and activities under this contract.

(c) In addition, HOLDER shall also obtain written permission from the AUTHORITY, separately or through the ANNUAL OPERATIONAL PLAN, for the following kinds of improvements:

(i) Clearing the land of trees, shrubs, and other obstacles and cutting wood necessary for HOLDER's activities on private land or outside the CONTRACT AREA;

(ii) Development of roads beyond the CONTRACT AREA;

(iii) Any camp, quarry, borrow pit, storage, or service area (A "camp" includes the campsite or trailer parking area of any employee or contractor WORKING on the project for HOLDER); and

(iv) Any development or activity on the CONTRACT AREA not essential for performance under the contract.

(d) Requests for approval outside of the ANNUAL OPERATIONAL PLAN must include the proposed plans of the improvement.

(e) The AUTHORITY shall not unreasonably deny or delay approval.

(f) The AUTHORITY shall not levy a charge for approval of these requests; however if the improvement occupies forest land outside the CONTRACT AREA, the AUTHORITY shall assess area fees and also rent at the Land Rental Bid rate.

B4.23 – Right of Others to Use Facilities

HOLDER shall:

(a) Allow the GOVERNMENT and public to use, free of charge, any roads constructed and/or maintained by HOLDER; provided, however, that such use shall not unduly prejudice nor interfere with HOLDER's operations;

(b) Allow the GOVERNMENT and public to have access over the CONTRACT AREA, provided that such access does not amount to encroachment, as provided for in Standard Provision B6.31, and does not unduly prejudice nor interfere with HOLDER's operations;



(c) Allow the GOVERNMENT and public to use communication lines developed by HOLDER within the CONTRACT AREA, subject to fair compensation, provided that such use shall not unduly prejudice nor interfere with HOLDER's operations; and

(d) Allow the GOVERNMENT to construct roads, highways, railways, telegraph and telephone lines, and other transportation or communication facilities within CONTRACT AREA, if they do not unreasonably interfere with HOLDER's activities and the GOVERNMENT provides fair compensation for any damages caused, including property damage, lost profits, and other economic losses.

B4.24 – Removal

(a) All INFRASTRUCTURE shall revert to the GOVERNMENT upon termination of this contract. HOLDER shall leave such facilities in a maintained and safe running order.

(b) All fixed PLANT AND EQUIPMENT on GOVERNMENT land shall revert to the GOVERNMENT upon termination of this contract. The GOVERNMENT may choose to retain these assets or, with written notice to HOLDER, require HOLDER to remove or dispose of all such improvements. Should HOLDER fail to remove or dispose of PLANT AND EQUIPMENT within 90 days, AUTHORITY may dispose of these improvements at HOLDER's expense. HOLDER shall dispose of construction materials, materials from the demolition of assets, and other wastes in a lawful and environmentally responsible manner.

(c) The disposition of PLANT AND EQUIPMENT that may exist on private land will be based on the terms of the occupancy lease, right-of-way, or easement that allowed use under the provisions of Standard Provision B4.14.

B4.3 – Right to Take and Use Water

Subject to the written approval of the GOVERNMENT, the negotiated Social Agreement, and such conditions as the GOVERNMENT or the Social Agreement may impose, HOLDER may use free of charge any water found within the CONTRACT AREA and any water within the public domain within five kilometers of the CONTRACT AREA for purposes necessary or useful to HOLDER's operations and activities under this contract, provided, however, that HOLDER shall not deprive any lands, tribes, villages, towns, houses, or watering places for animals of a reasonable supply of water in so far as such water has, through custom, been utilized for such lands, tribes, villages, towns, houses, or animals. Nor shall HOLDER interfere with the rights of water enjoyed by any PERSONS under the Land and Native Right Ordinance. Such use of water must in no way create environmental damage or hazards.

B4.4 – Use of Gravel, Sand, Clay, and Stone

Subject to the written approval of the GOVERNMENT, the negotiated Social Agreement, and such conditions as the GOVERNMENT or the Social Agreement may impose, HOLDER may use, free of charge, gravel, sand, clay, and stone found within the public land on the CONTRACT AREA for purposes necessary or useful to HOLDER's operations and activities under this contract. Such material may not be sold. Upon completion of use or termination of this contract, any excavation shall be restored by HOLDER, as far as may be reasonably practical, to its original condition and, if required by the GOVERNMENT, fenced or otherwise safeguarded.

B4.5 – Agents and Independent Contractors

HOLDER may exercise any of the rights and powers conferred by this contract through agents or independent contractors, subject to this standard provision.

(a) HOLDER shall not, through employment of agents or independent contractors, avoid any of its obligations or liabilities under the contract. Agents and independent contractors shall have the same performance requirements, in all respects, as HOLDER.

(b) HOLDER shall not use contractors or subcontractors that are on the debarment list kept under the Public Procurement and Concessions Act; that are on the lists of debarred or suspended PERSONS kept under Part II of AUTHORITY Regulation 103-07, on Bidder Qualifications; that are ineligible under Section 22 of that Regulation; or that have voluntarily excluded themselves from eligibility for forest licenses.

(c) HOLDER shall not sell or otherwise give possession of TIMBER to any PERSONS that are on the debarment list kept under the Public Procurement and Concessions Act; that are on the lists of debarred or suspended PERSONS kept under Part II of AUTHORITY Regulation 103-07, on Bidder Qualifications; that are ineligible under Section 22 of that Regulation; or that have voluntarily excluded themselves from eligibility for forest licenses.

(d) HOLDER shall use due diligence to assure compliance with the requirements of this subsection. Upon request of the AUTHORITY, HOLDER shall present evidence of its actions to assure compliance and shall take any additional reasonable steps requested by the AUTHORITY, including obtaining sworn statements or certifications from contractors, subcontractors, and other covered PERSONS.

B5.0 - REPRESENTATIVES AND COMMUNICATIONS

B5.1 - Holder Representatives

(a) HOLDER shall, before commencing operations under this contract, furnish, in writing, to AUTHORITY and the Ministry of Finance, the name of the Local Resident Manager under whose supervision HOLDER intends to conduct operations and who is authorized to receive notices in regard to performance under this contract and take related action. HOLDER shall give AUTHORITY written notice of any change in the name or address of the Local Resident Manager, or other supervising personnel, at least 14 days in advance of such change.

