

REPUBLIC OF LIBERIA)
MONTSERRADO COUNTY)

THIRD PARTY FOREST MANAGEMENT AGREEMENT

THIS **THIRD PARTY FOREST MANAGEMENT AGREEMENT**, made and entered into this 19th day of July A.D., 2019 by and between **MARBLEE & KARBLEE COMMUNITY FOREST MANAGEMENT BODY**, representing the **MARBLEE & KARBLEE AUTHORIZED COMMUNITY FOREST** located in District 1&2 Grand Bassa County, hereinafter known and referred to as the "Community", and **African Wood and Lumber Company** a corporation organized and existing under the Laws of the Republic of Liberia, represented by its **Chief Executive Officer**, Mr. Cesare Colombo., hereinafter known and referred to as "Company", hereby:

ABC

WITNESSETH:

WHEREAS, the people of Marblee & Karblee Community Forest are the owners of the Marblee & Karblee Community Forest Authorized Community Forest located in District 1&2 Grand Bassa County; and

WHEREAS, the people of Marblee & Karblee Community Forest have entered into an agreement with the Government of Liberia, by and through the Forestry Development Authority (FDA) for the sustainable management and use of its forest resources in line with the Forestry Laws of Liberia; and

WHEREAS, the people of Marblee & Karblee Community Forest have expressed their readiness to offer their forest for Commercial purposes in line with the requirements of the Community Rights Laws with Respect to Forest Lands, the Community Rights Law Regulations, the National Forestry Reform Law of 2009 and its attending regulations; and

WHEREAS, **African Wood and Lumber Company**, is a duly registered and qualified Company with a Pre-Qualification Certificate to engage directly or indirectly in logging activities in the Republic of Liberia; and

WHEREAS, **African Wood and Lumber Company** has represented to the people of Marblee & Karblee Community Forest through the Marblee & Karblee Community Forest Management Body that it is disposed to manage their Community Forest for commercial purpose to further the development of the people of Marblee & Karblee Community Forest; and

ABC

WHEREAS, Marblee & Karblee Community Forest Management Body has consented and determined it to be in the best interest of the people of Marblee & Karblee Community Forest for **African Wood and Lumber Company**, to commercially manage their forest under this Community Forest Management Agreement.

ABC

NOW THEREFORE, for and in consideration of the premises, mutual promises, covenants and agreements herein contained, the Parties hereby agree as follows:

1. COMMUNITY FOREST AREA

The Community Forest Management area for the purpose of this Agreement is situated in District 1&2, Grand Bassa County, Republic of Liberia and covers a total area of **24,355 hectares / 60,183 acres** as detailed in Annex I.

2. DURATION OF AGREEMENT

This Community Forest Management Agreement shall be in full force and effect for a period of five (5) years which shall commence immediately upon the signing of this Agreement between the **African Wood and Lumber Company** Authorized Community Forest Management Body and. It is mutually understood and agreed that the Social Agreement (which forms an integral part of this agreement) and its implementation shall be subject to periodic review by the parties hereto every five (5) years during the life of this agreement.

ABC

3. FISCAL CONSIDERATION

The Parties hereto have accepted and made the following fiscal considerations for this Community Forest Management Agreement:

3.1 **African Wood and Lumber Company** shall pay the amount of US\$ 1.25 (United States Dollars One 25/100) per hectare annually for land rental fee in accordance with the National Forestry Reform Law. This fee shall be paid directly to the Forestry Development Authority (or its agent). The FDA in accordance with the Community Rights Law with Respect to Forests Land shall remit fifty five percent (55%) of the collected Land Rental to the Community in a timely manner. African Wood and Lumber Company shall inform the Marblee & Karblee Authorized Community Forest Management Body of its payment of the Land rental at the time of each payment. AEC

3.2 **African Wood and Lumber Company** shall pay the amount of US\$ 4.00 (United States Four) for every cubic meter of log felled and shipped, to the Community on a quarterly basis. African Wood and Lumber Company shall furnish the Community with copies of Log Data Form (LDF), which shall serve as the official source to determine actual volume felled. Payment of all royalties or fees due the Community (excluding land rental) shall be deposited directly into the Community's bank account. The Community shall furnish African Wood and Lumber Company with its bank's account number and other banking information required for such deposit(s). The Four Dollars represent United States One Dollar Seventy Five Cents (US\$1.75) cubic meter fee and United States Two Dollars Twenty Five Cents (US\$2.25) as social development fee (mentioned in Count 5.9 of this agreement) D

