

**TIMBER CONCESSION AGREEMENT  
OF**

**RGMM GROUP INCORPORATED**

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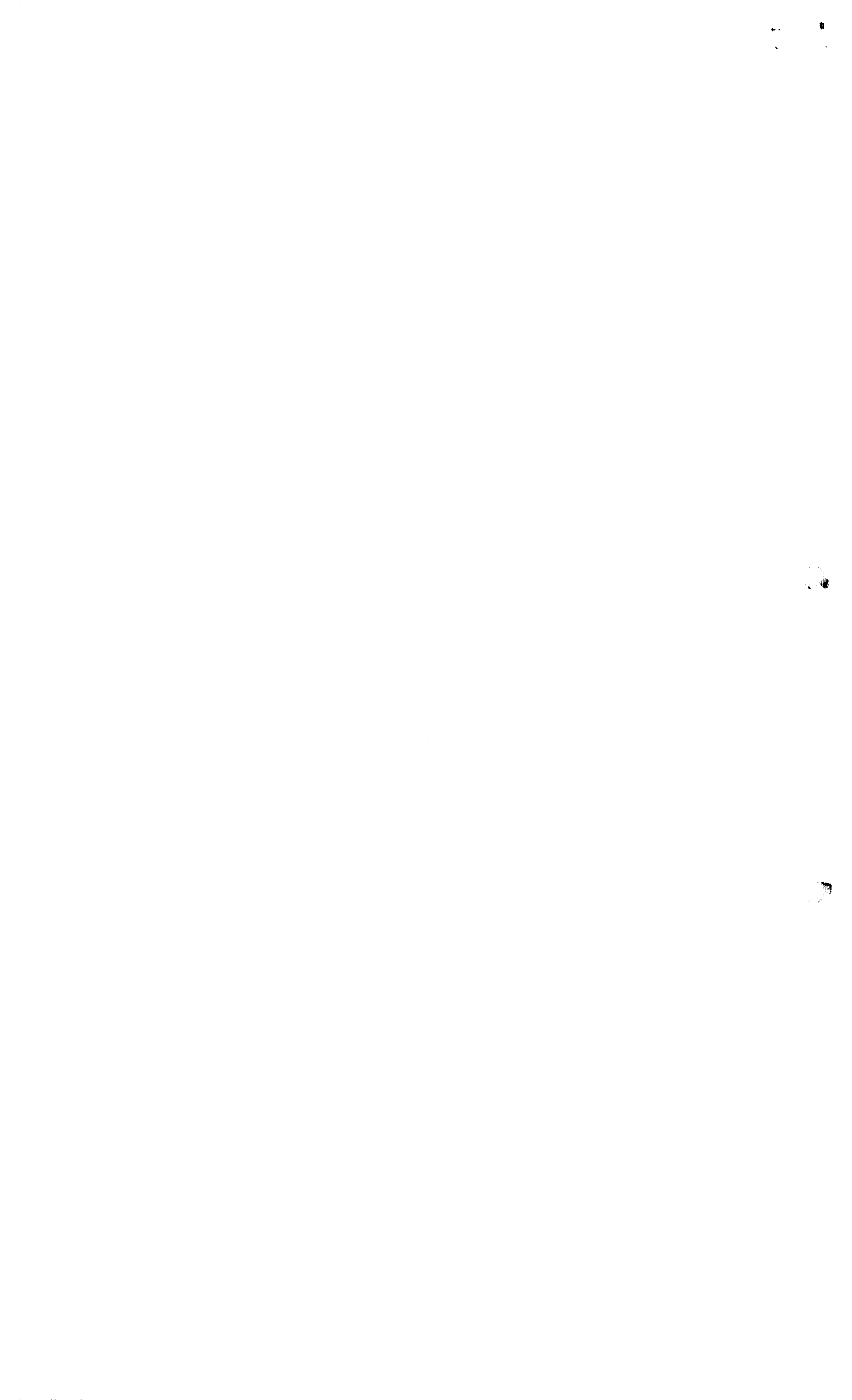
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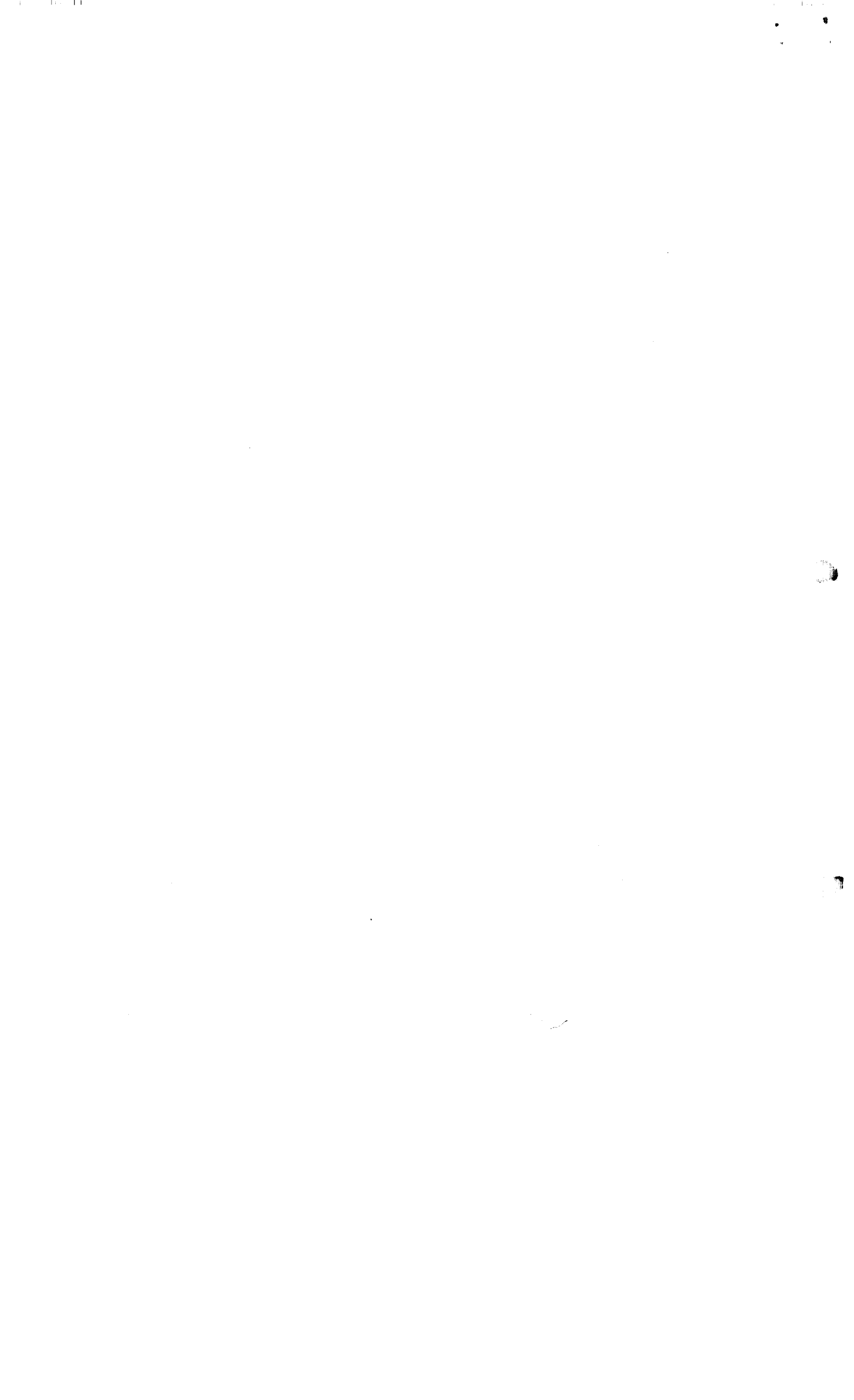
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**FOREST PRODUCTS UTILIZATION CONTRACT**  
**BETWEEN THE GOVERNMENT OF THE REPUBLIC OF LIBERIA AND**  
**RGMM GROUP INCORPORATED**

This Concession Agreement made and entered into this 8<sup>th</sup> day of Sept. A.D., 1999, at the City of Monrovia, County of Montserrado and 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, represented by and through Honorable Demetrious B. Taylor, Managing Director of the Forestry Development Authority, Honorable Q. Somah Paygai, Sr., Chairman, National Investment Commission (NIC), and Honorable John G. Bestman, Minister of Finance, hereinafter referred to as "GOVERNMENT", and RGMM GROUP INCORPORATED" a company duly organized, existing and doing business under the laws of the Republic of Liberia, represented by and through its Agent, Tanneh C. Massaquoi (Mrs.), its authorized agent, hereinafter referred to as "THE CONCESSIONAIRE", hereby,

**WITNESSETH:**

**WHEREAS**, the CONCESSIONAIRE has expressed to the GOVERNMENT its desire to enter into a Concession Agreement for the exploitation of certain forest resources within the Republic of Liberia; and

**WHEREAS, THE GOVERNMENT**, having received proposals from the CONCESSIONAIRE has decided to award a certain concession to the CONCESSIONAIRE for the exploitation of certain forest resources within the Republic of Liberia;

**NOW THEREFORE**, the parties hereto have agreed, as follows:

**ARTICLE I - DEFINITIONS**

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

(1) **Affiliate**

A person shall be considered as an affiliate of another person if the first person, directly or through any third party or parties control, is controlled by or is under common control with the second person. The term "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the Management and Policies of a person, whether through the ownership of voting securities or by contract or otherwise. In all events, control shall be deemed to include ownership, directly or indirectly, of an aggregate of 10% or more of either the voting power or the equity interests.

(2) **Concessionaire**

The term "CONCESSIONAIRE" shall mean the Corporation/Company, its assigns transferees and successors in title. Provided, however, that assignment transfers and rights of succession shall be governed by Article I, Section 6 of this Agreement.

(3) **Date of Approval**

The term "Date of Approval" means the date on which this Agreement is signed by the President of the Republic of Liberia.

(4) **Effective Date**

The term "Effective Date" means the date on which this Agreement is ratified by the National Legislature or such effective date as may be fixed by National Legislature.



(5) **Timber Area**

The term "Timber Area" means the initial area as described in Article I, Section 2 of this Agreement.

(6) **Legal Tender**

The term "Legal Tender" shall be the currency from time to time officially recognized for use in Liberia as legal tender by the Liberian Government, and as agreed to by the parties hereto.

(7) **Government**

The Liberian "Government" includes all branches, divisions, instrumentalities, and agencies of Government.

(8) **Merchantable Timber**

The term "Merchantable Timber" shall mean timber cut for commercial use as that term is defined in Title 23, Natural resources Law, Liberian Code of Laws Revised, as amended;

(9) **Infrastructures**

The term "Infrastructures" means non-movable assets of the following types:-

- (a) Transportation and communication facilities including roads, bridges, railroads, airports, landing strips and landing pads for aircrafts, garages, canals, aerial tramways, pipelines and radio, telephone and telegraph facilities.
- (b) Port facilities (including docks, harbours, piers, jetties, breakwaters terminals facilities and warehouses, and loading and unloading equipment).
- (c) Electrical Power, water and sewerage facilities (including water drains, water supply systems for the disposal of plant wastes and sewerage).
- (d) Public welfare facilities (including schools, hospitals and public halls); and
- (e) Miscellaneous facilities in connection with the operation of the foregoing (including office machine shops, foundries, repair shops and warehouses).

(9) **Plant and Equipment**

The term "plant and Equipment" means that the following assets (other than Infrastructure assets) necessary or desirable for operations hereunder:

- (a) Timber felling and extraction equipment;
- (b) Facilities and equipment to saw, cut and otherwise processed timber;
- (c) Facilities and equipment in connection with the operation of the foregoing (including offices, machine shops, foundries, repair shops and warehouses);
- (d) Facilities and equipment for the maintenance of personnel (including dwellings, stores, mess halls and recreational facilities); and
- (e) Movable equipment, including motor vehicles and railroad rolling stock necessary or desirable for use in connection with the infrastructure.

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**(11) PERSON OR PERSONS**

The term "Person or Persons" include Corporations, partnerships, unincorporated partnerships, firms and companies.

**ARTICLE I, SECTION I - THE GRANT OF CONCESSION**

- (1) In consideration of the undertaking by the CONCESSIONAIRE to pay all surface rents, stumpage fees and taxes hereinafter prescribed and as provided by law and also in consideration of its undertaking to perform and observe the terms and conditions of this Agreement, the GOVERNMENT does hereby grant to the CONCESSIONAIRE, subject to the concession Laws of Liberia and the conditions set forth in the Agreement, the right to harvest, process, transport, and market timber and other exclusive right against all other except those of the GOVERNMENT and its Administrative Agencies, to conduct related operations within the Concession Area hereinafter defined and for the terms hereinafter specified.
- (2) "Government reserves the right of access to the Concession Area for the purpose of any sub-soil investigation or other reasonable investigation which the Government may decide to make, provided that if damages result of the concessionaire's property as a result of such investigation, the Government agrees to provide fair and reasonable compensation to the Concessionaire for such damages".

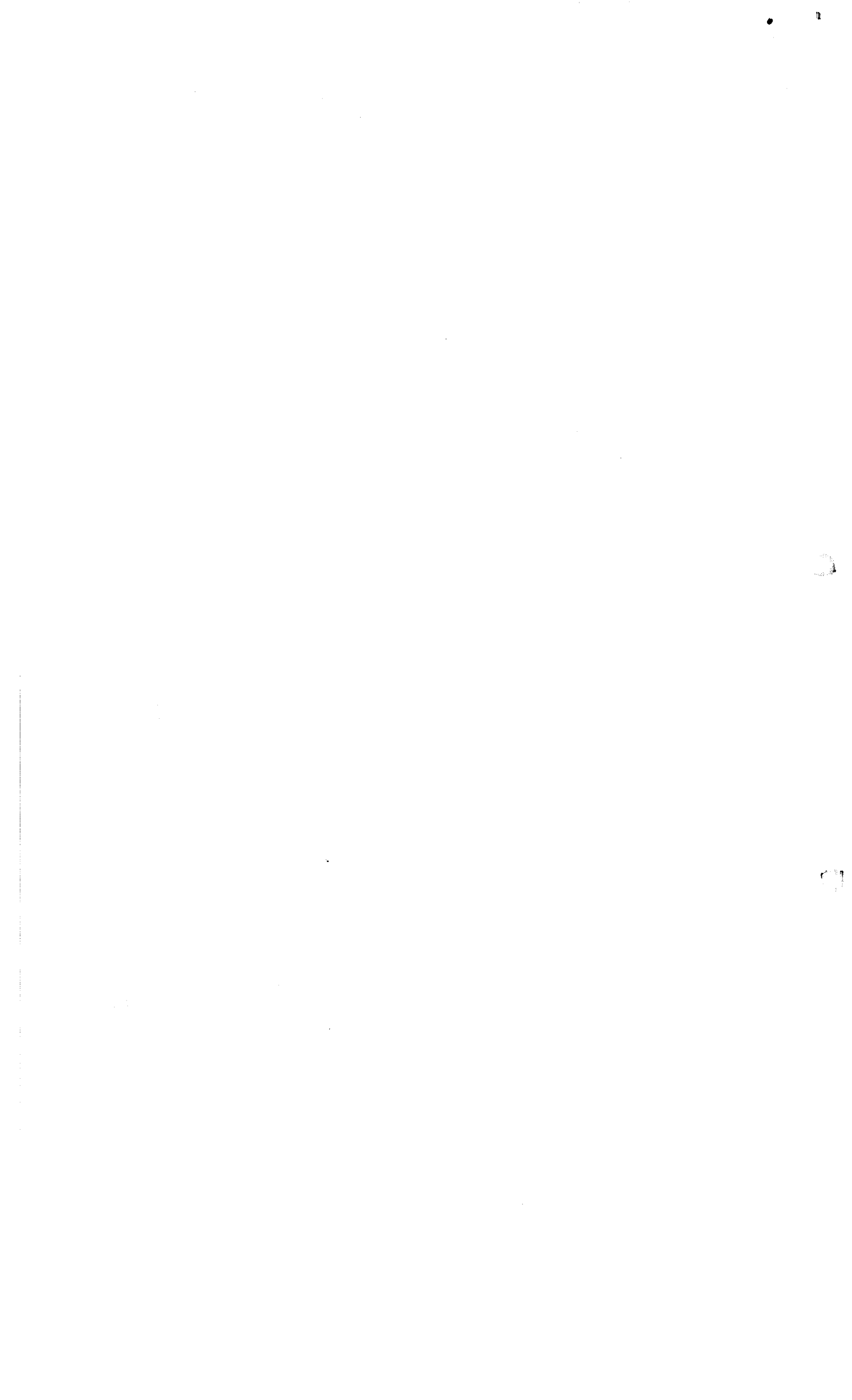
**SECTION II - CONCESSION AREA:**

- (1) The CONCESSIONAIRE shall have the right to survey and harvest timber within the confines of the public forestland granted under this Agreement. The appropriate description of such public forest land shall comprise of the metes and bounds, and plainmetric maps showing the relative location of the concession area which forms part of this Agreement as fully described below; comprises 534,898(Five hundred thirty-four thousand eight hundred ninety-eight) acres of public forest land.