(b) HOLDER's Local Resident Manager shall designate, in writing, a Field Supervisor, one of whose responsibilities is to provide on-the-ground direction and supervision of HOLDER's operations. The Field Supervisor shall be readily available to the CONTRACT AREA when operations are in progress. The designated Field Supervisor may receive notices related to performance under this contract and act on behalf of HOLDER. The responsibilities of the Field Supervisor include safeguarding Forest Resources and satisfying the terms of this contract. Local Resident Manager shall provide to AUTHORITY a complete list of names of PERSONS authorized to assume responsibilities in Field Supervisor's absence. HOLDER's Local Resident Manager shall provide a copy of this contract to HOLDER's Field Supervisor and to any other PERSONS authorized to assume responsibilities in the Field Supervisor's absence.

(c) If there are co-participants or partners in this operation, HOLDER shall furnish to AUTHORITY and the Ministry of Finance, in writing, the name and address of the PERSON under whose supervision the co-participant or partners intend to conduct operations. Such supervising PERSON shall be considered the representative for that co-participant or partners for any purpose under this contract.

B5.2 – Government Representatives

Promptly after the CONTRACT SIGNING DATE, the AUTHORITY shall designate a CONTRACTING OFFICER to administer this contract. The AUTHORITY may from time to time change the CONTRACTING OFFICER. The AUTHORITY shall give HOLDER notice in writing of the designation and any change of the CONTRACTING OFFICER.

The CONTRACTING OFFICER may delegate, in writing, powers and duties to other AUTHORITY officers.

CONTRACTING OFFICER shall designate an FDA Representative for this contract and notify HOLDER in writing of FDA Representative's identity and contact information. The designated FDA Representative for this contract is authorized to:

- (i) Receive notices related to performance under this contract; and
- (ii) Act on behalf of the Government under this contract.

FDA Representative shall remain readily available to the CONTRACT AREA.

CONTRACTING OFFICER or FDA Representative shall designate one or more additional on-the-ground FDA representatives, in writing, who are authorized to assume responsibilities in FDA Representative's absence. Representatives designated by FDA under this provision are the sole AUTHORITY personnel authorized to receive or provide notice, or to take related actions, related to this contract.

B5.3 – Government Inspection

HOLDER consents to the GOVERNMENT, or any designated representative of GOVERNMENT, conducting reasonable inspections of the CONTRACT AREA, any premises within the CONTRACT AREA, and any other offices of HOLDER, located inside or outside of Liberia, to confirm compliance with the terms of this contract and applicable laws. HOLDER understands that inspection activities may include all of the following:

- (i) Inspection of activities and operations carried out under this contract;
- (ii) Examination of office records relating to HOLDER's activities and operations under this contract;
- (iii) Inspection of the boundaries and delineation of the CONTRACT AREA; and
- (iv) Inspection of LOGS and TIMBER to determine the quantity, quality, and type (including species and variety) of TIMBER harvested, transported, processed, and marketed by HOLDER.

B5.4 – Notices

(a) Notice is effective under this contract when the notice is hand-delivered or delivered by commercial carrier, and the party giving notice retains evidence of delivery.

(b) All notices, requests, or other communications required by, provided for, or otherwise related to this contract must be in writing and directed to the other party's properly designated representative.

(c) Cables, telegrams, facsimiles, and other forms of electronic notice are effective only when delivery is executed and has been confirmed by the sender.

(d) All notices must be written in the English language.

B5.5 – Reports

B5.51 – Records Maintenance and Inspection (Generally)

(a) HOLDER shall keep all records necessary to demonstrate compliance with the contract during the duration of the contract and for 5 years after the contract terminates, as required by AUTHORITY Regulation No. 104-07, Section 75, concerning recordkeeping and inspection requirements under timber sale contracts. HOLDER shall retain all original records, maps, ANNUAL OPERATIONAL PLANS, reports, and other documents relating to its activities and operations carried out under this contract. Holder shall take care to retain all documents relating to financial and commercial transactions involving:

- (i) Holder and any person with a controlling interest in Holder (including any Significant Individual, as that term is defined in AUTHORITY Regulation No. 103-07, Section 1(j)); and
- (ii) Holder and any person in which Holder has a controlling interest.

(b) HOLDER shall retain copies (electronic or hard copy) of all records and reports related to operations outside of Liberia. GOVERNMENT, through an authorized representative and during normal working hours, may conduct annual audits of Holder's operations and other reasonable inspections necessary to confirm Holder's compliance with the conditions of this contract and all applicable laws. HOLDER shall retain its business records and any other required records in the English language, with financial information expressed in terms of United States dollars.

B5.52 – Annual Report

HOLDER shall, within 90 days of completing operations under each ANNUAL OPERATIONAL PLAN, provide to AUTHORITY and the Ministry of Finance a written report that includes the following:

- (i) Identification of each HARVESTING BLOCK in which HOLDER carried out any operations during the prior year;
- (ii) For each HARVESTING BLOCK identified by HOLDER, a full description of the quantity of trees felled and the quality of TIMBER produced; and
- (iii) Any other reasonable information requested by the AUTHORITY.

B5.53 – Other Reporting Requirements

(a) HOLDER shall keep CONTRACTING OFFICER fully and regularly informed as to HOLDER's operations and any other activities related to this contract.

(b) HOLDER shall comply with the Revenue and Finance Law concerning reporting related to taxes and FEES.

(c) Upon written request by AUTHORITY, HOLDER shall provide to AUTHORITY all documents required by AUTHORITY to determine HOLDER's compliance with MONETARY OBLIGATIONS.

(d) Upon written request by AUTHORITY, HOLDER shall provide to AUTHORITY all other information of whatever kind that the GOVERNMENT or its agents may request to fully evaluate HOLDER's compliance with this contract and all legal requirements related to HOLDER's operations.

B5.54 – Holder to Provide Documents Free of Charge

HOLDER shall provide to AUTHORITY records, reports, surveys, plans, maps, charts, accounts, and any other information required under this contract or applicable law at no cost to GOVERNMENT. Upon written approval by AUTHORITY, HOLDER may provide any written reports to AUTHORITY in electronic format.

B5.55 – Broad Public Access to Information

The parties understand that Section 18.15 of the National Forestry Reform Law of 2006 guarantees to the public free access to all documents and information related to this contract and its administration, subject only to limited exceptions.

B6.0 – OPERATIONS

B6.1 – Operations (Generally)

(a) HOLDER's operations include all activities carried out by HOLDER, or by HOLDER's employees or agents, under this contract.

(b) HOLDER shall ensure that operations comply at all times with HOLDER's approved ANNUAL OPERATIONAL PLAN.

(c) HOLDER shall conduct all operations in a workmanlike and orderly manner.

(d) Erosion control and other cleanup WORK necessary to close HARVESTING BLOCKS shall be completed promptly after skidding is completed.

B6.11 – Annual Operational Plan

(a) At least 60 days prior to the beginning of each annual operating season, HOLDER shall submit to AUTHORITY an ANNUAL OPERATIONAL PLAN describing the next operating season's major activities, including logging, environmental protection measures, road construction and maintenance, and any other actions required by law or AUTHORITY regulations.

(b) HOLDER shall ensure that the ANNUAL OPERATIONAL PLAN complies with the requirements contained in the Forest Management Guidelines.

(c) The ANNUAL OPERATIONAL PLAN must identify HARVESTING BLOCKS and all MERCHANTABLE TREES within the HARVESTING BLOCKS on BLOCK MAPS according to the specification of the CHAIN OF CUSTODY and CHAIN OF CUSTODY SYSTEM standards for operations.

(d) For purposes of levying the Annual Coupe Inspection Fee under Section 34 of AUTHORITY Regulation 107-07, on Certain Forest Fees, the AUTHORITY and HOLDER shall consider the ANNUAL OPERATIONAL PLAN to contain the Annual Coupe Plan.

(e) Within 60 days of receiving from HOLDER (i) the proposed ANNUAL OPERATIONAL PLAN and (ii) verification of payment of the Annual Coupe Inspection Fee, the AUTHORITY shall approve or deny the ANNUAL OPERATIONAL PLAN. The AUTHORITY shall make its determination with respect to merchantable trees based on best available knowledge of international log markets and marketability of Liberian lumber on this market.

(f) Prior to the issuance of an ANNUAL HARVESTING CERTIFICATE, HOLDER and AUTHORITY shall hold a pre-operations meeting to review the ANNUAL OPERATIONAL PLAN and ensure common understanding.

B6.12 – Annual Harvesting Certificate

After the AUTHORITY approves the ANNUAL OPERATIONAL PLAN, if HOLDER has met requirements under AUTHORITY Regulation No. 104-07, Section 62(c), concerning administration of Timber Sale Contracts, and is current with all bonds and MONETARY OBLIGATIONS due under this contract and AUTHORITY regulations, the AUTHORITY shall promptly issue HOLDER an ANNUAL HARVESTING CERTIFICATE. HOLDER shall not begin operations under an ANNUAL OPERATIONAL PLAN before the AUTHORITY issues an ANNUAL HARVESTING CERTIFICATE based on the plan.

B6.13 – Changes to Annual Operational Plan

(a) If at any time the CONTRACTING OFFICER determines that the HOLDER'S operations are no longer substantially in compliance with the ANNUAL OPERATIONAL PLAN the CONTRACTING OFFICER may require HOLDER to submit to AUTHORITY a revised ANNUAL OPERATIONAL PLAN.

(b) HOLDER may submit an updated ANNUAL OPERATIONAL PLAN to the Contracting Officer if the HOLDER'S operations are no longer in compliance with the original ANNUAL OPERATIONAL PLAN. AUTHORITY may require an updated Annual Performance Bond upon determination by the Contracting Officer that there has been a material change in HOLDER'S operations.

(c) HOLDER may revise the ANNUAL OPERATIONAL PLAN when necessitated by weather, markets, or other unforeseen circumstances, subject to written approval by CONTRACTING OFFICER.

B6.14 –Infrastructure and Works

(a) HOLDER shall ensure that all infrastructure and works installed in relation to this contract comply with the Liberia Code of Forest Harvesting Practices.

(b) Upon written request of HOLDER to approve a completed installation, AUTHORITY shall perform an inspection within 15 days, so as not to delay unnecessarily the progress of HOLDER'S operations. HOLDER shall request approval for construction of or major maintenance on roads; building construction; erosion control projects; and any other significant land-disturbing activity undertaken by HOLDER in relation to this contract.

(c) In the event that AUTHORITY is unable to inspect the installation within 15 days of HOLDER'S request, AUTHORITY shall notify HOLDER in writing of the necessity for postponement and provide a time when inspection may proceed.

(d) Within 7 days of inspection, AUTHORITY shall furnish HOLDER with written notice either of acceptance or of WORK remaining to be done.

(e) Acceptance of HOLDER'S WORK relieves HOLDER of further contractual obligations related to the inspected WORK, with the exception of roads and erosion control devices.

(i) HOLDER is responsible for maintaining erosion control devices for 1 year from the date of acceptance.

(ii) HOLDER is responsible for repairing all road damage, from whatever cause, for a period of 3 years from the date of acceptance or until contract termination.

B6.2 – Timber Specifications

B6.21 – Merchantable Trees

All MERCHANTABLE TREES must be identified in the ANNUAL OPERATIONAL PLAN and consistent with the procedures on scaling and grading.

B6.22 – Minimum Diameter Limit

(a) HOLDER shall not cut or fell for commercial use any growing tree smaller than 40 cm Diameter at BREAST HEIGHT.

(b) CONTRACTING OFFICER may permit, or require, the following to be removed, scaled, and paid for that is below the minimum diameter limit set forth in AUTHORITY regulations:

- (i) TIMBER from standing trees cut through mistake;
- (ii) TIMBER from standing trees damaged without negligence;
- (iii) TIMBER from standing trees unnecessarily damaged or negligently or willfully cut, and
- (iv) TIMBER from standing trees damaged by catastrophe.

B6.23 – Felling and Utilization Activities

HOLDER shall ensure that all felling and utilization activities comply with the requirements contained in the Liberia Code of Forest Harvesting Practices.

B6.24 – Tree Clearing

HOLDER shall ensure that all tree clearing activities comply with the requirements contained in the Liberia Code of Forest Harvesting Practices.

B6.25 – Construction Timber

With written agreement from AUTHORITY, HOLDER may cut any tree, free of charge, irrespective of the minimum diameter limits, if such tree is to be used for construction purposes necessary for HOLDER's operations and activities. Facilities constructed must remain in the CONTRACT AREA and become property of the GOVERNMENT upon termination of this contract.