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AREA "A"

This area lies within Latitudes  $7^{\circ}00'$ - $7^{\circ}30'$  North of the Equator and Longitudes  $8^{\circ}30'$ - $9^{\circ}00'$  West of the Greenwich Meridian. And it is located in Nimba County, Liberia.

Commencing at confluence of the St. John River and the Nuen Creek a line runs along the St. John River Northward for 1300 chains to the point where the Yah River enters the St. John River; thence a line runs along the Yah River Eastward for 1481 chains to a point on the Seclepea Motor Road; thence a line runs along said road Eastward for 599 chains to a point (Seclepea); thence  $S89^{\circ}E$  for 1776 chains to a point; thence due South for 435 chains to a point (gole); thence  $S88^{\circ}30'W$  for 820 chains to a point; thence  $S4^{\circ}W$  for 485 chains to a point (Towai Town); thence  $S79^{\circ}W$  for 670 chains to a point (Lozzie); thence a line runs along the North Gio National Forest Boundary lines (171 chains Northward along the road to a point; thence  $S67^{\circ}W$  for 153 chains to a point; thence  $S20^{\circ}30'W$  for 105 chains to a point; thence  $N42^{\circ}W$  for 268 chains to a point; thence  $S41^{\circ}W$  for 60 cains to a point; thence  $S13^{\circ}W$  for 58 chains to a point; thence  $N44^{\circ}E$  for 47 chains to a point; thence  $S67^{\circ}E$  for 21 chains to a point; thence  $S43^{\circ}E$  for 68 chains to a point; thence  $S21^{\circ}E$  for 100 chains to a point; thence  $S64^{\circ}$  for 226 chains to a point; thence  $S11^{\circ}E$  for 105 chains to a point; thence  $S50^{\circ}W$  for 298 chains to a point on the Nuen Creek; thence a line runs along said creek westward for 1434 chains to the point of commencement (Confluence of St. John River and Nuen Creek). Embracing 246,556 acres of forest land.

AREA "B"

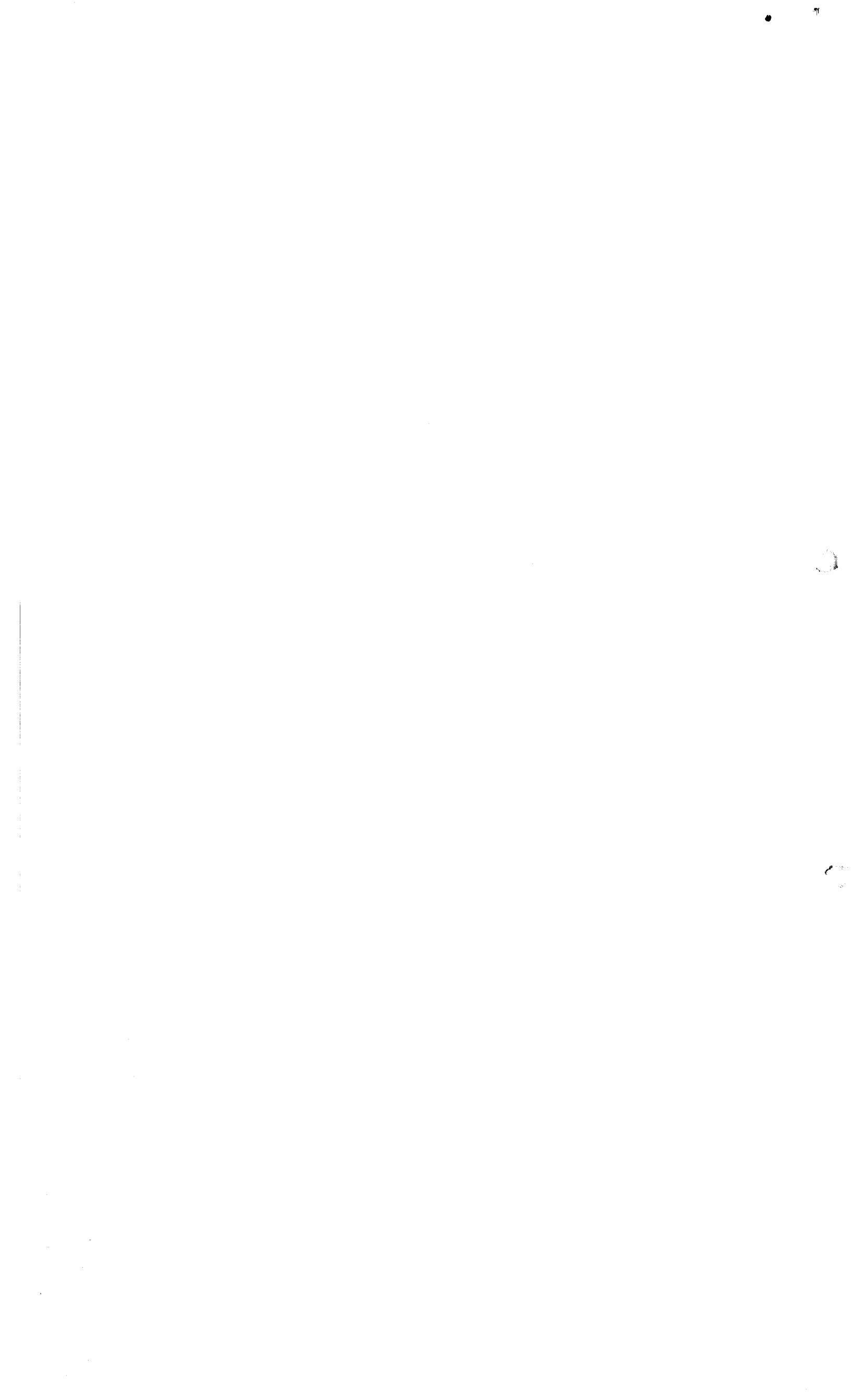
This area lies within Latitudes  $6^{\circ}45'$ - $7^{\circ}05'$  North of the Equator and Longitudes  $11^{\circ}00'$ - $11^{\circ}15'$  West of Greenwich Meridian and it is located in Grand Cape Mount County, Liberia.

This boundary line commence at the point where the Mavowoe River enters the Mafa River, thence a line runs along the Mafa River in the Nothern Direction for 695 chains to a point where the Mabong enters the Mafa River, thence a line runs along the Mabong River in the Eastern Direction for  $11^{\circ}6'$  chains to a point; thence  $S22^{\circ}E$  for 189 chains to a point; thence  $S59^{\circ}W$  for 432 chains to a point; thence  $S23^{\circ}E$  for 44 chains to a point; thence  $S47^{\circ}W$  for 136 chains to a point; thence  $S26^{\circ}W$  for 188 chains to a point; thence  $S37^{\circ}W$  for 200 chains to a point; thence  $S83^{\circ}W$  for 112 chains to a point; thence  $S44^{\circ}W$  for 528 chains to a point; thence  $N51^{\circ}W$  for 416 chains to a point; thence  $N60^{\circ}W$  for 200 chains to a point; thence  $N42^{\circ}W$  for 216 chains to a point on the Mafa River, thence a line runs along said river in Northern Direction for 553 chains to the point of commencement (Mavowoe and Mafa Rivers) Embracing 119,342 acres of forest land.

AREA "C"

This area lies within Latitudes  $7^{\circ}30'$  -  $8^{\circ}00'$  North of the Equator and Longitudes  $9^{\circ}25'$  West of the Greenwich Meridian. And it is located in Lofa County, Liberia.

Commencing from Wuomia a line runs along the Wuomia - Wozi Motor Road Northward for 1063 chains to a point where said road meets the Bokeza Junction - Konia Motor road; thence along the Bokeza Junction-Konia Motor Road Northward for 283 chains to a point; thence  $N63^{\circ}E$  for 202 chains to a point; thence  $S65^{\circ}E$  for 671 chains to a point on the Liberia-Guinea Border, thence along said Border Southward for 1308 chains to a point thence due West for 284 chains to a point (Gbangoi); thence a line runs along the Lawa Creek and Via River; thence a line runs along the Via River Northward 1355 chains to the point of commencement. Embracing 169,000 acres of forest land.



**SECTION III - TERM OF THE AGREEMENT: PERIODIC REVIEW: RENEWAL OF THE CONCESSION**

- (1) This Agreement shall be for a term of twenty (20) years as from the Effective Date as defined herein, provided, however, that within every five (5) years as of the Effective Date hereof, the parties hereto shall consult together in Liberia for the purpose of considering such changes, clarifications or modifications to this Agreement as either party hereto deems to be appropriate.
- (2) If the CONCESSIONAIRE, not more than two (2) years and not less than three (3) months before the expiration of this Agreement applies in writing to the Government of Liberia for renewal of the Concession and subject to this Agreement and if it shall have paid all taxes, fees and rents due (except for such taxes, fees and rents - if any which are the subject or good faith controversy between the GOVERNMENT and the CONCESSIONAIRE) and shall satisfactorily perform all its obligations under this Agreement up to the date of such application, it shall be entitled to a renewal of this Agreement for a further period of ten (10) years on terms and conditions then to be agreed upon, provided, however, that such terms and conditions as related to taxes, royalties, fees including stumpage fees duties and rents then offered by GOVERNMENT to the CONCESSIONAIRE shall not be less favorable than those offered to other timber Concessionaires within five (5) years immediately prior to the date of the CONCESSIONAIRE'S application.

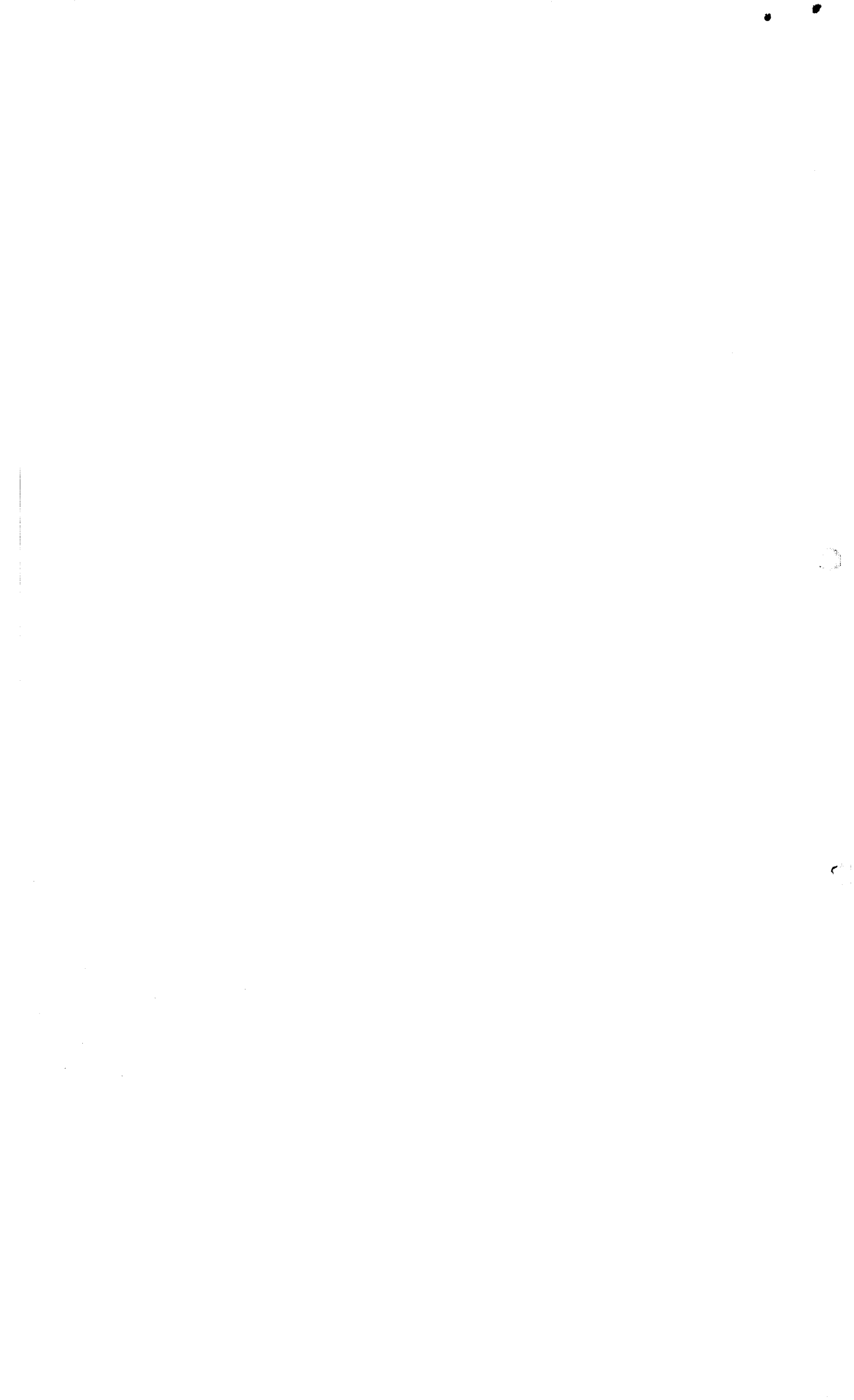
**SECTION IV - EFFECTIVE DATE**

The "Effective Date" shall be the date this Instrument shall be ratified by the Legislature or such other date and manner prescribed by law.

**SECTION V - ASSIGNMENT OF CONCESSION**

- (1) The CONCESSIONAIRE shall at all times maintain a majority interest in the Concession and shall not, except in keeping with sub-section (2) of this Article, assign the Concession nor any party thereof granted under this Agreement nor any rights, privileges, liabilities or obligations granted or imposed by this Agreement nor any interest in the concession without the previous consent in writing of the GOVERNMENT.
- (2) The GOVERNMENT shall not give its consent to an assignment unless is satisfied:-
  - (a) That the proposed assignee is itself of good standing or is a member of a group of companies of good standing or is owned by a company or companies of good standing;
  - (b) That there is likely to be available to the proposed assignee either from its own resource or through other companies in the group of which it is a member, or otherwise, sufficient financial resources to enable it effectively carry out a program satisfactory to the Forestry Development Authority for the operation hereunder; and
  - (c) That the proposed assignee is in all other respects acceptable to the Government; and provided that the Forestry Development Authority and the Ministry of Finance are satisfied as aforesaid and that they shall not unreasonably withhold consent to the assignment.
- (3) The assignee shall have all the rights and privileges and shall assume all the liabilities and obligations of the assignor with respect to what is assigned without relieving the CONCESSIONAIRE of such liabilities and obligations unless the GOVERNMENT expressly consent to such a release.