B6.3 – Protection of Environment and Contract Area

(a) HOLDER shall conduct all operations and activities using only environmentally sound forest harvesting practices that conform to:

- (i) the Forest Management Guidelines;
- (ii) the Code of Forest Harvesting Practices; and
- (iii) internationally accepted, scientific principles and practices applicable to forest operations and TIMBER processing.

(b) HOLDER shall conduct all operations and activities so as to avoid waste and loss of natural resources and to protect natural resources from damage, as well as to prevent pollution and contamination of the environment.

(c) HOLDER shall conduct all operations and activities so as to prevent pollution of the surrounding environment.

B6.31 – Encroachment

HOLDER shall use all reasonable means to prevent encroachment by unauthorized PERSONS into the CONTRACT AREA. However, HOLDER shall not employ or in any way use armed security guards for any purpose.

B6.32 – Damage to Trees

HOLDER shall harvest trees in a manner that avoids unnecessary damage and waste. HOLDER shall use all reasonable means to prevent unnecessary damage to young growth, residual trees and to other trees to be reserved, and other FOREST RESOURCES.

B6.33 – Protection of Land Survey Monuments

HOLDER shall protect all survey monuments, witness corners, reference monuments, and bearing trees from destruction, obliteration, or damage during HOLDER's operations. If any monuments, corners, or accessories are destroyed, obliterated, or damaged by HOLDER's operations, HOLDER shall hire a land surveyor to reestablish or restore at the same location the monuments, corners, or accessories.

B6.34 – Protection Measures for Plants, Animals, and Cultural Resources

(a) HOLDER shall identify in the ANNUAL OPERATIONAL PLAN and on the ground areas requiring special measures for the protection of plants, animals, and cultural resources. Special protection measures needed to protect these areas shall be described in the Annual Operational Plan.

(b) In addition to taking special protection measures, HOLDER shall protect these areas from damage or removal during HOLDER's operations.

(c) Upon learning of additional areas, resources, or members of species requiring special protection under this Standard Provision, either party to this contract shall promptly give written notice to the other party, and HOLDER shall cease operations in the affected area, under Standard Provision B8.6 of this contract, if CONTRACTING OFFICER determines there is risk of damage to such areas, resources, or species from continued operations.

(d) HOLDER shall not operate wheeled or track-laying equipment in any area identified as requiring special protection measures, except on roads, landings, tractor roads, or skid trails approved under Standard Provision B6.4 of this contract. Nor shall HOLDER fell trees in any area identified as requiring special protection measures.

(e) HOLDER shall immediately notify AUTHORITY of a disturbance in any area identified as requiring special protection measures and shall immediately halt operations in the vicinity of the disturbance until AUTHORITY authorizes HOLDER, in writing, to proceed. HOLDER shall bear costs of resource evaluation and restoration to identified sites. Such payment does not relieve HOLDER of any civil or criminal liability otherwise provided by law.

(f) HOLDER shall not facilitate the harvest of bushmeat. HOLDER shall, within contract area, close and block all roads and major skid trails so that they are no longer passable by vehicles when no longer necessary for HOLDER's operations. HOLDER shall not allow any vehicle used in connection with operations to be used for hunting or for the transport of hunters or bushmeat.

(g) HOLDER shall comply with the requirements contained in the Liberia Code of Forest Harvesting Practices for protection of plant, animal, and cultural resources.

B6.35 – Watercourse Protection

HOLDER shall comply with all requirements for watercourse protection contained in the Liberia Code of Forest Harvesting Practices.

B6.36 – Erosion Prevention and Control

- (a) HOLDER shall conduct all operations so as to reasonably minimize soil erosion.
- (b) HOLDER shall comply with all requirements for erosion prevention and control contained in the Liberia Code of Forest Harvesting Practices.

B6.37 – Prevention of Pollution

(a) HOLDER shall provide for the proper disposal of sawdust, mill, and other wastes so as to prevent pollution or contamination to the environment or to rivers, streams, and other waterways, and to prevent such wastes from becoming a nuisance or injurious to PERSONS or property.

(b) HOLDER shall take all reasonable precautions to prevent pollution of air, soil, and water by HOLDER's operations. If facilities for employees are established on CONTRACT AREA, they shall be operated in a sanitary manner.

(c) HOLDER shall maintain all equipment operating on CONTRACT AREA in good repair and free of abnormal leakage of lubricants, fuel, coolants, and hydraulic fluid. HOLDER shall not service tractors, trucks, or other equipment where servicing is likely to result in pollution to soil or water. HOLDER shall furnish oil-absorbing mats for use under all stationary equipment or equipment being serviced to prevent leaking or spilled petroleum-based products from contaminating soil and water resources. HOLDER shall remove and dispose of all contaminated soil, vegetation, debris, vehicle oil filters (drained of free-flowing oil), batteries, oily rags, and waste oil resulting from use, servicing, repair, or abandonment of equipment. In the event that HOLDER's operations or servicing of equipment result in pollution to soil or water, HOLDER shall conduct cleanup and restoration of the polluted site to the satisfaction of AUTHORITY.

(d) If HOLDER maintains storage facilities for oil or oil products on CONTRACT AREA, HOLDER shall take appropriate preventive measures to ensure that any spill of such oil or oil products does not enter any stream or other waters. If the total oil or oil products storage exceeds 5,000 liters, HOLDER shall prepare a Spill Prevention Control and CounterMeasures Plan.

(e) HOLDER shall notify CONTRACTING OFFICER and appropriate agencies of all spills of oil or oil products or hazardous substances on or in the vicinity of CONTRACT AREA that are a result of HOLDER's operations. HOLDER shall take whatever action may be safely accomplished to contain all spills.

B6.4 – Conduct of Logging

(a) HOLDER shall fell trees in compliance with the approved ANNUAL OPERATIONAL PLAN.

(b) HOLDER shall comply with the requirements contained in the Liberia Code of Forest Harvesting Practices with respect to each of the following:

- (i) Felling;
- (ii) Stumps;
- (iii) Bucking;
- (iv) Limbing;
- (v) Skidding, skid trails, and landings; and

(vi) Presentation of logs for scaling

B6.5 – Road Construction and Maintenance

HOLDER shall carry out road construction and maintenance activities in compliance with the requirements contained in the Liberia Code of Forest Harvesting Practices.

B6.6 – Fire Precautions and Control

(a) HOLDER shall take all necessary measures to prevent and control fires and shall immediately notify AUTHORITY of any fire that occurs.

(b) HOLDER shall comply with the requirements for fire prevention and control contained in the Liberia Code of Forest Harvesting Practices.

B6.61 – Fire Control

HOLDER shall, both independently and in cooperation with AUTHORITY, take all reasonable and practicable action to prevent and suppress fires on or off the CONTRACT AREA. HOLDER's independent initial fire suppression action on such fires shall be immediate and shall include the use of all necessary personnel and equipment at HOLDER's disposal. AUTHORITY may require further actions by HOLDER until such fire is controlled and mopped up to a point of safety.

B6.62 – Fire Suppression Costs

HOLDER shall pay fire fighting costs for any fire on or off the CONTRACT AREA, if caused by HOLDER's operations.

B6.7 – Participation in Chain of Custody System

(a) HOLDER shall comply with all legal requirements concerning CHAIN OF CUSTODY for TIMBER in Liberia.

(b) HOLDER shall neither transport nor process any LOG or TIMBER PRODUCTS outside of the CHAIN OF CUSTODY SYSTEM.

B7.0 – FISCAL OBLIGATIONS

7.1 – Fees and Rental Bids

B7.11 – Land Rental Bid Payment

(a) The AUTHORITY shall calculate the annual Land Rental Bid payment based on the following formula:

- (i) Take the area under this Timber Sale Contract stated in Specific Provision A1;
- (ii) Adjust the area to account for land used outside the CONTRACT AREA or land within the CONTRACT AREA excluded from harvest due to changed circumstances; and
- (iii) Multiply the adjusted area by the Land Rental Bid stated in Specific Provision A4.

(b) HOLDER shall pay the first annual Land Rental Bid payment to the GOVERNMENT prior to felling any trees and subsequent payments on the anniversary of the CONTRACT SIGNING DATE each year. Partial years shall be prorated in the same manner as set out for area fees in Section 33(d) of AUTHORITY Regulation 107-07, on Certain Forest Fees.

B7.12 – Stumpage Fees

- (a) HOLDER shall pay log stumpage fees to the GOVERNMENT in the amounts and at the times established by Part II of AUTHORITY Regulation 107-07, on Certain Forest Fees.
- (b) The parties will use the methods set out in Sections 26 and 27 of AUTHORITY Regulation 108-07, Establishing a Chain of Custody System, to determine volumes and grades.
- (c) HOLDER shall pay log stumpage fees before exporting or processing the LOGS.

B7.13 – Land Rental Fees

- (a) HOLDER shall pay the GOVERNMENT an annual contract administration fee as required under Section 32 of AUTHORITY Regulation 107-07, on Certain Forest Fees.
- (b) HOLDER shall pay an annual area fee to the GOVERNMENT as required under Section 33 of AUTHORITY Regulation 107-07, on Certain Forest Fees. For purposes of calculating the area fee, the land subject to the contract is the adjusted area determined under Standard Provision B7.11(a) of this contract.
- (c) HOLDER shall pay an annual coupe inspection fee to the GOVERNMENT as required under Section 34 of AUTHORITY Regulation 107-07, on Certain Forest Fees. For purposes of applying that section, the ANNUAL OPERATIONAL PLAN contains the annual coupe plan.

B7.14 – Forest Product Fees

- (a) HOLDER shall pay forest product fees to the GOVERNMENT in the amounts and at the times established by Part IV of AUTHORITY Regulation 107-07, on Certain Forest Fees.

B7.2 – Other Payment Rates

B7.21 – Timber Cut through Mistake

Standing trees smaller than the minimum diameter limit specified in Standard Provision B6.22, cut by HOLDER through mistake and included by CONTRACTING OFFICER, shall be removed and paid for at the log stumpage fee rate.

B7.22 – Timber Damaged Without Negligence

Standing trees smaller than the minimum diameter limit specified in Standard Provision B6.22, damaged without negligence by HOLDER and designated by AUTHORITY, shall be cut, removed, and paid for at the log stumpage fee rate.

B7.23 – Timber Unnecessarily Damaged or Negligently or Willfully Cut

Standing trees smaller than the minimum diameter limit specified in Standard Provision B6.22, unnecessarily damaged or negligently or willfully cut by HOLDER, if included by CONTRACTING OFFICER, shall be cut, removed, and paid for at the log stumpage fee rate. Such damage is a breach of the contract. In addition to any penalties that may be incurred, HOLDER shall pay liquidated damages under Standard Provision B7.25.

B7.24 – Careless Falling or Extraction

HOLDER shall pay the sum of the log stumpage fee and log export fee for MERCHANTABLE LOGS damaged or broken by careless felling or extraction and not removed, in addition to any penalties that may be incurred.

B7.25 – Liquidated Damages

Unnecessary damage to or negligent or willful cutting of undesignated standing trees, as described in Standard Provisions B7.21, B7.22, and B7.23 or otherwise, is likely to cause substantial silvicultural or other damage to the forest. It will be difficult, if not impossible, to determine the amount of such damage. Therefore, HOLDER shall pay as fixed, agreed, and liquidated damages an amount equivalent to the market value of any LOGS plus the cost of restoring appropriate vegetative cover to the cut area as determined by AUTHORITY. If removal is allowed by CONTRACTING OFFICER, HOLDER shall remove and pay all required FEES for the TIMBER, in addition to the liquidated damages and any assessed penalties.

B7.3 – Payments

B7.31 – Designated Account

HOLDER shall pay MONETARY OBLIGATIONS owed to the GOVERNMENT to an account designated under Section 71 of AUTHORITY Regulation 107-07, on Certain Forest Fees. Payments will be credited on the business day that the keeper of the account receives payment.

B7.32 – Accrual

(a) The AUTHORITY shall give the Ministry of Finance prompt notice of accrual of HOLDER's MONETARY OBLIGATIONS owed to the GOVERNMENT, to facilitate accounting of payments.

(b) FEES are due as stated in AUTHORITY Regulation 107-07, on Certain Forest Fees.