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- (4) For the purpose of this section, the term "Assign" shall include the admission into partnership of any third party in the activities and operations of the CONCESSION under this Agreement and shall include the mortgaging of any rights, privileges, liabilities or obligations granted or imposed by this Agreement.

#### **SECTION VI SURRENDER OF ALL OR PART OF THE CONCESSION BY THE CONCESSIONAIRE**

The CONCESSIONAIRE may, during the term of this Agreement surrender in whole or in part, the rights granted by this Agreement in accordance with other terms of this Agreement and also by giving to the GOVERNMENT through the Forestry Development Authority and the Ministry of Finance twelve (12) months advance notice in writing. Such surrender shall be without prejudice to any obligation or liabilities imposed by or incurred under this Agreement or laws of the Republic of Liberia.

#### **SECTION VII-PERFORMANCE BOND AND MINIMUM EXPENDITURE**

It is covenanted and mutually agreed that the CONCESSIONAIRE shall at the signing of this Agreement deposit with the FDA Performance Bond or a Manager's Check from a reputable Bank which is acceptable to the FDA and which said Bank is operating in Liberia amounting to ONE HUNDRED FIFTY THOUSAND (US\$150,000.00) DOLLARS in favor of the Government of Liberia warranting that the CONCESSIONAIRE shall faithfully and promptly commence survey and other operations and the performance of all the terms and conditions of this Agreement within two (2) years from the Effective Date of this Agreement, and should the CONCESSIONAIRE fail to perform in accordance with the provisions of this Section then this Agreement shall become null and void with the Performance Bond and/or the Manager's Check forfeited to the GOVERNMENT. The FDA shall release said Performance Bond or management's Check within (2) years after the Effective Date provided that the CONCESSIONAIRE shall have fulfilled all the requirements and obligations of this Agreement. The CONCESSIONAIRE shall, within a period of two (2) years after the Effective Date, spend a sum not less than US\$500,000.00 (FIVE HUNDRED THOUSAND U.S. DOLLARS) on the construction and installation of a processing plant required under this Agreement and shall at the request of the Government produce all receipts, invoices and other documents necessary to demonstrate the spending of the said sum.

#### **SECTION VIII-PROCESSING OF TIMBER AND OTHER FOREST PRODUCTS**

The CONCESSIONAIRE shall comply with the requirements of the Forestry Development Authority regarding the percentage of total production to be sawn or otherwise processed in Liberia and that the export of logs and processed wood shall be in accordance with the Forestry Development Authority Regulations; however, the percentage of processed wood for export shall be a minimum of 5% (five percent).

#### **SECTION IX-GOVERNMENT INSPECTION**

Any person or persons authorized by the Forestry Development Authority or by any other competent Government authority shall be entitled at all reasonable times to enter into and upon part of the premises of the CONCESSIONAIRE and to inspect:

- (i) The CONCESSIONAIRE'S activities and operations under this Agreement for the purpose of ensuring full compliance with the provisions of this Agreement.
- (ii) In the office of the CONCESSIONAIRE the records of the CONCESSIONAIRE relating to its activities and operations under this Agreement in order to determine the accuracy or reports rendered by the CONCESSIONAIRE.





- (iii) The boundaries and delineation of the Concession Area; and
- (iv) The quantity, quality and type (including species, variety of timber and timber products being harvested, transported, processed and marketed) under this Agreement.

## ARTICLE II-OPRATIONS OF CONCESSION

### SECTION I - MANAGEMENT PLAN

The CONCESSIONAIRE shall operate in accordance with Management Plan approved by the Forestry Development Authority, which shall form an integral part of this Agreement.

### SECTION - II TREES UNDER MINIMUM DIAMETER NOT TO BE CUT FOR COMMERCIAL

- (1) The CONCESSIONAIRE shall not cut or fell for commercial use any growing tree the diameter of which at breast height is smaller than the dimension set forth for respective species in (Title 23 Natural resources Law) of the Liberian Code of Laws Revised, and/or as prescribed by the FDA in the Management Plan.
- (2) The CONCESSIONAIRE shall be subject to the penalties set forth in the Forestry Management Plan and/or in Title 23, Liberia Code of Laws Revised for any violations thereof.
- (3) After consultation and approval by a Forest Officer (as defined in the said Title 23, Liberia Code of Laws Revised) The CONCESSIONAIRE may cut any tree irrespective of girth limits if such tree is to be used for construction purposes necessary for the Concessionaire's operations and activities under this Agreement. The CONCESSIONAIRE shall comply with the provisions of the said Title 23, Liberian Code of Laws Revised.

### SECTION III - SELECTION AND EXPLOITATION OF TIMBER HARVESTING TRACTS, RELINQUISHMENT OF TRACTS

- (1) Selection of timber harvesting tracts shall be in accordance with the following provisions:-
  - (a) The CONCESSIONAIRE shall within the Concession Area select continuous harvesting tracts having a total area not exceeding that authorized in the Management plan provided for in Article II, Section I of this Agreement.
  - (b) Six (6) months after the Commencement of Exploitation, the CONCESSIONAIRE may select further timber harvesting tracts which shall be consistent with the Management Plan provided for in Article II, Section I of this Agreement.
  - (c) Additional timber harvesting tracts may be selected at the end of each further period of six (6) months provided that the area of selected un-exploited timber harvesting tracts shall not exceed the area provided for in the Management Plan.
  - (d) The CONCESSIONAIRE shall not, without firstly obtaining the consent of the Forestry Development Authority, fell and extract merchantable timber from another timber harvesting tract until it has completely felled and extracted all merchantable timber from the timber harvesting tract where it was last operating.
  - (e) The CONCESSIONAIRE shall give at least one month's notice in writing of its intention to terminate its felling operations in a tract.
  - (f) The CONCESSIONAIRE shall, on the conclusion of the exploitation of any timber-harvesting tract, clear the boundaries of that tract of all debris resulting from the CONCESSIONAIRE'S operation within that tract.



- (2) The selection of timber harvesting tracts shall be made by filing with the Forestry Development Authority descriptive statements in triplicate of the tracts selected, setting forth their boundaries and areas by appropriate overlays to maps and/or aerial mosaic photographs acceptable to the GOVERNMENT.
- (3) The CONCESSIONAIRE'S right to exploit timber and other forest products within the selected timber harvesting tracts shall be established upon the filing of the above mentioned maps and descriptive statements and the approval of such maps and descriptive statements by the Forestry Development Authority. Such approval shall not
- (4) The CONCESSIONAIRE shall within thirty (30) days from the date of filing but prior to the approval by the Forestry Development Authority of the tracts to be harvested, provide the Forestry Development Authority with a planimetric map or maps covering the selected tract.
- (5) After filing the above mentioned maps and descriptive statements, the CONCESSIONAIRE shall place durable boundary marks not less than three (3) feet high and which can be easily recognized at the vertices of the angles of respective tracts, unless these vertices be in land covered by water or of difficult access. In such cases reference monuments may be established at favorable points indicating the location of such vertices by arrows giving the bearings and the distances. The above mentioned map shall also show the geographical marks such as rivers, mountains, towns, cities, countries, states or other known boundaries.
- (6) The tracts may be located anywhere within the Concession Area.
- (7) In the event that the CONCESSIONAIRE recognizes that certain tracts lying within the Concession Area of the land described in this Agreement do not contain timber of either quantity or quality to permit economic timber and forest products extraction operations contemplated in this Section III should file an application to FDA for relinquishment of such tracts. Upon the filing of such application the FDA shall review the application and may not unreasonably deny or delay such application. Such tracts shall upon their determination be relinquished to the GOVERNMENT notwithstanding the foregoing, the CONCESSIONAIRE shall not be permitted to relinquish any tracts after they have been worked by the CONCESSIONAIRE.

#### SECTION IV – MEASUREMENT

The CONCESSIONAIRE shall not move or cause to be moved any log from the place at which the log was cut until and unless the same shall have been measured and the log and the stump of the tree from which the log was cut have been hammer – marked with a hammer of the GOVERNMENT by a duly authorized Agent of the GOVERNMENT.

#### ARTICLE III – OTHER RIGHTS OF THE CONCESSIONAIRE

##### SECTION I – OCCUPATION OF SURFACE AND EASEMENTS

- (1) Subject to the provisions of this Agreement, the CONCESSIONAIRE shall have the right to enter and occupy any land within the Concession Area for the purpose of undertaking operations and activities under this Agreement. Provided, however, that with regards to land within the Concession Area which is privately owned, the CONCESSIONAIRE shall comply with the provision of Sub-Section (4) below
- (2) Subject to the provisions of Sub-Section (3) and (4) below, the CONCESSIONAIRE shall have the right to occupy and utilize for the duration of this Agreement or for a lesser period, the surface of such suitable areas outside the Concession Area as may be necessary for the construction and operations of roads, ports, railways and pipelines necessary for its activities and operations under this Agreement.



- (3) With regards to public lands lying outside the Concession Area, the CONCESSIONAIRE shall apply to the GOVERNMENT for the right to use such land. The right to use such land shall not be unreasonably denied by GOVERNMENT. The CONCESSION shall apply to use such public lands by making application to the Government who shall conclude with the CONCESSIONAIRE the terms and conditions under which the easement or other rights may be exercised, including the annual land rental to be charged.
- (4) With regards to private lands lying either within or without the Concession Area, the CONCESSIONAIRE may, in the event that it is unable to reach satisfactory agreement with the private owner or owners as to the terms on which it may enter and occupy the land in questions, bring the matter to the attention of the Forestry Development Authority by filing a petition. Such petition shall set forth the facts of the case and shall specify as exactly as possible:
- (i) The land which it requires:
  - (ii) The name or names of the owner and/or occupants of the land if this can reasonably be ascertained;
  - (iii) The types of occupancy lease, right-of-way or easement, which the CONCESSIONAIRE seeks.

The Forestry Development Authority shall issue a notice to the owners and occupants of the land to present themselves on a day and at a time to be specified therein. Such day shall not be more than sixty (60) days or less than thirty (30) from the date of said notice. On the appointed day, the Managing Director of FDA or his representative shall hear the CONCESSIONAIRE and the owners and occupants of the land and, after considering proofs and arguments on both sides, shall determine and assess the amount to be paid to the owners and/or occupants of the land for loss of the right to use the land for the period of the lease, right-of-way or easement and/or damages arising out of the loss or destruction of goods and property because of rights granted to the CONCESSIONAIRE. In the event of any dispute as to the nature and extent of the interests in or ownership of the land or the amount of compensation payable by the CONCESSIONAIRE or if the decision of the Managing Director of FDA or his representative is unacceptable to any of the parties concerned, the case may be brought before a court of competent jurisdiction in Liberia. In such case, the CONCESSIONAIRE may file an indemnity bond, in an amount designated by the Forestry Development Authority and may enter upon the land immediately subject to later determination by the court of competent jurisdiction of the exact amount payable.

- (5) Provided, however, that no lease, right-of-way or easement shall be granted if it substantially interferes with operations of another previously granted concession and provided further that nothing in this Agreement shall be construed to permit interference with any tribe, village, person or group of persons or of any rights to timber or forest produce held by any tribe, village, person or persons through law or custom
- (6) No blasting or other dangerous operations may be conducted within half (1/2) a mile of any public works or permanent building without the previous consent of the GOVERNMENT and subject to such conditions as it may impose.

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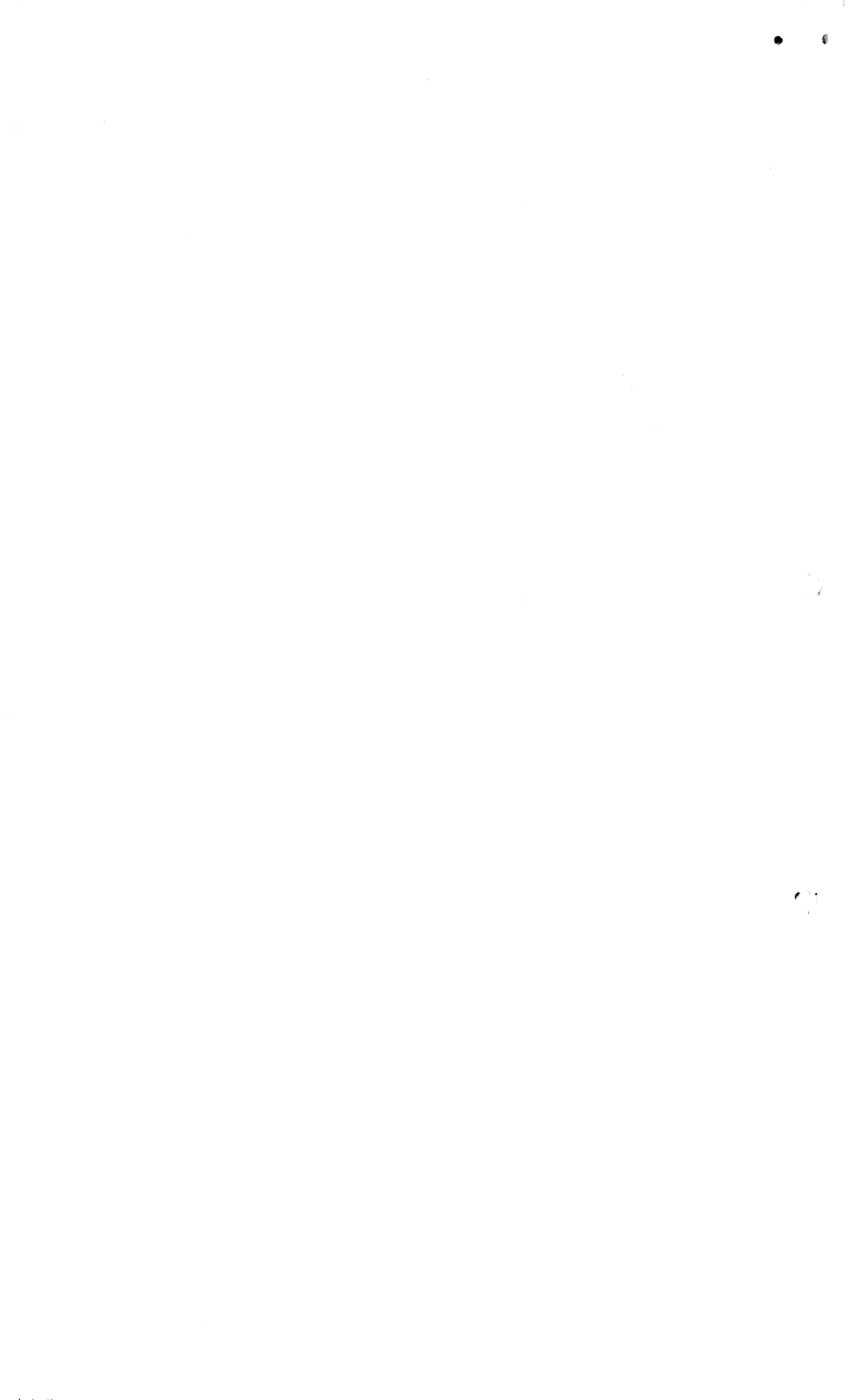
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## SECTION II - ACCESSORY WORK AND INSTALLATIONS

- (1) Subject to the provisions of Article III, Section I (4) and the prompt payment of adequate compensation to any person whose rights are there by affected and to the approval of the appropriate authority, the CONCESSIONAIRE shall have the right to construct, maintain, alter and operate:-
- (a) Industrial buildings and installations including processing facilities, miles of roads, loading and pumping station, warehouses, storage places and tanks;
  - (b) Subject to the prior approval in writing from the Forestry Development Authority) wharves, shipping terminals, ports or ports sites;
  - (c) Means of communications, including telephone lines and wireless stations;
  - (d) Facilitates for shipping aircraft;
  - (e) Living accommodations and amenities, including hospitals, schools and recreational facilities, for the CONCESSIONAIRE'S operations and activities under this Agreement.
  - (f) Other buildings, installations and work necessary or useful for the effective carrying out of the CONCESSION'S operations and activities under this Agreement.
- (2) The construction of any railroad or electric power generating facilities shall require the prior approval of the Forestry Development Authority and/or other appropriate Agency of Government, which approval shall not be unreasonably denied. The CONCESSIONAIRE shall submit the proposed plans for such railroad or electric generating facility to the Forestry Development Authority or other appropriate Agencies of GOVERNMENT.
- (3) In the case of lands required for sidings, stations, yards and other rail transportation installations, the right-of-way of the CONCESSIONAIRE" railroad shall be in accordance with rules laid down by the Forestry Development Authority or other appropriate Agencies of GOVERNMENT.
- (4) Notwithstanding the foregoing, the CONCESSIONAIRE shall bear all costs of all class D road construction up to the sum of two hundred fifty thousand (\$250,000.00) Dollars "and shall not received any benefit such as tax credit or any off-setting arrangement for such class D Road construction.