(c) The annual Land Rental Bid payment is due on the dates stated in Standard Provision B7.11(b), however, if AUTHORITY fails to give HOLDER written notice of the amount due 15 days before the due date, payment is due 15 days after the AUTHORITY gives HOLDER that notice and provides a written copy to the Ministry of Finance.

B7.33 – Payment Guaranteed by Bond or Deposited Securities

As noted in Standard Provisions B3.2 and B7.34, the GOVERNMENT may draw on HOLDER's performance bond to cover unpaid MONETARY OBLIGATIONS. Whether and when to do so is entirely left to the discretion of GOVERNMENT.

HOLDER may also provide individual security through advance deposit in the designated account or additional performance bonds. If the HOLDER provides such individual security, the GOVERNMENT shall draw upon such security on the date the payments become due, unless the HOLDER gives the AUTHORITY and Ministry of Finance other written instructions for drawing upon such security.

B7.34 – Payments Not Received

The provisions of this subsection apply unless Part VI of AUTHORITY Regulation 107-07, on Certain Forest Fees, or some other applicable law is more stringent.

(a) MONETARY OBLIGATIONS are due and payable on the date on which the MONETARY OBLIGATION accrues. HOLDERS owing amounts due for 30 days or fewer may pay the amounts due in full without interest or penalty.

(b) Failure to pay amounts due within 30 days of the date due is a breach of contract.

(c) If payment is not credited within 30 days after the date due.

- (i) AUTHORITY shall assess and the GOVERNMENT shall collect a penalty of five percent.
- (ii) The GOVERNMENT may collect the payment, plus any penalties, plus any interest assessed under subparagraph (c)(iii), through the Performance Bond required under Standard Provision B3.2. Such collection does not cure the breach or waive the AUTHORITY's right to seek remedies based on the breach. However, it does stop accrual of further interest.
- (iii) On amounts past due more than 60 days, AUTHORITY shall assess and the GOVERNMENT shall collect interest at the standard interest rate published by the Central Bank, compounded monthly, on all amounts and penalties past due, with the interest on both the amounts and the penalties accruing from the dates the original amounts were due.
- (iv) To facilitate collection of debt, AUTHORITY may waive penalties under subparagraph (c)(i) if HOLDER in arrears pays all amounts due, with interest, within 1 year of the amounts coming due.
- (v) Subparagraph (c)(iv) shall not apply if anyone has filed a lawsuit to collect the amounts.
- (d) The remedies for HOLDER's failure to make payment when due shall be stayed for so long as:
 - (i) A bona fide dispute exists as to HOLDER's obligation to make such payment; and
 - (ii) HOLDER files and prosecutes a timely CLAIM.

B7.35 – Prohibitions

- (a) If HOLDER owes amounts past due for log stumpage fees, HOLDER shall not fell trees, or process, trade, or export FOREST PRODUCTS until HOLDER has paid all amounts, penalties, and interest due.
- (b) If HOLDER owes amounts past due for forest product fees, HOLDER shall not trade or export FOREST PRODUCTS until HOLDER has paid all amounts, penalties, and interest due.
- (c) If HOLDER harvests or exports FOREST PRODUCTS without paying the required stumpage fees or forest products fees, AUTHORITY may terminate the contract or suspend the contract until the amounts are paid.

B8.0 – PERFORMANCE AND SETTLEMENT

B8.1 – Non-Waiver

The failure of either party, at any time, to require performance by the other party of any provision shall in no way affect the party's rights to enforce that provision or any of the other provisions of the contract; nor shall the waiver by either party of the breach provisions be taken or held to be a waiver of any subsequent breach of a provision or as a waiver of the provision.

B8.2 – Approval and Consent

Any approvals and consents required under the terms and conditions of this contract shall not be unreasonably withheld or delayed, nor granted subject to conditions, which are unduly onerous or discriminatory against HOLDER.

B8.3 – Disputes and Claims

(a) Failure by HOLDER to submit a CLAIM for resolution within 60 days of the disputed action by AUTHORITY shall relinquish AUTHORITY from any and all obligations whatsoever related to the dispute.

(b) Any CLAIM arising under this contract shall be decided by CONTRACTING OFFICER. CONTRACTING OFFICER shall have 60 days after receipt of the CLAIM, or such longer time as the parties may agree upon, to consider HOLDER's CLAIM and such evidence as HOLDER may present.

(c) CONTRACTING OFFICER's decision shall be consistent with law and shall be based on strict interpretation of contract requirements and the established facts concerning the CLAIM.

(d) CONTRACTING OFFICER shall prepare a written decision and furnish a copy to HOLDER. The decision of CONTRACTING OFFICER shall be final and conclusive, if, within 45 days from receipt, HOLDER fails to appeal the decision to an appropriate Liberian court.

B8.31 – Contract Documents

All contract documents are intended to be consistent with each other. In case of discrepancy, the following is the order of precedence:

- (a) Specific Provisions (Part A)
- (b) Standard Provisions (Part B)
- (c) Contract area maps
- (d) Special project specifications
- (e) Plans, such as erosion control and fire precautions and control
- (f) Agreements between HOLDER and AUTHORITY, as authorized under the contract
- (g) Engineering plans:
 - (i) Figured dimensions over scaled dimensions
 - (ii) Large scale plans over small scale plans
 - (iii) Lists and/or tables in plans over any conflicting notations on plans
 - (iv) Shop drawings

B8.4 – Title and Liability

B8.41 – Title Passage

All right, title, and interest in and to any standing trees or TIMBER shall remain vested in Republic of Liberia until they have been cut and scaled, and all MONETARY OBLIGATIONS owed to the GOVERNMENT paid, at which time title shall vest in HOLDER. For purposes of this Standard Provision, MONETARY OBLIGATIONS for standing trees harvested under cash deposit or payment guarantee, under Standard Provision B7.33, shall be considered to have been paid. Title to any TIMBER that has not been removed from the CONTRACT AREA by HOLDER on or prior to termination date shall vest in AUTHORITY.

B8.42 – Liability for Loss

If standing trees or TIMBER are destroyed or damaged by an unexpected event that significantly changes their nature, such as fire, wind, flood, insects, disease, or similar cause, the party holding title shall bear the value loss resulting from such destruction or damage. This Standard Provision shall not be construed to relieve either party of liability for negligence.



B8.5 – Force Majeure

(a) The term force majeure, as used in this contract, shall mean any cause beyond the reasonable control of the parties hereto and which the parties could not foresee and/or reasonably provide against and that prevents the parties hereto from wholly or partially performing any respective duties under this contract for 15 consecutive days or more (except as noted). Force majeure shall include, but is not limited to, any of the following:

- (i) Acts of God, accidents, fires, explosions, earthquake, flood, violent storm, hurricane, lightning, or other natural disasters;
- (ii) War (whether declared or not), revolution, insurrection, invasions, acts of public enemies, or hostilities;
- (iii) Riot, civil commotion, sabotage, strikes and similar labor related disputes (if continuing for a period of 60 days or more), or civil uprising (not resulting from a negligent act of the employer);
- (iv) Epidemic;
- (v) Expropriation of facilities or goods;
- (vi) Unforeseen restrictions on trade, embargoes, blockades, or other activities imposed by any sovereign; or
- (vii) AUTHORITY demands by written order that operations be delayed or interrupted for reasons other than suspension for breach of the contract.

(b) The wet season is foreseeable and, therefore, does not qualify for force majeure.

(c) Failure on the part of HOLDER or of the GOVERNMENT to fulfill any of the terms and conditions of this contract, other than HOLDER's MONETARY OBLIGATIONS that accrued before the commencement of the force majeure, shall not be deemed to be a breach of the contract by either party, insofar as such failure arose by force majeure.

(d) If through force majeure, the fulfillment by HOLDER of the terms and conditions of this contract is delayed, the period of such delay shall be added to the periods fixed by this contract.

(e) The party hereto failing to fulfill the terms and conditions of this contract because of force majeure shall give written notice to the other party of the obligations affected and the reasons for failure within 30 days after the occurrence.

(f) Any party hereto who fails because of force majeure to perform its obligations hereunder shall, upon the cessation of the force majeure, take all reasonable steps within its power to make good and resume, with the least possible delay, compliance with those obligations.

B8.6 – Contract Interruption

(a) CONTRACTING OFFICER may, by written order, delay or interrupt authorized operations under this contract or modify this contract, in whole or in part:

- (i) To prevent environmental degradation or resource damage, including, but not limited to, harm to habitat, plants, animals, or cultural resources;
- (ii) To ensure consistency with the Environmental Impact Assessment and related documents;
- (iii) To conduct additional environmental analysis; or
- (iv) To comply with a court order.

(b) HOLDER's remedy for delay or interruption shall be additional time due to force majeure.

B8.7 - Breach

In event HOLDER breaches any of the material provisions of this contract, AUTHORITY shall give HOLDER notice of such breach and of AUTHORITY's election to suspend all or any part of HOLDER's operations. Such notice of breach and notice to suspend HOLDER's operations shall be written, except oral notices of suspension may be given if such breach constitutes an immediate threat to human life or a threat of immediate and irreparable damage to FOREST RESOURCES. Such oral suspension notice may be given to HOLDER's WORK supervisor or, in WORK supervisor's absence, to those performing the operation. An oral suspension notice must be promptly followed by telephone notice and a written explanation from CONTRACTING OFFICER to HOLDER.

Immediately upon oral or written suspension, FDA Representative shall notify CONTRACTING OFFICER of the suspension and related circumstances. CONTRACTING OFFICER shall promptly review the suspension to determine if the suspension should be continued or lifted. Such suspension shall be lifted as early as conditions permit.

Upon receipt of oral or written notice of such breach, HOLDER shall remedy the breach within 30 days, except under emergency conditions when action should not be delayed to prevent major damage.

B8.71 - Failure to Execute Contract

This contract is open for signing for only 30 days after the AWARD NOTICE DATE, unless CONTRACTING OFFICER gives a written extension of time. CONTRACTING OFFICER shall terminate this contract in its entirety in the event that HOLDER fails to submit an initial Performance Bond in a timely fashion as required under Standard Provision B3.2. If the HOLDER fails to execute the contract or post the initial performance bond in a timely fashion, liquidated damages shall be equivalent to the Bidder's Bond amount.

B8.72 - Termination for Breach

CONTRACTING OFFICER, with concurrence from BOARD OF DIRECTORS, shall terminate this contract in its entirety in the event that HOLDER commits any of the following breaches of the contract and is unable to or fails to satisfactorily remedy them:

- (a) HOLDER fells trees prior to the FELLING EFFECTIVE DATE,
- (b) HOLDER fells trees not covered by a valid ANNUAL HARVESTING CERTIFICATE,
- (c) HOLDER fails to complete all PRE-FELLING OPERATIONS within 90 days of the CONTRACT SIGNING DATE,
- (d) HOLDER abandons operations for a period of 1 year or more,
- (e) HOLDER significantly fails to meet the requirements of an approved ANNUAL OPERATIONAL PLAN,
- (f) HOLDER assigns to a third-party, in whole or part, rights held under this contract without the consent of CONTRACTING OFFICER,
- (g) HOLDER goes into bankruptcy or liquidation, whether voluntary or involuntary (other than for the purpose of reorganization), or if a receiver is appointed, or if HOLDER fails to maintain its status as a corporate entity lawfully able to do business in Liberia,
- (h) HOLDER fails to comply with any final decision of a Liberian court of competent jurisdiction in a controversy between HOLDER and the GOVERNMENT,
- (i) HOLDER fails to meet any MONETARY OBLIGATIONS, including payment of bids or FEES to the GOVERNMENT or payments to local communities, in a timely fashion;



(j) HOLDER fails to remedy a material breach of contract within time limits stated in Standard Provision B8.7;

(k) HOLDER has engaged in a pattern of activity that demonstrates flagrant disregard for the terms of this contract, such as, but not limited to, repeated suspensions for breach, causing undesignated standing trees or TIMBER to be unnecessarily damaged or negligently or willfully cut, or causing other serious environmental degradation or resource damage;

(l) HOLDER fails to meet the requirements of the annual contract audit;

(m) HOLDER fails to comply with any provisions of law or any regulations promulgated thereunder;

(n) HOLDER willfully or intentionally wastes any FOREST PRODUCT for financial gain;

(o) HOLDER intentionally removes any TIMBER, FOREST PRODUCTS, or natural resources not provided for in this contract without written approval by CONTRACTING OFFICER;

(p) HOLDER misrepresents to the GOVERNMENT any facts material to the issuance or use of this contract;