## SECTION III-RIGHT TO TAKE AND USE WATER

Subject to the approval of the Forestry Development Authority previously obtained in writing and to such conditions (other than conditions imposing a charge for the use of water) as it may impose, the CONCESSIONAIRE may appropriate and use free of charge, any water found within the Concession Area and any water within public domain within (3) miles of the Concession Area for purposes necessary or useful to the CONCESSIONIER'S operations and activities under this Agreement, provided, however, that the CONCESSIONAIRE shall not deprive any lands, villages, houses or watering places for animals of a reasonable supply of water in so far as such water has, through customs, been utilized for such lands, villages houses, or animals. Nor shall the CONCESSIONAIRE interfere with any rights of water enjoyed by any persons under the land and native right ordinance.





**SECTION IV – AGENTS OR INDEPENDENT CONTRACTORS**

The CONCESSIONAIRE may exercise any of the rights and powers conferred by this Agreement (save where the context otherwise requires) through agents or independent contracts. Provided, however, that the CONCESSIONAIRE may not, through the employment of agents or independent contractor, avoid any of its obligations or liabilities under this Agreement as provided in Article IV, Section III, sub-section (5) hereon.

**ARTICLE IV – REPORTS, RECORDS, NOTICE AND COMMUNICATIONS**

**SECTION I – REPORTS CONCERNING SURVEYS, EXPLOITATION AND DEVELOPMENT**

- (1) The CONCESSIONAIRE shall keep the Forestry Development Authority fully informed, through quarterly reports beginning with the first quarter following the Effective Date of this Agreement, as to the progress and results of the CONCESSIONAIRE'S survey and development operations and activities under this Agreement. Such reports shall include:-
- (a) The results of any general reconnaissance of the various sites or proposed operations and activities under this Agreement;
  - (b) Information concerning the selection of routes for roads, railways from the harvesting area to a suitable harbor for the export of timber or other forest products;
  - (c) Such other plans and information as to progress of operations of the Concession Area as the Forestry Development Authority may from time to time reasonably require.
- (2) The CONCESSIONAIRE shall simultaneously furnish to the Forestry Development Authority and the Ministry of Finance monthly statistical report beginning with the first month following commencement of the exploitation period which shall set forth the number and location of the timber harvesting tracts on which work was begun during the preceding month, the number of workmen employed thereon at the end of the month, a list of the equipment at the working site at the end of the month and a brief description of the work in progress at the end of the month and of the work contemplated during the following month.
- (3) The CONCESSIONAIRE shall also simultaneously furnish the Forestry Development Authority and the Ministry of Finance monthly reports beginning with the first month operation under this Agreement following commencement of the exploitation period concerning the progress of its harvesting. This report shall specify in full the work accomplished during the month in question, including the total volume of timber, lumber and other forest products produced species by species broken down between.
- (a) Volume harvested expressed in cubic meter;
  - (b) Volume transported from the Concession Area and their corresponding destination;
  - (c) Volumes stockpiled at the Concession Area or elsewhere in Liberia;
  - (d) Volumes sold or committed for export (whether actually shipped from Liberia or not);
  - (e) Volumes processed and/or manufactured within Liberia with full specifications as to the intermediate products, by products, or final product and of the terms on which they are disposed of).



- (4) The CONCESSIONAIRE shall also simultaneously furnish to the Forestry Development Authority and the Ministry of Finance an Annual Report beginning with the first complete year following the commencement of the exploitation period which shall include; the number and description of timber harvesting tracts which were exploited at the end of the year preceding the year in question (with a showing as to which are in commercial production); the number and description of tracts on which work was begun during the year; the number and description of tracts abandoned during the year; the production of such tracts, regardless of whether in commercial production or not with a full description of the kind, quality and analysis.
- (5) The CONCESSIONAIRE shall also furnish the GOVERNMENT all other information of whatever kind which the latter may request in order that the GOVERNMENT may be fully appraised of the CONCESSIONAIRE'S timber harvesting and their activities.
- (6) Monthly and quarterly reports shall be submitted in quadruplicate within thirty (30) days of the end of the month or quarter in question, as the case may be. Annual Reports shall be submitted in quadruplicate within ninety (90) days of the end of the year in question.
- (7) Other Reports to the Government shall be submitted in accordance with Article IV, Section II hereunder.
- (8) --Refer to page 11, Article IV, Section 1:3
- (9) --Refer to page 11, Article IV, Section 1:3

**SECTION II - OTHER REPORTS TO GOVERNMENT AND RECORDS TO BE MAINTAINED**

- (1) With respect to the CONCESSIONAIRE'S obligation to pay tax on net income or stumpage fee, the CONCESSIONAIRE shall submit to the Minister of Finance such information and documents as are required by the Revenue and Finance Law.  
  
Ref: Section II pg. 12.
- (2) With respect to the CONCESSIONAIRE'S obligation to pay a surface rent and stumpage fee, the CONCESSIONAIRE shall submit such information and documents as are required in Article V, Section II and III hereof to the Forestry Development Authority and Ministry of Finance.
- (3) With respect to the CONCESSIONAIRE'S survey and exploitation operations, the CONCESSIONAIRE shall submit such information documents as are required in Article IV, Section I hereto the Forestry Development Authority.
- (4) In addition, the following shall be delivered to the Ministry of Planning and Economic Affairs.
  - (a) True copies of all sales, management, commercial and financial agreements concluded with Affiliates and independent parties and all other agreement concluded with Affiliates, to be submitted within one month after conclusion.
  - (b) Copies of the monthly reports detailed in Article IV, Section I, and Sub-Section (3) hereof.
- (5) The CONCESSIONAIRE shall maintain all original records and reports relating to its activities and operations under this Agreement including all documents relating to financial and commercial transaction with non-Affiliates and Affiliates in its principal offices in Liberia. These records and reports shall be opened to inspection by the GOVERNMENT through an authorized representative during normal working hours. Such records and reports shall be maintained in the English Language and all financial data shall be recorded in Liberian Currency.



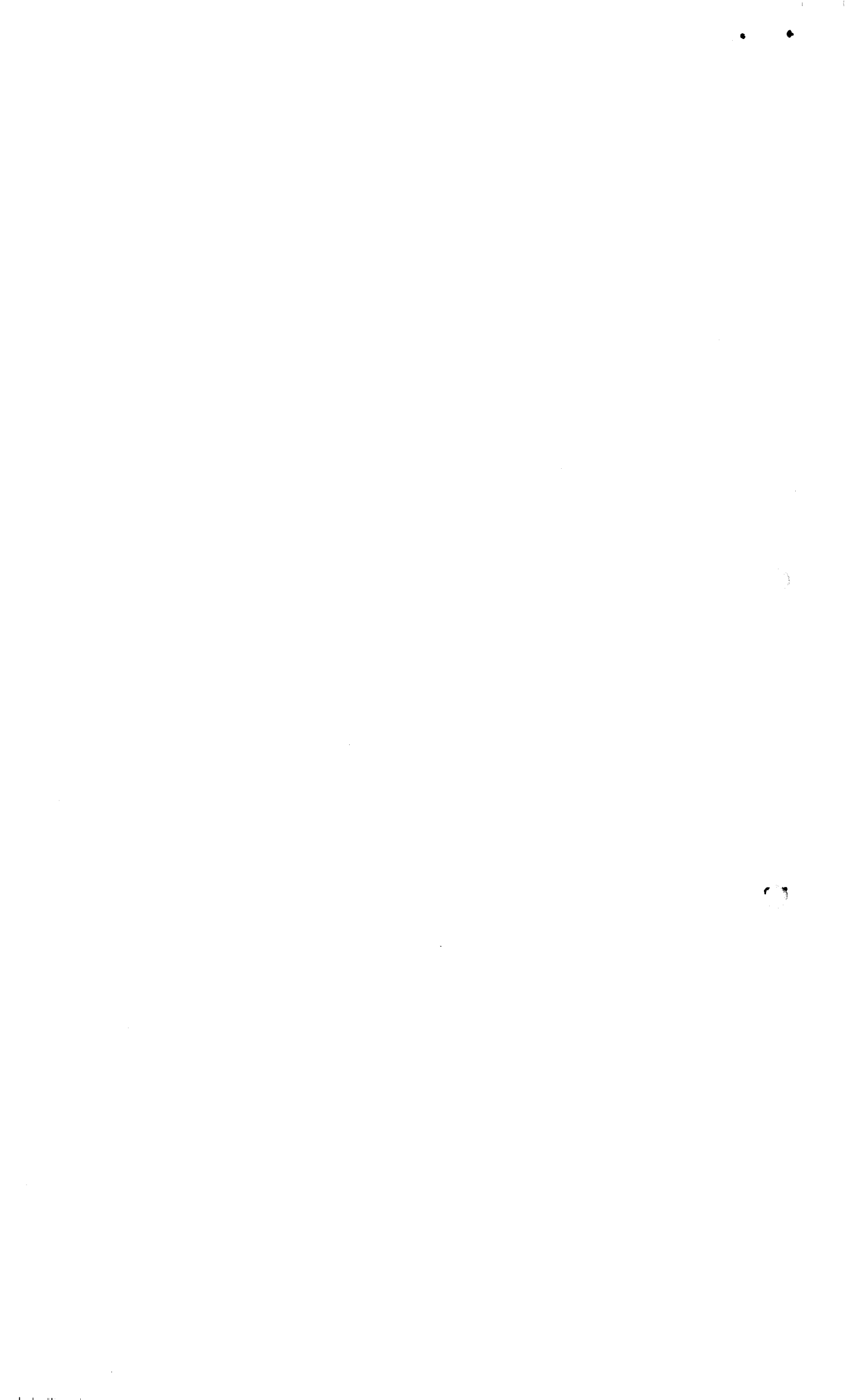
- (6) Copies of all reports submitted to Ministries of GOVERNMENT shall be forwarded to the National Investment Commission.

### **SECTION III – LOCAL RESIDENT MANAGERS, NOTICES**

- (1) The CONCESSIONAIRE shall, before commencing operations under this Agreement, furnish to the Forestry Development Authority and the Ministry of Finance name and address of the Local Resident Manager under whose supervision the CONCESSIONAIRE intends to carry on the operations under this Agreement. Any change in the name or address of the Manager or other supervising person shall likewise be given to the Forestry Development Authority within fourteen (14) days of such change.
- (2) If there are co-participants in this Concession, the name and address of the Manager or person under whose supervision the co-participants intend to carry on the operations under this Agreement shall be furnished to the Forestry Development Authority and the Ministry of Finance as set forth in Sub-Section (1) above. Such manager or supervising person shall be considered the Representative of all such co-participants for any purpose concerning this Agreement.
- (3) Notice for the purpose of this agreement shall be sufficiently served if delivered or sent by registered post:-
- (a) In the case of the GOVERNMENT, to the Forestry Development Authority, and the Ministry of Finance;
  - (b) In the case of the CONCESSIONAIRE, to the Manager or other person whose name shall have been given by the CONCESSIONAIRE under Sub-Section (1) and (2) of this Section.
- (4) Provided, however, that all notices, requests or other communications required by, provided for, or relative to this Agreement shall be in writing. Cables and telegrams shall be confirmed by registered letter and shall be considered effective only when said registered letter has been actually received.
- (5) And provided also that the CONCESSIONAIRE may not through the employment of Agents or Independent Contractors, avoid any of its obligations of liabilities under this Agreement and provided furthermore that the records of the agent or independent contractor shall be available to the Government inspection as provided for in Article IV, Section II, Sub-Section (6) and Article I and Section X hereof.

### **SECTION IV – REPORTS TO BE CONFIDENTIAL: COST OF REPORTS**

- (1) Any information supplied by the CONCESSIONAIRE shall (except with the consent writing of the CONCESSIONAIRE which shall not unreasonably be withheld) be treated by all persons in the service of the government of Liberia as confidential, but the GOVERNMENT shall nevertheless be entitled at any time to make use of any information received from the CONCESSIONAIRE for the purpose of preparing and publishing aggregated returns and general reports on the extent of timber and forestry operations in Liberia and for the purpose of any arbitration or litigation between the GOVERNMENT and the CONCESSIONAIRE.
- (2) All records, reports, surveys, plans, maps, charts, accounts and information which the CONCESSIONAIRE is or may from time to time be required to supply under the provisions of this Agreement shall be supplied at the expense of the CONCESSIONAIRE.



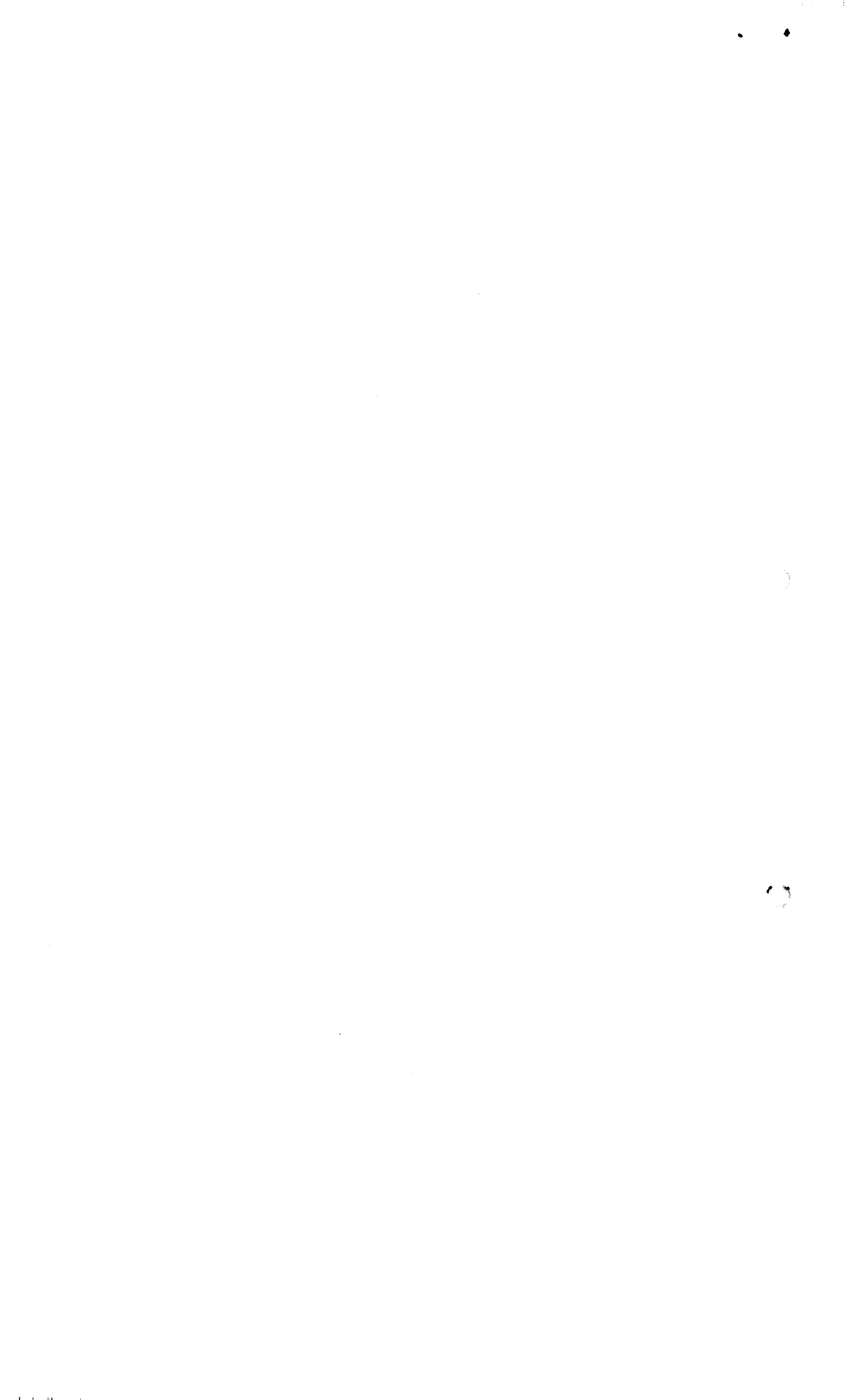
## ARTICLE V – FISCAL OBLIGATIONS

### SECTION I – GOVERNMENT TAX ON NET INCOME ACCOUNTING PRINCIPLES

- (1) The CONCESSIONAIRE shall pay tax on its net income derived from its operations and activities under this Agreement in accordance with the income tax law of general application provided, however, that the tax payable shall not exceed fifty (50%) percent of the said net income in any one year and provided also that for a period of five (5) years commencing on the date of first marketable production as of the effective date of this Agreement, no tax shall be paid on any income, earnings or profits retained by the CONCESSIONAIRE for expansion of its operations or for investment in Liberia and not distributed in any way to shareholders, employees, affiliates or others as dividends, bonuses, gratuities or in any other form obtained before any such distribution takes place. And provided, furthermore, that after the expiry of the above-mentioned five (5)-year period the CONCESSIONAIRE may retain up to twenty (20) percent of any net profits in each year for investment or reinvestment within Liberia and this amount shall be exempted from income tax provided that the GOVERNMENT approved in writing the intended investment or reinvestment before the CONCESSIONAIRE so invests or reinvests it.
- (2) In determining the net income of the CONCESSIONAIRE, the generally accepted accounting principles shall be employed and all will be reasonable and consistent with general practices being following in projects of similar nature. Provided, however, that where more than one accounting practice is found by the GOVERNMENT, the GOVERNMENT shall determine which practice is to be applied with regard to that particular item.
- (3) In no event shall the GOVERNMENT be bound by the CONCESSIONAIRE'S characterization of any transaction with an affiliate for accounting purposes. In the event that the GOVERNMENT finds that any payment deduction, charge for expenses or other transaction with an Affiliate is not fair, reasonable and consistent by independent parties in connection with a transaction of a similar nature, the GOVERNMENT, may, for the purpose of determining the CONCESSIONAIRE'S income tax liability, substitute the payment, deduction charge for expenses or other transaction which would have prevailed had the transaction occurred between independent parties.
- (4) During the five (5) year period of exemption from income tax provided for in Sub-Section (1) hereof, the CONCESSIONAIRE shall file with the GOVERNMENT full information returns on earnings, income and profits, and thereafter, the CONCESSIONAIRE shall file complete income tax returns. The CONCESSIONAIRE shall comply with the provisions set forth in the Revenue and Finance Law, Title 36 of the Liberia Code of Laws Revised as now written or, if amended or replaced, with the law in effect in the taxable year, in the form and content of such returns, the submission to the GOVERNMENT for review, the payment of income taxes as assessed, the inspection of records, the keeping of accounts, the payment of penalties and interest and other matters relating to the administration of the CONCESSIONAIRE'S income tax obligations to government.

### SECTION II-SURFACE RENT

- (1) The CONCESSIONAIRE shall, in respect of the Concession granted hereunder, pay the GOVERNMENT an annual surface rent of US\$0.50 cents per acre or prorata for part thereof for all land held by the CONCESSIONAIRE during the term of this Agreement. No rental shall be paid for land relinquished in accordance with the relevant provisions of Article II, Section III, here of after the Effective Date of relinquishment.





- (2) The rental imposed by Sub-Section (1) of this Section shall be paid to the Government pursuant to An Act Creating the Forestry Development Authority By Repealing Section 16 Thereof And Adding Thereto Eight New Sections Approved July 21, 1988 and published into Hand Bill August 2, 1988.
- (3) The CONCESSIONAIRE shall pay the rental imposed by Article V Section II, Sub-Section (1) annually or semi-annually in advance. The first payment for the period extending from the Effective Date of this Agreement shall be made within one month of the Effective Date. Subsequent payment shall be made annually in advance in January of each year.

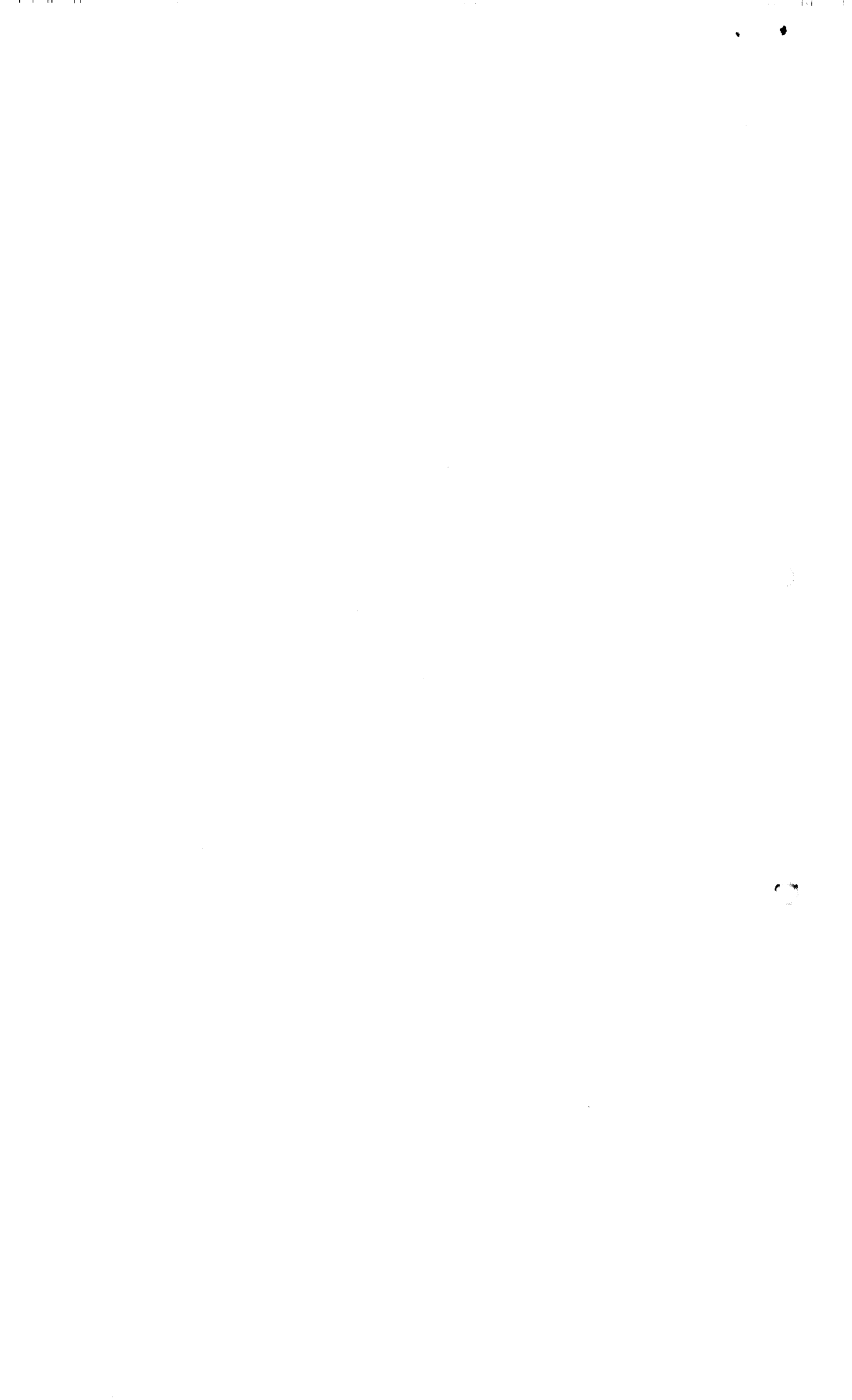
### **SECTION III-STUMPAGE FEES/FORESTRY RELATED FEES**

- (1) In addition to the surface rental referred to in Section II of Article V, the CONCESSIONAIRE shall pay to the FDA reforestation, conservation and forest research fees in United States Currency and to the Ministry of Finance all stumpage and forest product fees also in United States Currency, pursuant to Section 9 of the Government of Liberia Legislative Act approved October 15, 1997 and published into Hand Bill October 27, 1997 amending Chapter 20 Section 20.2 to 20.6 of the Revenue and Finance Law. Such fees may be adjusted from time to time to reflect market conditions, and in keeping with existing rules and regulations governing the harvesting of timber for the local market or for export as specified under the Forestry Law and in accordance with measurements carried out as provided for in the official scaling regulations of the Forestry Development Authority (except three (3) un-saleable timber removed to permit road building).
- (2) Payment of such forestry fees shall be made monthly and prior to shipment of forest products. Payment shall also be in accordance with the rules and regulations promulgated by the Forestry Development Authority and the Ministry of Finance pursuant to Chapter 20, Stumpage and Forest products fees of the Revenue and Finance Law and Section 10.5 of the New Executive Law.
- (3) Notwithstanding, Sub-Section (1) above, the CONCESSIONAIRE may fell and use without payment any trees for the purpose of constructing such roads, bridges, wharves, railways, buildings and mills and other structures which shall remain in site and shall become property of the GOVERNMENT on the termination of this Agreement, in accordance with Section VI (1) of Article X of this Agreement.
- (4) With regard to any forest product other than timber, which the CONCESSIONAIRE may wish to harvest, the CONCESSIONAIRE shall pay such fee as mutually agreed upon by the parties to this Agreement in advance.

### **SECTION IV-DUTIES AND EXCISES**

#### **(1) IMPORT DUTIES**

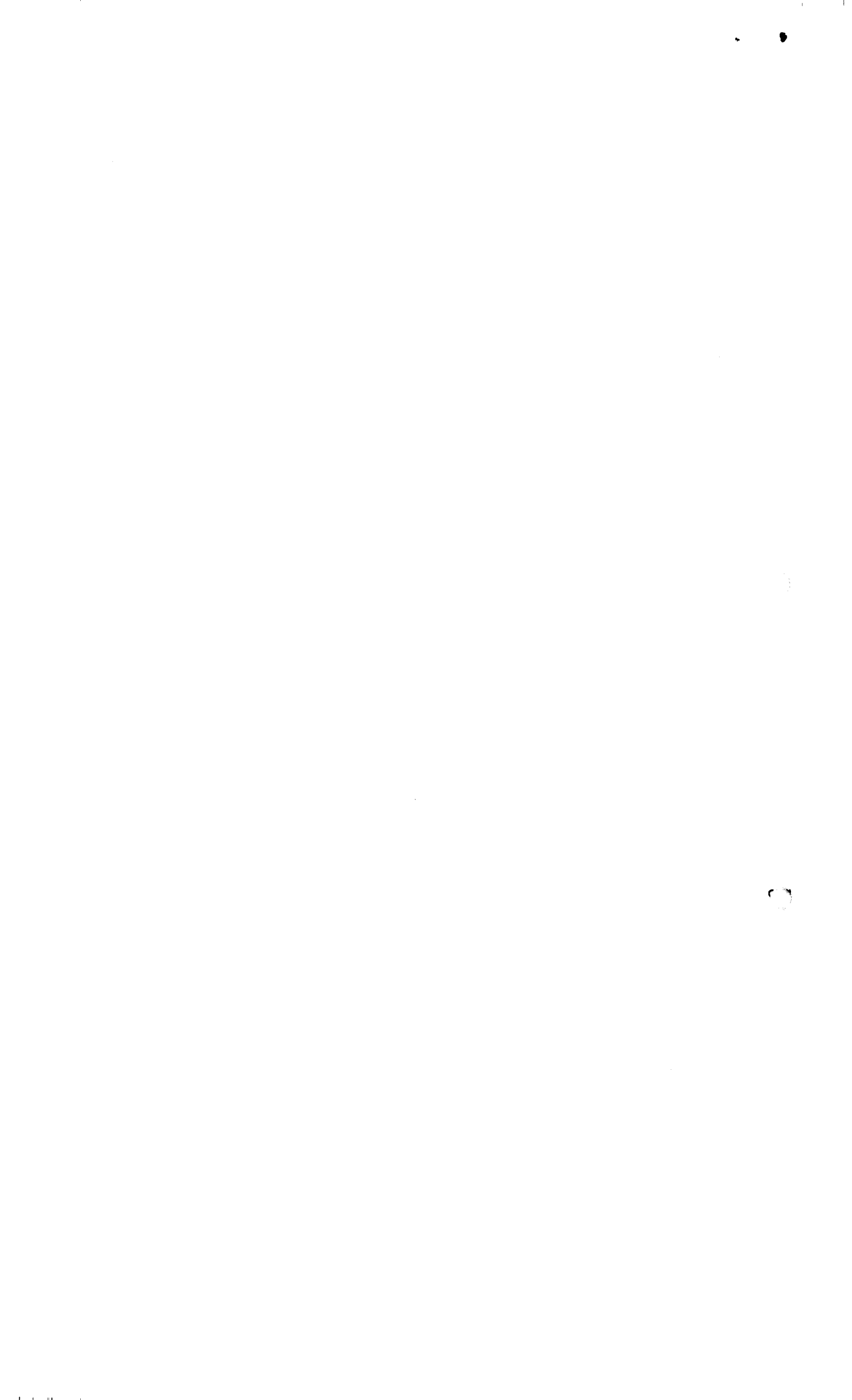
- (a) The CONCESSIONAIRE shall be subject to the customs regulations in force, to any customs users fees of general application and other fees for use of ports, harbors warehouses or other services or facilities made available by the Government, subject to 90% exemption on import duties on items and their related spare parts which shall be approved by FDA and Ministry of Finance in accordance with condition provided herein as follows:



- (i) The importation into Liberia during the first two (2) years after the Effective Date, by the CONCESSIONAIRE of any equipment, machinery or similar items of a capital nature having a useful life of five (5) years or more for use in the harvesting, processing, transportation and marketing of timber and timber products under this Agreement;
- (ii) Tires and replacement parts for such trucks, trailers and heavy equipment as the CONCESSIONAIRE shall have detailed in a list filed with and approved by the FDA and the Ministry of Finance sufficient office equipment as approved by the FDA and the Ministry of Finance as being adequate for the initial setting up of the CONCESSIONAIRE'S office; drugs, equipment and furnishing for the installation of a hospital, dispensaries or clinics which the CONCESSIONAIRE needs for the exercise of its rights and obligations under this Agreement and any other items which the GOVERNMENT from time to time may approve.
- (b) Provided, however, that all such items to be exempted from duties shall be exempted only if it's reasonably comparable in price are not obtainable in Liberia. In comparing the prices of the items sought to be imported with like-items obtainable in Liberia, there should be added to the price of the item sought to be imported duty-free the consular fees, freight and insurance and other costs (other than import duties) normally incurred throughout the time imported items have been shipped to and landed in Liberia, and cleared through Liberian Customs. If the difference in price does not exceed the amount of import duties and if within 30 days after notice by the CONCESSIONAIRE such difference then the items available in Liberia shall be considered competitively priced. All items imported duty-free shall, as far as possible, be marked with the name or marks of the CONCESSIONAIRE in a manner difficult to delete and/or erase. If the CONCESSIONAIRE imports any item duty-free and thereafter determines to sell or transfer such item to another person not entitled to the same exemption or to apply the items to a non-exempt purpose, a customs declaration shall be made before such sale, transfer or use in accordance with the Liberian Laws of General Application. Any disagreement as to whether items qualify for exemption from import duties, or as to whether items have been sold, transferred, used or applied so as to become subject to import duties shall be resolved under the generally applicable Liberian Laws, regulations and procedures.