(q) HOLDER is convicted for violation of criminal statutes or civil standards, orders, permits, or other regulations for environmental protection issued by a GOVERNMENT agency, county agency, or political subdivision thereof; or

(r) HOLDER or its senior officers are convicted for violation of criminal statutes, civil standards, or any other offense indicating a lack of business integrity or honesty that seriously and directly affects the responsibility of HOLDER; including, but not limited to:

(i) Intentional misclassification or mislabeling of FOREST PRODUCTS for any purpose;

(ii) Payment of a bribe, gratuity, facilitation money, or kickback; or the granting of a gift, boon, or favor beyond the scope of ordinary courtesy or hospitality to secure or avoid a GOVERNMENT action relating to FOREST RESOURCES;

(iii) Theft, forgery, bribery, embezzlement, falsification or destruction of records, making false statements or misrepresentations, smuggling or other trade-related crimes, or receiving stolen property;

(iv) Fraud, tax evasion, or violation of AUTHORITY Regulation 104-07, on Tender, Award, and Administration;

(v) Human rights violations or crimes against the defense and stability of Liberia; or

(vi) Threatening, resisting, intimidating, or interfering with AUTHORITY officers engaged in, or on account of, the performance of their official duties involving the protection, improvement, or administration of forest lands.

B8.73 – Termination for Breach Procedure

(a) CONTRACTING OFFICER shall give HOLDER notice, in writing, that all operations are suspended and specifying the particular breach and requiring HOLDER, within 90 days or such extended time that CONTRACTING OFFICER allows, to remedy breach, if possible, and pay any compensation due to the GOVERNMENT.

(b) If HOLDER fails to suspend operations, CONTRACTING OFFICER shall obtain a court order to require suspension of operations and immediately terminate this contract.

(c) If HOLDER suspends operations but fails to remedy the breach within 90 days or such extended time as is allowed, CONTRACTING OFFICER shall proceed to termination of this contract.

(d) CONTRACTING OFFICER shall not terminate this contract if:

(i) HOLDER disputes whether there has been a breach of the contract, and

(ii) HOLDER has, within 90 days or such extended time as is allowed, referred the dispute to CONTRACTING OFFICER for decision and has thereafter diligently prosecuted its CLAIM.

(e) Upon termination by CONTRACTING OFFICER, every right of HOLDER shall cease and HOLDER shall be liable for damages or any other obligations to the GOVERNMENT under this contract.

(f) In addition to any outstanding damages and contract obligations, AUTHORITY shall charge HOLDER liquidated damages due to termination equivalent to the Land Rental Bid multiplied by the Contract Area, for 1 year, which is the estimated time necessary to re-offer and award the Timber Sale Contract.

B8.8 - Periodic Review

HOLDER's operations are subject, under Standard Provision B5.3, to regular and routine monitoring undertaken by AUTHORITY staff and accredited third-party independent monitoring organizations.

The AUTHORITY shall convene an ad hoc Contract Audit Committee to promptly complete an annual contract audit and written report in the first quarter of each fiscal year. After consultation with the appropriate agencies, AUTHORITY shall name up to five individuals to the Contract Audit Committee, including at least one representative from each of the following four entities: the AUTHORITY, the Ministry of Finance, the Ministry of Justice, and a civil society group not affiliated with or controlled by the HOLDER.

HOLDER shall appear before the Contract Audit Committee at the Committee's request. HOLDER shall demonstrate that HOLDER is in full compliance with this contract. Specifically, HOLDER shall attend the session and present:

- (i) A certificate issued by the CHAIN OF CUSTODY SYSTEM Manager showing all forest taxation and related forest charges have been paid during the preceding fiscal year;
- (ii) A certificate issued by AUTHORITY on the status of breaches of contract provisions and violations of forest laws and regulations for the preceding fiscal year;
- (iii) A certificate issued by the Ministry of Finance showing that all income and corporate tax obligations have been discharged for the preceding fiscal year;
- (iv) A business certificate for the current fiscal year;
- (v) A copy of HOLDER's audited accounts for the preceding fiscal year; and
- (vi) A copy of HOLDER's forest certification, if applicable.

The GOVERNMENT reserves the right to allow unscheduled third party and civil society monitoring of its contract operations. Monitoring organizations shall have access to all financial records, management plans, and ANNUAL OPERATIONAL PLANS to facilitate monitoring activities. The GOVERNMENT shall not extend access to any civil society monitoring organization until they agree, in writing, to not publish any proprietary information without written consent from HOLDER.

If HOLDER fails to demonstrate compliance with the contract or operational regulations at any point in time during the contract life, then HOLDER shall be liable to AUTHORITY for the cost of conducting additional field audits to measure compliance.

B8.9 – Settlement and Contract Closure

B8.91 – Settlement

IF MONETARY OBLIGATIONS of HOLDER have not been fully discharged by termination date, AUTHORITY may use the Performance Bond or retain any money advanced or deposited hereunder and apply such funds toward unfulfilled MONETARY OBLIGATIONS of HOLDER without prejudice to any other rights or remedies of AUTHORITY.

B8.92 – Contract Closure

CONTRACTING OFFICER shall give written notice to HOLDER when HOLDER has complied with the terms of this contract. HOLDER shall be paid any refunds due from overpayments.

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SIGNATURE PAGE

Witness:

G. W. Khorvayan

FOR THE REPUBLIC OF LIBERIA

By:


John T. Woods

Managing Director, Forestry Development Authority

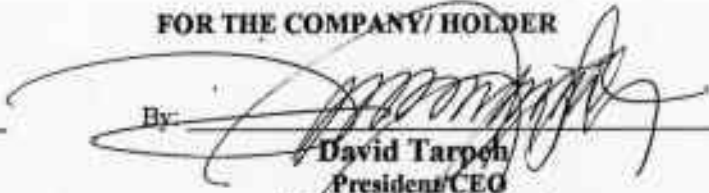

Tom Downing
GEMAP COMPTROLLER/FDA

Witness:



FOR THE COMPANY/ HOLDER

By:


David Tarpch
President/CEO
Tarpch Timber Corporation
Puler Villa, Robertsfield Highway
Adjacent Camp Falconer, Baptist Youth Camp
Paynesville, Liberia
Cell #: 06-849245

Witness signatures and addresses are required for each executing signature.