**(2) EXCISE TAXES**

- (a) The CONCESSIONAIRE may export forest products free of any and all customs and other duties for the period of five (5) years (subject to the provisions of Section VIII of Article I hereof) commencing from the date of first shipment as of this Agreement. The exportation of round logs and swan timber shall be subject to customs regulations, except as herein provided then in force and subject to GOVERNMENT'S right of supervision and inspection of exportation. Notwithstanding the foregoing, the periods of exemption from the payment of import duties (two (2) Years), and the payment of Excise Taxes (five (5) years), respectively, as granted in this Section IV of Article V of this Agreement shall not be extended nor renewed after the expiration of the said two (2) and five (5) years periods respectively.



ARTICLE VI – CAPITALIZATION: STOCK PURCHASES, DIRECTORS FINANCE

SECTION I - CAPITALIZATION

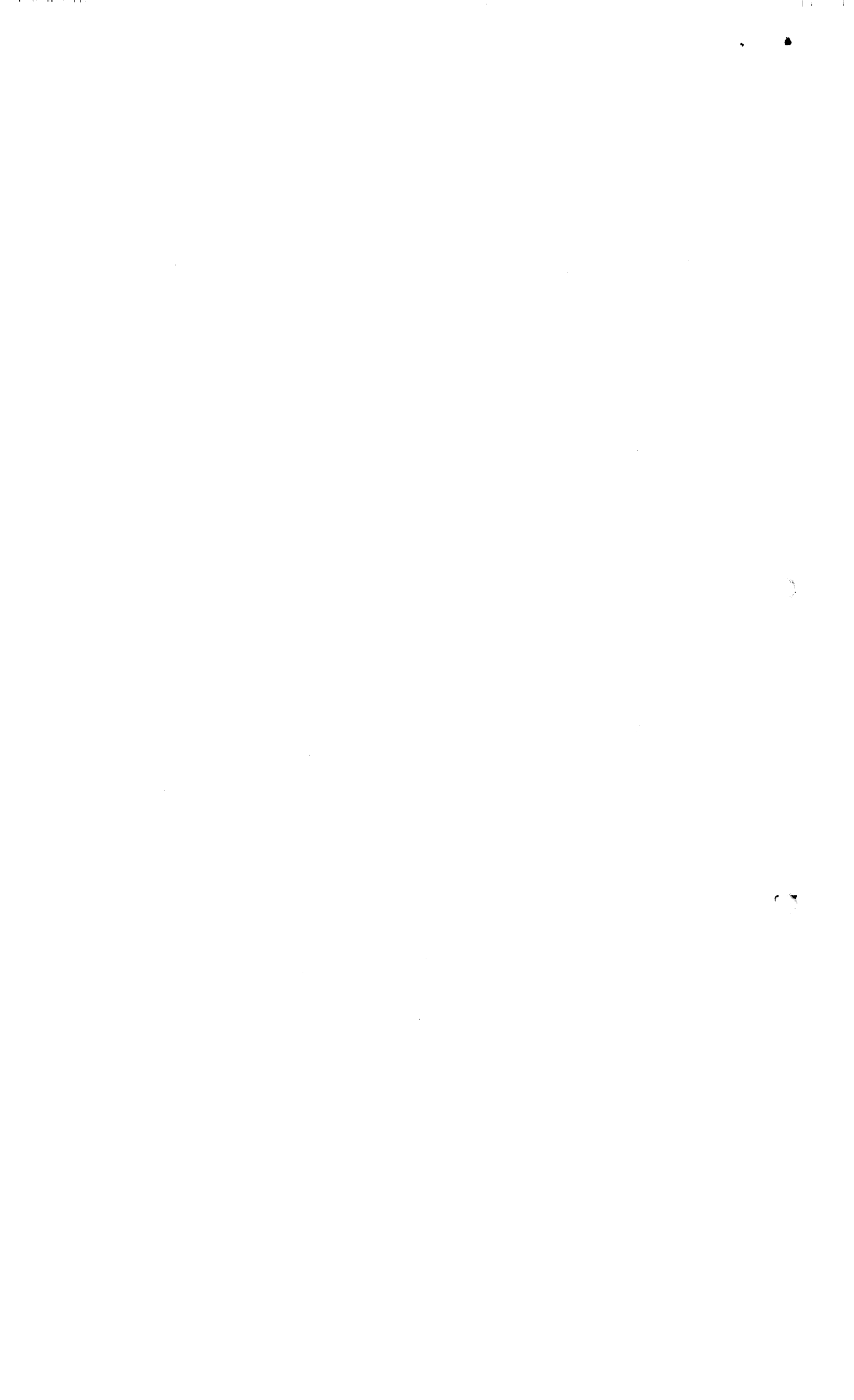
- (1) The CONCESSIONAIRE shall provide all capital at such time and in such amount as may be required for the economic and profitable development of the Concession and for all the operations and activities under this Agreement. Such capital may be in the Form of paid-in-capital funds and/or borrowing from non-Affiliate. For the purposes of this Sub-Section, the term "Affiliates" shall have the meaning attributed to in Article I, Section I.
- (2) STROCK PURCHASE
- (a) Commencing with the first issue of any voting shares and continuing with respect to all subsequent issues of shares, the CONCESSIONAIRE shall offer a minimum of fifteen (15%) percent of each issue shares to a Cooperative or Cooperatives in the County of the CONCESSIONAIRE'S operations and minimum of ten (10%) percent shall be offered to other Liberian citizens.
- (b) Should all or part of such shares so offered remain unsubscribed or unpaid for at the end of six (6) months, then the CONCESSIONAIRE shall deposit said unsubscribed or unpaid for shares with the National Investment Commission who shall hold them in escrow for a further period of two (2) years and six (6) months during which period a Cooperative in the CONCESSIONAIRE's county of operation or other Liberian citizens may purchase said shares from the percentages reserved for them as detailed in paragraph (1) above. After said period of a total of three (3) years, any shares that remain unsubscribed or unpaid for shall be returned to the CONCESSIONAIRE who shall then offer to existing Liberian shareholders, said offer to remain open for a further period of six (6) months. After the expiry of this last period of six (6) months any remaining unsubscribed or unpaid for shares shall revert to the CONCESSIONAIRE who may dispose of them as it sees fit in accordance with the Association Law.
- (c) Should a Cooperative or Cooperatives in the County of the CONCESSIONAIRE's operations or other Liberian citizens who wish to take up the reserved shares be unable to make the full payment, then said Cooperative or Cooperatives ten (10%) percent of the value of the said shares and the CONCESSIONAIRE shall finance the remaining ninety (90%) percent by dividends payable on said shares.
- (d) The obligation to make available the percentage as detailed in (a) above of each successive issue of common shares for subscription and/or purchase by cooperatives and/or Liberian citizens shall not at any time be minimized or affected by the fact that at that date of any particular issue of shares there already exist shareholders of the CONCESSIONAIRE's who are cooperative of Liberian citizens.
- (e) The CONCESSIONAIRE shall submit reports to the Ministry of Planning and Economic Affairs detailing the number of shares of each offer which were initially made available to cooperative in the CONCESSIONAIRE'S county of operation and/or to Liberian citizens, the number of such shares if any remaining unsubscribe or unpaid for at the end of the corresponding period of three (3) years after the making of the offer and the number of shares if any remaining unsubscribe or unpaid for after the CONCESSIONAIRE shall have offered period of six (6) months.



- (f) The holding by Liberian citizens or Cooperatives of shares of the CONCESSIONAIRE shall in no event be treated less favorable than those of other holders, Liberian citizens and cooperatives shall be permitted to exercise their right to hold shares in any and every offering made by CONCESSIONAIRE.
- (g) The CONCESSIONAIRE shall give the widest possible news media advertisement in Liberia to the public concerning the said offer of shares to Liberian citizen and Cooperatives and shall do nothing to diminish the relative voting power strength of the Liberian citizens and Cooperative shareholders
- (3) Director: twenty-five (25%) percent or less than two (2) of the directors of the CONCESSIONAIRE shall be Liberian citizens. Action taken by the votes of the Board of Directors shall not have the effect of altering the obligations of the concessionaire or the rights of the GOVERNMENT under this Agreement.

SECTION II - FINANCE, APPROVED INDEBTEDNESS, DEBT TO EQUITY RATIO

- (1) Approved Indebtedness: An indebtedness shall be considered an approved indebtedness if it fulfills the conditions of (1)(a) and either (1)(b) or (1)(c) hereof and interest payable on such indebtedness shall be allowable as a deduction from profits before the calculation of income tax or if not profit before distribution.
- (a) An approved indebtedness shall not:
- (i) be directly or indirectly junior to any other indebtedness or part of any other indebtedness of the CONCESSIONAIRE nor;
  - (ii) be guaranteed by an Affiliate of the CONCESSIONAIRE nor by any other nor;
  - (iii) be incurred for the purpose of refinancing any then existing indebtedness.
- (b) An Approved Indebtedness is that indebtedness incurred by the CONCESSIONAIRE to a public bank or other public financial institution acceptable to GOVERNMENT which does not bring the total of such Approved Indebtedness to a debt to equity ratio exceeding 2:1
- (c) An Approved Indebtedness is that indebtedness incurred by the CONCESSIONAIRE to a public bank or other public financial institution acceptable to the GOVERNMENT which brings the total of such Approved Indebtedness of the CONCESSIONAIRE solely in connection with the acquisition or construction of the plant and equipment or the infrastructure unless otherwise approved in writing by the GOVERNMENT.
- (2) For the purpose of this Section, the equity of the CONCESSIONAIRE shall be that amount of capital actually paid into the Concession for capital stock plus the principle amount of an outstanding indebtedness which is not Approved Indebtedness, less any accumulated deficit of the CONCESSIONAIRE. If the property other than cash has been contributed to the CONCESSIONAIRE for capital stock, the amount thereof to be taking into account shall not exceed the cost of such property to the transferor.
- (3) A non-Approved Indebtedness is an indebtedness the interest on which shall not be allowable as a deduction from profits before the calculation of income tax. An indebtedness shall be deemed to be non approved Indebtedness if it:
- (a) is incurred by the CONCESSIONAIRE from a public bank or other public financial institution acceptable to the GOVERNMENT but has not been approved by the GOVERNMENT as an Approved Indebtedness or;





- (b) is incurred by the CONCESSIONAIRE from an organization or person or persons other than a public bank or public financial institution acceptable to the GOVERNMENT notwithstanding that;
- (c) The CONCESSIONAIRE is required by the GOVERNMENT to identify clearly the sources of any money loaned to the CONCESSIONAIRE or otherwise transferred or made available to it by such organizations or person or persons and to obtain the written authorization of GOVERNMENT for such loan or transfer before completing the transaction involved.

**ARTICLE VII -EMPLOYMENT CONDITIONS SECTION I -HEALTH AND SAFETY OF EMPLOYEES**

- (1) The CONCESSIONAIRE shall install and utilize such internationally recognized modern safety precautions as are provided and observed elsewhere under conditions and operations comparable to those undertaken by the CONCESSIONAIRE under this Agreement.
- (2) The CONCESSIONAIRE shall likewise observe internationally recognized modern measures for the protection of the general health and safety of its employees and all other persons having legal access to the area covered by this Agreement. The CONCESSIONAIRE shall comply with such instructions as may from time to time be given in writing by the Forestry Development Authority.
- (3) The CONCESSIONAIRE shall furnish such free medical care and attention to all its employees and to all government Officials working in connection with the operations of the CONCESSIONAIRE IN the area covered by this Agreement as is reasonable and shall establish, staff and maintain a dispensary which shall be reasonably adequate in the circumstance. Provided, however, that whenever the CONCESSIONAIRE employs more than one hundred fifty (150) laborers in any one region it shall maintain a hospital headed by a Medical Doctor. Notwithstanding the foregoing, if the CONCESSIONAIRE'S site of operations is within a ten (10) mile radius of a existing dispensary or dispensaries and/or hospital(s), be it public (government) or private, the CONCESSIONAIRE shall contribute to the operation of any such dispensary (ies) or hospital(s). The CONCESSIONAIRE'S contribution hereunder shall be the equivalent of the amount of money it would have cost the CONCESSIONAIRE to construct and upkeep its own dispensaries or hospital(s) at its site of operation.
- (4) The workmen's compensation law of the Republic of Liberia shall apply to accidents occurring to employees of the CONCESSIONAIRE.

**SECTION II - EDUCATION**

The CONCESSIONAIRE shall provide free of charge primary and secondary school facilities and education for the children of all employees and of all Government Officials working in connection with the CONCESSIONAIRE'S operations in Concession Area; rules, regulations and standards established by the Ministry of Education shall be followed. Notwithstanding the foregoing, if the CONCESSIONAIRE'S site of operations is within a ten (10) mile radius of an existing school(s) be it public (government) or private, the CONCESSIONAIRE shall contribute to the operation of any such school(s) rather than building its own school(s).

The CONCESSIONAIRE'S contribution to the operation of any school(s) shall be done in consultation with the Ministry of Education. The CONCESSIONAIRE'S contribution hereunder shall be the equivalent of the amount of money it would have cost the concessionaire to construct and upkeep its own school(s) at its site of operations.



**SECTION III - PERSONNEL, USE OF LOCAL LABOR, APPLICATION OF LABOR LAW**

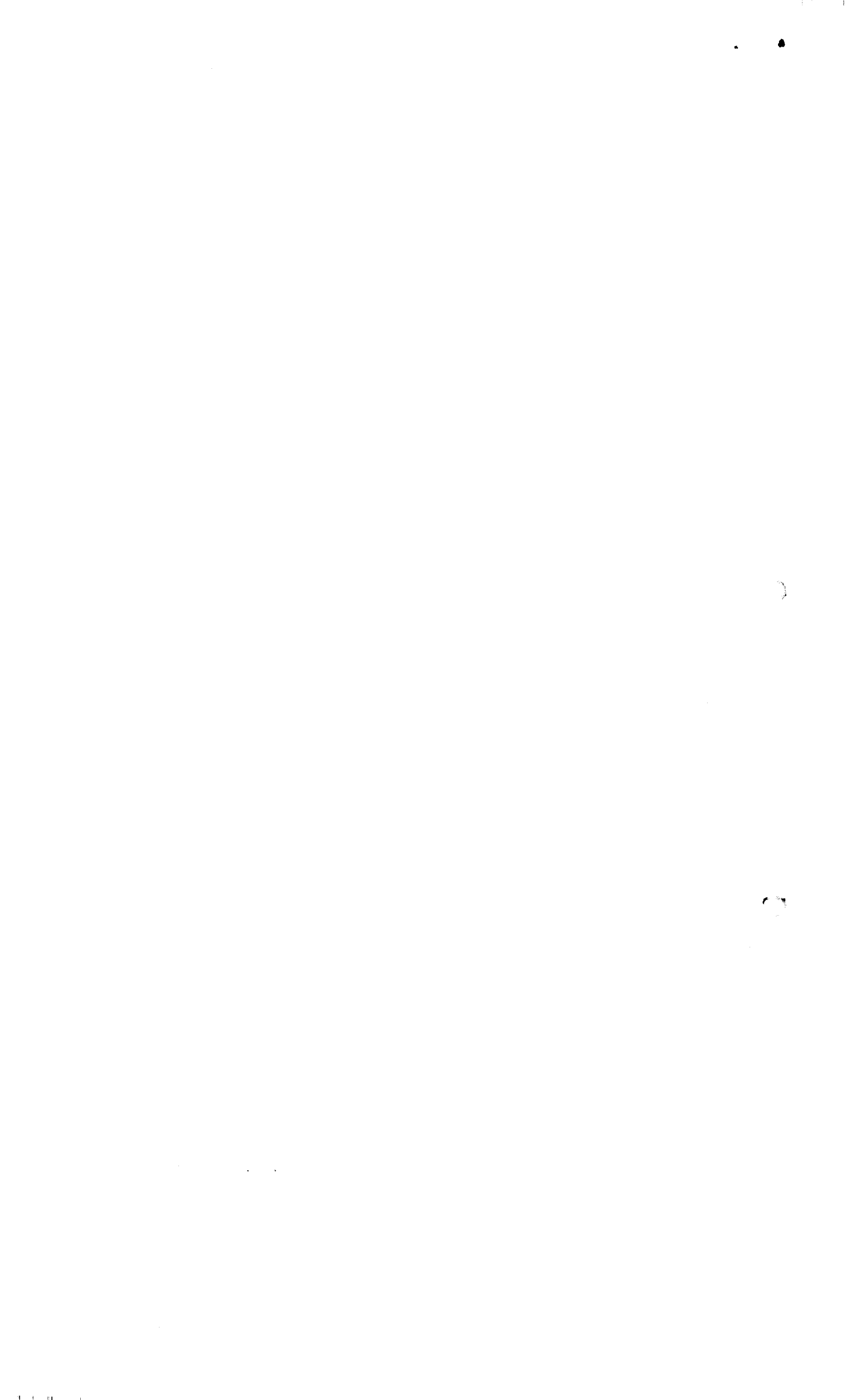
- (1) The CONCESSIONAIRE shall not import unskilled labor for carrying out any operations or activities under this Agreement except in the event that the local supply becomes inadequate to the CONCESSIONAIRE'S needs. In such latter event, the CONCESSIONAIRE shall undertake to import only such foreign unskilled labor as shall be acceptable to the Ministry of Labor.
- (2) Subject to the foregoing restrictions and any and all applicable LIBERIA IMMIGRATION LAW, all persons deemed by the CONCESSIONAIRE to be required for the prosecution of its operations and activities under this Agreement shall enter and reside in the REPUBLIC OF LIBERIA AND TO DEPART THEREFROM.
- (3) In selecting any employee to carry out its operations under this Agreement the CONCESSIONAIRE shall give preference to competent and qualified Liberian citizens.
- (4) All officers or employees of the CONCESSIONAIRE who are not Liberian (even though they may for the time being be residents of Liberia) shall be subject to payment of taxes as required by law in consonance with taxes levied or imposed upon all other similarly situated as the subject to the foregoing, the payment of income tax to the GOVERNMENT by any such officers or employees of the CONCESSIONAIRE shall be governed by the income tax laws of Liberia in force in the taxable year and to the provisions of any treaty or agreement in respect of double taxation as may be concluded between the GOVERNMENT and the Government of any country of which such officers or employees are subjects or citizens.
- (5) The CONCESSIONAIRE shall conform with the provisions of the Labor laws in Vogue during the term of this Agreement or any extension or renewal thereof.

**SECTION IV - TRAINING OF LIBERIAN CITIZENS**

- (1) The CONCESSIONAIRE shall provide for the training of Liberians in order to qualify them for technical and administrative posts in the CONCESSIONAIRE'S operations and activities in Liberia. The minimum number of Liberians employed in technical and administrative positions shall, within five (5) years of the commencement of operations under this Agreement, reach at least seventy-five (75%) percent of the total number of persons employed in such positions and shall within ten (10) years from the date of commencement of operations under this Agreement, reach at least ninety-five (95%) percent of the total number of persons employed in such positions by the CONCESSIONAIRE in Liberia
- (2) The CONCESSIONAIRE shall provide for the training of Liberians in order to qualify them for supervisory and senior managerial posts. The minimum number of such Liberians employed in supervisory and managerial posts shall reach ninety (90%) percent within ten (10) years from the date of commencement of operations under this Agreement.

**SECTION V - EMPLOYMENT OF PROFESSIONAL LIBERIAN FORESTERS**

Notwithstanding the provisions of Sections I and II above, a CONCESSIONAIRE having a valid Forest Utilization Agreement shall be required to employ a minimum of four (4) trained Liberian Foresters.



**ARTICLE VIII- OTHER OBLIGATIONS OF THE CONCESSIONAIRE**

**SECTION I – DISPOSAL OF WASTES; AVOIDANCE OF POLLUTION**

- (1) The CONCESSIONAIRE shall provide for the proper dispositions of sawdust, mill and other wastes so as to avoid the pollution of rivers, streams and other waterways and to prevent such wastes from becoming a nuisance or injurious to persons and property.

**SECTION II – REFORESTATION BY CONCESSIONAIRE**

- (1) The CONCESSIONAIRE may carry out or cause to be carried out such reforestation practices and measures as will ensure the perpetual use of the forest within the Concession Area. Such reforestation practices shall be in accordance with generally accepted silvicultural methods and practices and shall be in accordance with the rules and regulations from time to time promulgated by the Forestry Development Authority.

- (2) The CONCESSIONAIRE shall undertake such technical studies and research in cooperation with and as required by the Forestry Development Authority and will contribute as required to the development of optimum technical standards of any reforestation practice.

**SECTION III – PREVENTION OF DAMAGE TO CONCESSION AREA**

The CONCESSIONAIRE shall use all reasonable efforts to prevent encroachment by unauthorized persons into the Concession Area and to prevent damage to trees, and other forest products except to fell or extract under the terms of this Agreement.

**SECTION IV – GOVERNMENT'S AND THIRD PARTIES' RIGHT TO USE CONCESSIONAIRE'S FACILITIES**

- (1) The CONCESSIONAIRE shall:-
- (a) Transport the passengers and carry the freight of the Government and all mail of the public and GOVERNMENT on its railroads, if any, to the extent that such transport and carriage does not unduly prejudice nor interfere with the CONCESSIONAIRE'S operations hereunder;
  - (b) Transport the passengers and carry the freight of third parties on its railroads to the extent that such transport and carriage does not unduly prejudice nor interfere with the CONCESSIONAIRE'S operations hereunder. Provided, however, that the transportation and carriage of such third party passengers and freight shall be on such reasonable terms and at such reasonable charges as the CONCESSIONAIRE may impose;
  - (c) Allow the public and the GOVERNMENT to use free of charge any roads constructed and/or maintained by the CONCESSIONAIRE provided, however, that such use shall not unduly prejudice nor interfere with the CONCESSIONAIRE'S operations hereunder;
  - (d) Allow the public and the GOVERNMENT to use the CONCESSIONAIRE'S wharf and harbor facilities on such reasonable terms and reasonable charges as the CONCESSIONAIRE shall impose. Provided, however that such use shall not unduly prejudice the CONCESSIONAIRE'S operations hereunder.



- (e) Allow the GOVERNMENT and third parties to have access over the Concession Area provided that such access does not amount to encroachment as provided for in Section III hereof and does not unduly prejudice nor interfere with the CONCESSIONAIRE'S operations hereunder.
- (f) Allow the GOVERNMENT to place, free of charge at its own expense, telegraph and/or telephone wires on the poles or on the lines of the CONCESSIONAIRE, provided that such installations do not unduly interfere with the CONCESSIONAIRE'S efficient use of such poles and lines;
- (g) Allow the GOVERNMENT and third parties to explore for and exploit minerals and other substances within the concession area, as provided for in Section II, Article I hereof.

**SECTION V - SCIENTIFIC EXPLOITATION: PROTECTION AGAINST WASTE AND NEGLIGENCE**

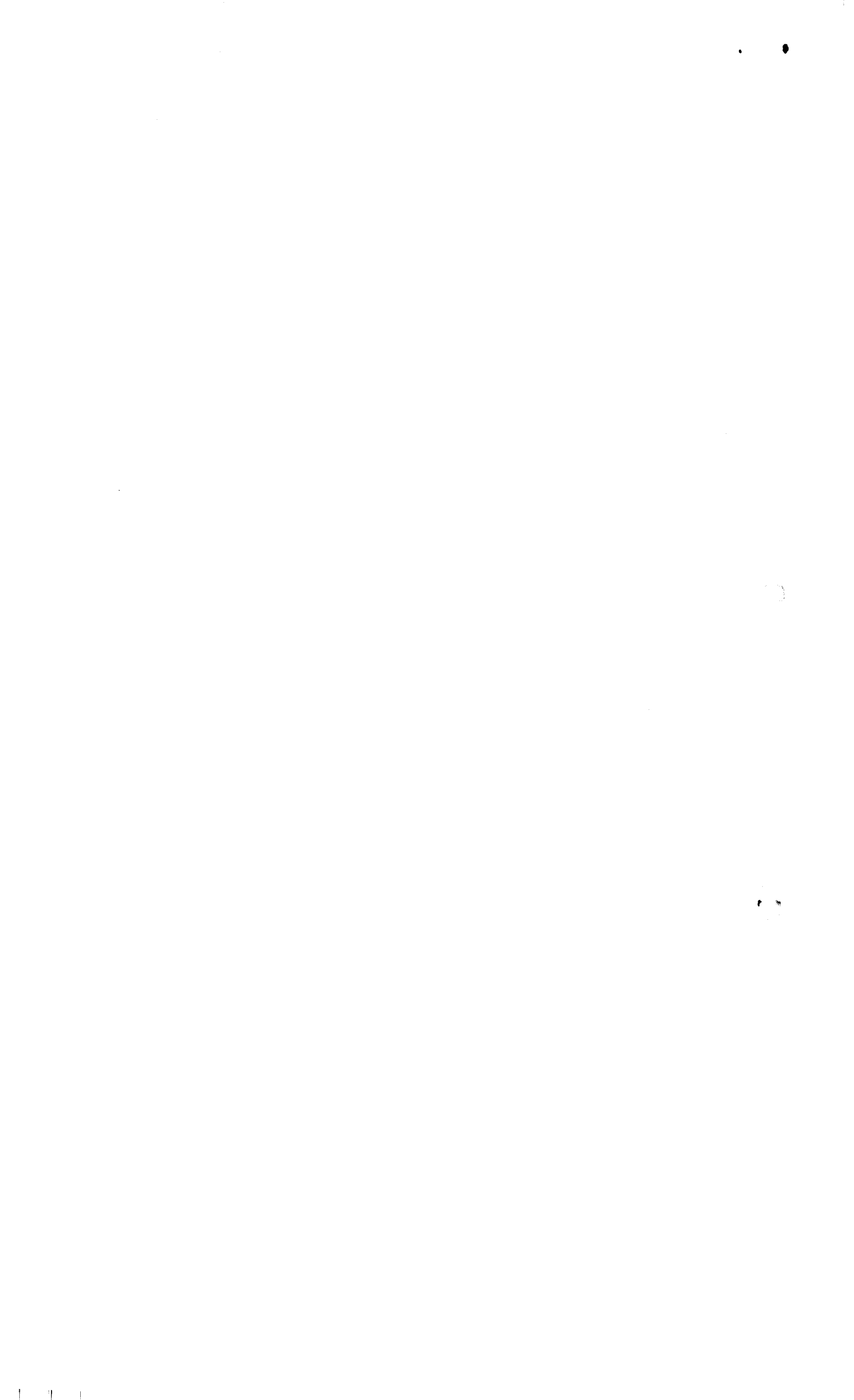
- (1) The CONCESSIONAIRE shall carry on all its operations and activities under this Agreement in accordance with good timbering practices and in accordance with modern and accepted scientific technical principles applicable to timber and forestry operations and processing. All operations and activities under this Agreement shall be conducted so as to avoid waste and loss of natural resources and to protect natural resources against damage and to prevent pollution and contamination of the environment. Production shall not be restricted to the exploitation of particular species of trees except to the extent explicitly provided in this Agreement
- (2) The CONCESSIONAIRE shall take all necessary measures to prevent or control fires and shall immediately notify the proper Government Authorities of any fires that may occur.
- (3) The CONCESSIONAIRE shall take necessary measures to prevent damage to the rights and property of the GOVERNMENT and third parties. In the event of negligence or carelessness on the part of the CONCESSIONAIRE or its agents or of any contractor carrying on operations or activities for the CONCESSIONAIRE under this Agreement, they shall be liable for each injury in accordance with the laws of the Republic of Liberia generally applicable.

**SECTION VI - SHIPPING PREFERENCE**

In engaging any ship for the transportation of logs, timber or processed products under this Agreement, the CONCESSIONAIRE shall give preference to ships in the following order:-

- (a) ships owned by the Liberian Government;
- (b) ships owned by citizens of Liberia;
- (c) ships owned by shipping companies owned by Liberian citizens;
- (d) ships registered in Liberia.

Provided, however, that such preference shall be given only if the rates of such are competitive with prevailing market rates. For the purposes of this Section, the term "Ship" shall include any vessel suitable for the shipping of logs, timber or processed products under this Agreement.





## **SECTION VII – SAVING OR RIGHTS OF GOVERNMENT AND OTHERS**

- (1) Nothing in this Agreement shall be deemed to limit the right of GOVERNMENT or of authorized parties to explore for and exploit minerals or other substances in the Concession Area or generally to limit the right of GOVERNMENT or any other authority or person in the Concession Area except as expressly provided herein. Provided, however, that the CONCESSIONAIRE'S operations and activities under this Agreement shall not be unduly interfered with nor its rights prejudiced.
- (2) The GOVERNMENT reserves the right to take from the Concession Area such timber and forest products as may be required for public purposes and issue casual felling permits to indigenous inhabitants to take forest products for their own use or for use in connection with any traditional arts or craft.

## **ARTICLE IX – LAWS AND PENALTIES**

### **SECTION I – GOVERNING LAW**

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

### **SECTION II – LAWS OF GENERAL APPLICATION**

Unless specifically provided herein to the contrary, the CONCESSIONAIRE, its shareholders and employees and all persons dealing with any of them shall be deemed or is intended to be third party beneficiary under this Agreement unless specific provision to that effect is contained here in.

### **SECTION III – COMPLIANCE WITH FORESTRY LAW: PENALTIES FOR OFFENSES**

- (1) The CONCESSIONAIRE shall comply with the provisions of the General Forestry law (Liberian code of Laws Revised) as they are from time to time in effect.
- (2) The CONCESSIONAIRE shall be subject to penalties for offenses against the said Title 23 of the Liberian Code of Laws Revised as provided in said law.

### **SECTION IV – PENALTY FOR BREACH OF AGREEMENT**

Unless other wise specifically provided as in the GOVERNMENT'S right of revocation under Section III Article X, any Breach of the Agreement shall subject the breaching party of damages or specific performance as fixed by the arbitral tribunal.

### **SECTION V – PROHIBITED TRANSACTIONS**

The CONCESSIONAIRE shall not directly or indirectly engage in:-

- (a) Any transaction with respect to timber products produced with any state which the GOVERNMENT has by law or by official pronouncement declared to be hostile or unfriendly; or
- (b) Any transaction prohibited by Law.



## SECTION VI – INDEMNIFICATION

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

## ARTICLE X – FORCE MAJEURE: CANCELLATION AND ARBITRATION GOVERNMENT'S POWER OF REVOCATION FOR CAUSE/TERMINATION

- (1) Failure on the part of the CONCESSIONAIRE or of the GOVERNMENT to fulfill any of the terms and conditions of this Agreement other than the CONCESSIONAIRE'S obligations to make payments of money, shall not give either party or be deemed to be a breach of the Agreement insofar as such failure arising by Force Majeure.
- (2) If, though Force Majeure, the fulfillment by the CONCESSIONAIRE of the terms and conditions of this Agreement be delayed, the period of such delay shall be added to the periods fixed by this Agreement.
- (3) The party hereto failing to fulfill the terms and conditions of the Agreement because of Force Majeure shall give notice in writing of such Force Majeure as soon as possible after the occurrence to the other party.
- (4) The term, Force Majeure, as used in this Agreement shall mean any cause beyond the control of the parties hereto and which the parties could not foresee and/or reasonably provide against and which prevents the parties hereto from wholly or partly performing any respective duties under this Agreement.

FORCE MAJEURE shall include but is not limited to, any of the following: -

- (1) War, revolution, insurrection or hostilities (whether declared or not);
- (2) Riot, civil commotion or civil uprising (other than among the CONCESSIONAIRE'S employees)
- (3) Earthquake, flood, tempest, hurricane, lightning or other natural disaster;
- (4) Epidemic.
- (5) Any party hereto who fails because of Force Majeure to perform its obligation here under shall, upon the cessation of the Fore Majeure, take all reasonable steps within its power to make good and resume, with the least possible delay, compliance with those obligations.

## SECTION II – CANCELLATION AND ARBITRATION

- (a) Any dispute arising under this contract which is not disposed of by the Agreement shall be decided by the GOVERNMENT, which shall reduce its decision to writing and mail or otherwise furnish a copy thereof to the CONCESSIONAIRE. The decision of the GOVERNMENT shall be final and conclusive, if within forty-five (45) days from the date of receipt of such copy, the CONCESSIONAIRE fails to mail or otherwise furnish to the GOVERNMENT written appeal.



- (b) The GOVERNMENT shall have sixty (60) days after receipt of the appeal, or such longer time as the parties hereto may agree upon to consider the appeal of the CONCESSIONAIRE. If at the end of that time a satisfactory resolution of the dispute is not reached, then the procedure set forth in Clause (c) hereof shall be followed.
- (c) If any dispute or controversy cannot be resolved as set forth above, the matter shall be referred to and resolved by an Arbitration Panel sitting in Liberia. This Arbitration Panel shall consist of three (3) Arbitrators. One designated by each party hereto within fifteen (15) days following the date on which one party hereto notifies the other in writing of its decision to submit the controversy to Arbitration; the third member, acting as President of the Panel, shall be designated by the other two members of the Panel within fifteen (15) days following the nomination of the second Arbitrator. If both parties hereto fail to designate the third member, this Arbitrator shall be nominated by the Chief Justice of the Supreme Court of the Republic of Liberia. The decision of the Arbitration Panel shall be adopted by simple majority and shall be final. A record of the proceedings shall be kept and signed by the members of the Panel at each meeting. The interested parties shall be immediately informed of the decision taken by means of written notification signed by the president of the Arbitration panel. The expenses incurred by the Arbitration Panel shall be borne equally by the parties but each party shall bear its own costs.

**SECTION III - GOVERNMENT POWER OF REVOCATION FOR CAUSE:  
PROCEDURE FOR TERMINATION**

- (1) The GOVERNMENT shall have the right to revoke or terminate this Agreement in its entirety in the event that:
- (a) The CONCESSIONAIRE fails to commence operations as required in Sub-Section (1) of Section VIII, Article I hereof or fails to meet its expenditure obligations with the period specified in Sub-Section (2) of Section VIII, Article I hereof, or;
- (b) No commercial shipment of logs, timber or timber products is made within one and one half (1 ½) years of the Effective Date of this Agreement, or;
- (c) Any rent, stumpage fee or income tax payable by the CONCESSIONAIRE under this Agreement shall be in arrears contrary to the provision of Article V herein;
- (d) The CONCESSIONAIRE assigns to a third party the whole or part or the rights held by it under this Agreement without the previous consent of the GOVERNMENT as provided in Section VI of Article I hereof, or;
- (e) The CONCESSIONAIRE has knowingly submitted to the GOVERNMENT any false statements which were a material consideration for the execution of this Agreement or;
- (f) The CONCESSIONAIRE fails to comply with any final decision of this Arbitral Tribunal in a controversy arising between the GOVERNMENT and the CONCESSIONAIRE, or;
- (g) The CONCESSIONAIRE intentionally extracts any natural resource other than timber and other forest products without express authorization by the GOVERNMENT, or;
- (h) There is any other Breach or non-observance by the CONCESSIONAIRE of any of the terms, obligations or conditions of this Agreement, or any law of Liberia not superseded by this Agreement, or;



- (i) The CONCESSIONAIRE makes or enters into any Agreement for composition with its Creditors or goes into liquidation whether involuntary or voluntary (other than for the purpose of reconstruction) or if a receiver is appointed;
- (2) Then the GOVERNMENT may, subject to the provisions of this Section, revoke or terminate this Agreement:-
- (a) In the event that the GOVERNMENT deems it desirable to revoke this Agreement pursuant to Sub-Section (1) above for any Breach or Non-Observance by the CONCESSIONAIRE or any term, obligation or condition of this Agreement, the GOVERNMENT shall give to the CONCESSIONAIRE notice in writing specifying the particular Breach or Non-Observance complained of and requiring the CONCESSIONAIRE within three (3) calendar months of such notice (or within extended time as may seem fair to the GOVERNMENT having regard to the circumstances of the particular case) to remedy the same or make reasonable compensation to the GOVERNMENT.
- (b) If the CONCESSIONAIRE shall fail to comply with said notice the GOVERNMENT may, after the expiration of said three (3) calendar months or extended time, revoke this agreement provided, however, that if:
- (i) The CONCESSIONAIRE disputes whether there has been any failure to comply with any term obligation or condition hereof, and
- (ii) Such dispute is arbitrable under Section II of Article of Article X hereof, and
- (iii) The CONCESSIONAIRE has within the period of three (3) months or extended time referred the dispute to arbitration and has thereafter diligently prosecuted its claim thereunder.

The GOVERNMENT shall not terminate this Agreement except, as the same is consistent with the terms of the arbitration award.

- (3) Upon termination of this Agreement by the GOVERNMENT, every right of the CONCESSIONAIRE hereunder shall cease (save as specifically otherwise provided hereunder) but subject nevertheless and without prejudice to any obligation or liability imposed or incurred under this Agreement prior to the Effective Date or termination and to such rights as the GOVERNMENT may have under the law.

#### **SECTION IV - NON-WAIVER**

The failure of either party hereto at any time to require performance by the other party of any provisions hereunder shall in no way effect the party's rights to enforce any of the other provisions of this Agreement; nor shall the waiver by either party of the Breach of any provisions hereof be taken or held to a waiver of any such subsequent Breach of such provision or as a waiver of the provision.

#### **SECTION V - APPROVAL AND CONSENT TO BE REASONABLE**

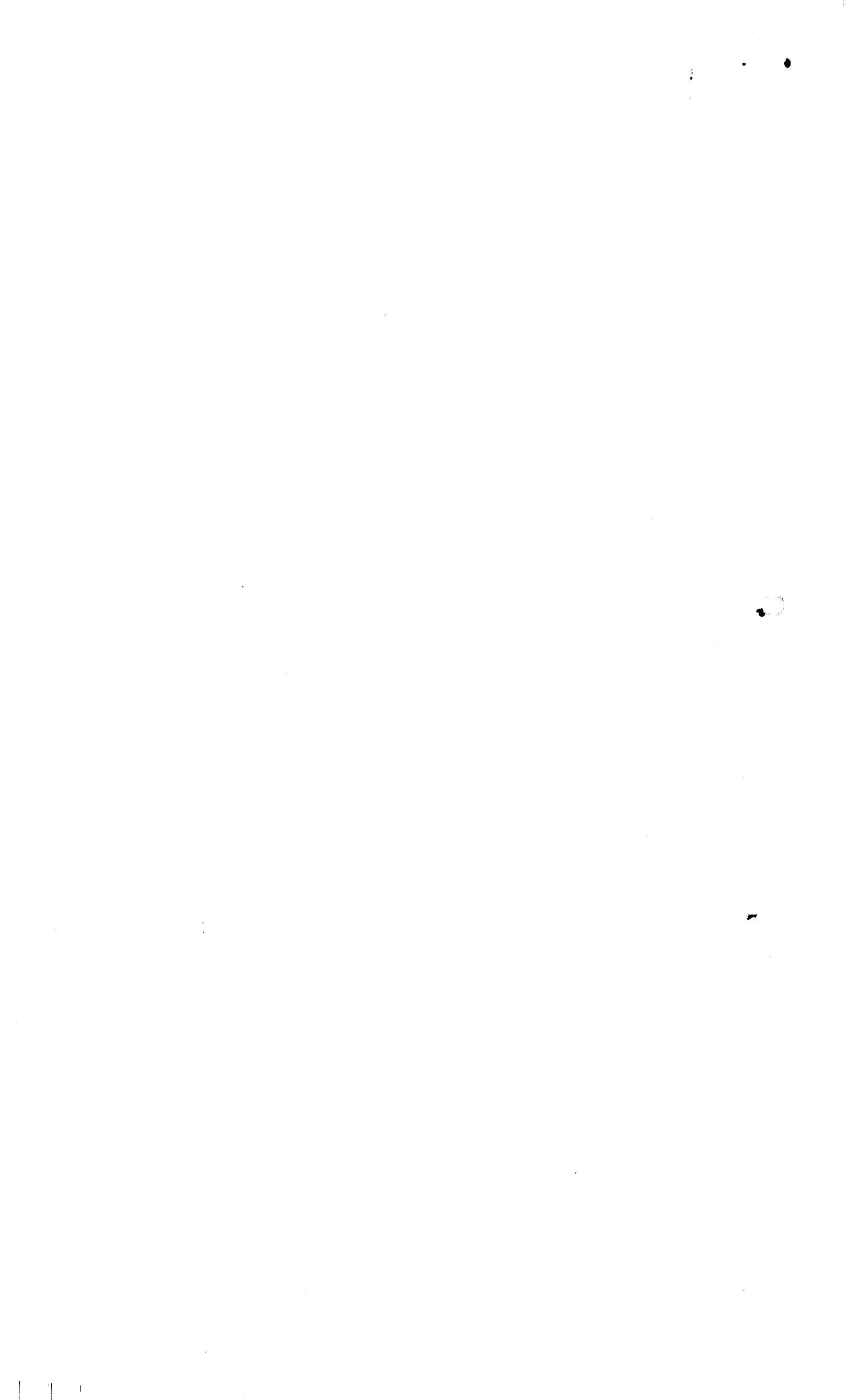
Any approvals and consents required under the terms and conditions of this Agreement (whether or not expressed to be at the discretion of any individual or GOVERNMENT Authority) shall not be unreasonably withheld nor granted subject to conditions which are unduly onerous or discriminatory against the CONCESSIONAIRE.





**SECTION VI - REMOVAL OF PROPERTY AT TERMINATION**

- (1) Upon the expiration or earlier termination of this Agreement or any part thereof and of any extensions or removal thereof, the CONCESSIONAIRE shall leave in good and save running order, all fixed assets such buildings, roads, railroads, airstrips, harbors and docks constructed by the CONCESSIONAIRE under this Agreement and the same shall revert to the GOVERNMENT.
- (2) All plants and equipment and movable assets necessary to the continued operations under this Agreement shall be offered by the CONCESSIONAIRE for sale to the GOVERNMENT at the book value shown in the CONCESSIONAIRE'S accounts after depreciation. In the event that the GOVERNMENT fails to exercise such right of purchase within ninety (90) days of the termination of the concession, the CONCESSIONAIRE may remove all such plants and equipment and movable assets.
- (3) "Subject to any claims which the GOVERNMENT may have against the CONCESSIONAIRE, arising under this Agreement or otherwise, all normal stockpiles and other liquid assets used by the CONCESSIONAIRE in connection with its operations and activities under this Agreement shall remain the property of the CONCESSIONAIRE and may be freely withdrawn, exported, sold or otherwise disposed of, subject to the controlling Liberian Revenues and Finance Law, provided however, that the GOVERNMENT shall have the right of first refusal to purchase at a fair price to be determined between the parties, any such stockpiles or other liquid assets. In the event that the GOVERNMENT fails to exercise such right of purchase within ninety (90) days after the termination of the Concession, the CONCESSIONAIRE may remove such a stockpile and other liquid assets".



IN WITNESS HEREOF, the parties hereto have hereunto set their hands and signatures on the day and year first above written.

IN THE PRESENCE OF:

Pandora B. Stewart

[Signature]

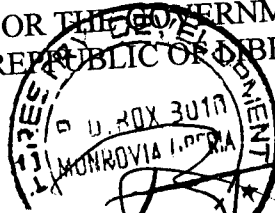
Rene L. M. Mapleh

[Signature]

APPROVED:

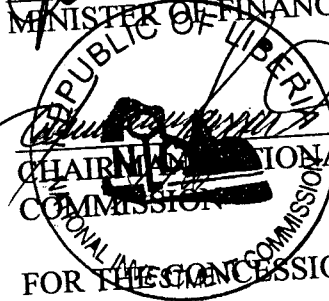
\_\_\_\_\_  
PRESIDENT  
REPUBLIC OF LIBERIA

FOR THE GOVERNMENT OF THE  
REPUBLIC OF LIBERIA



[Signature]  
MANAGING DIRECTOR/FORESTRY  
DEVELOPMENT AUTHORITY

Johna Bestman  
MINISTER OF FINANCE, R.L.



[Signature]  
CHAIRMAN NATIONAL INVESTMENT  
COMMISSION  
FOR THE CONCESSIONAIRE

James C. Massey  
RGMM GROUP INCORPORATED

ATTESTED

[Signature]  
MINISTER OF JUSTICE, R.L.

DATE: \_\_\_\_\_



## ANNEX "A"

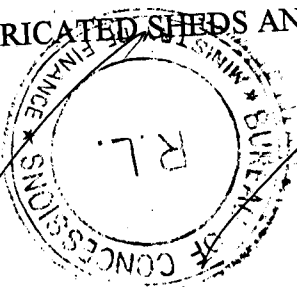
**ITEMS TO BE IMPORTED OR PURCHASED DUTY-FREE FOR  
CORPORATE USE  
BY RGMM INCORPORATED**

<u>ITEM</u>			
1)	BULDOZERS	3	MB
2)	LOADERS	3	MB
3)	SKIDDERS	3	MB
4)	MOTORGRADERS	3	MB
5)	ESCAVATORS	2	MB
6)	COMPACTERS	2	MB
7)	SCRAPERS	2	MB
8)	FORKLIFTS	2	MB
9)	TRACTORS	4	MB
10)	TRUCKS	6	MB
11)	TRAILERS	12	MB
12)	3 JEEPS		
13)	<sup>MB</sup> 3 PICK-UPS		
14)	3 BUSES		
15)	<del>WATER PLANE</del> MB		
16)	<sup>MB</sup> 3 SETS OF GENERATOR		
17)	TRANSFORMERS		
18)	WORKSHOP EQUIPMENT		
19)	WORKSHOP TOOLS		
20)	WATER PUMPS		
21)	WELDING MACHINES		
22)	LATHE MACHINES		
23)	WATER PRESSURE PLANT		
24)	WATER TREATMENT EQUIPMENT		



ANNEX "A" CONTINUEDITEM

- 25) SAW MULL EQUIPMENT AND ALL RELEVANT PARTS
- 26) KILN DRY PLANT AND ALL RELEVANT PARTS
- 27) VENEER PLANT AND ALL RELEVANT PARTS
- 28) PLYWOOD FACTORY AND ALL RELEVANT PARTS
- 29) WOOD PROCESSING MACHINES AND EQUIPMENT/TOOLS
- 30) HOSPITAL EQUIPMENT AND MEDICINES
- 31) SCHOOL FACILITY REQUIREMENTS
- 32) LOGGING EQUIPMENT, CABLES, WIRES, ETC.
- 33) 30 P/S POWER SAWS
- 34) FIRE PROTECTION EQUIPMENTS
- 35) BOILERS
- 36) COMMUNICATION EQUIPMENTS, RADIOS & TELEPHONES, ETC.
- 37) 3 SETS OF COMPUTERS
- 38) TYRES
- 39) SPARE PARTS
- 40) MOBILE HOMES
- 41) PREFABRICATED SHEDS AND HANGARS



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