4. REQUIREMENTS BEFORE COMMERCIAL FELLING

It is mutually understood and agreed by **African Wood and Lumber Company** and the Community that no commercial felling shall commence until the completion of the Community Forest Management Plan, and the completion of the Environmental Impact Assessment and other felling requirements established by the FDA. [Signature]

5. SOCIAL AGREEMENT

The people of Marblee & Karblee Authorized Community Forest, having identified their representative body, firstly the Marblee & Karblee Authorized Community Assembly and the Marblee & Karblee Authorized Community Forest Management Body (**MKCFMB**), to represent it in accordance with the Community Rights Law with Respect to Forest Land and its regulations, shall ensure no other person outside of the **MKCFMB** shall in anyway represent himself/herself/themselves as the authorized representatives of the people of Marblee & Karblee Authorized Community Forest in relation to any terms of this Agreement, including financial payments or social obligations. It is mutually understood and agreed by African Wood and Lumber Company and the Community that:

1. **MKCFMB** has the power to negotiate on all affected community's behalf.
 2. **MKCFMB** shall provide a list of its members and be responsible to inform African Wood and Lumber Company of any change to its membership immediately.
 3. **MKCFMB and African Wood and Lumber Company** hereby agree and stipulate that the social commitment to the people of Marblee & Karblee Authorized Community Forest shall follow the guidelines as prescribed by the Forestry Development Authority.
 4. **MKCFMB** agrees to inform **African Wood and Lumber Company** of all relevant traditional practices and regulations to ensure compliance.
 5. **MKCFMB** agrees to ensure that water collection points are protected and maintained.
 6. **MKCFMB** agrees that it shall operate completely within the guidelines and regulations prescribed by Forestry Development Authority.
 7. **MKCFMB** agrees that the Community shall be educated to avoid the expansion of subsistence agriculture activities within the commercial area and that where possible assist any existing agricultural activity to relocate.
 8. **MKCFMB** agrees to educate the community to discourage unnecessary fire disposal and encourage fire safety practices especially in contract area.
 9. **African Wood and Lumber Company** agree that its timber operations shall be timed to minimize disruption to subsistence agricultural activities.
- A

10. **African Wood and Lumber Company** agree that its timber operations shall respect the existing cash crops within the Community Forest Management Area.
11. **African Wood and Lumber Company** agree to support community development programs through the payment of US\$ 2.25 on every cubic meter of logs harvested. In addition to the payment of this two dollars twenty five cents social development fee on every cubic meter of log harvested, the Company shall do the following:
12. **African Wood and Lumber Company** agrees to design its logging operations to minimize effects on traditional practices such as taboo day, sacred sites, and the range of taboo animals/plants, medicinal plants sites, hunting grounds, to the extent that they will respect the traditional practices, laws and regulations of the people of Marblee & Karblee Authorized Community Forest. ABC
- A. **Scholarship Fund:** The Company shall make an annual contribution of **US\$3,000.00** towards the Community's Scholarship program annually. Payment shall be made in August of each year.
- B. **Road Projects:** The Company can and will Construct or recondition two (2) roads in the Community. In addition to the two roads it will maintain all operational roads and access roads related to its operations. The roads to be conditioned or constructed shall include the road from Youwolo town to Geor town, road from Gbeayea town to Geor Town and the road from Charlies town to Balam Town. The timeline for reconditioning of the mentioned roads include the first year, second year and third year of the Company's operation. H
13. **African Wood and Lumber Company** hereby agreed to build and maintain camps near its operations areas for the convenience of its operations when works commence.
14. **African Wood and Lumber Company** agree not to harvest palm trees for processing, bridge construction and/or export.
15. **African Wood and Lumber Company** agree to have **MKCFMB** representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the **MKCFMB**.
16. **African Wood and Lumber Company** agree to provide first preference for employment for skilled and unskilled labor to the forest dependent communities in the boundaries of the commercial logging area. However, if the education, skills or expertise to occupy such position requested by the Company is not available in the affected communities, the Company will sought individuals within the Republic of Liberia with such education, skills and expertise to assume those positions by recruiting them. H
17. **African Wood and Lumber Company** agree to afford equal opportunities for the employment of women in the skilled and unskilled labor force in the commercial logging area.
18. The **Company** shall facilitate the holding of quarterly meetings between the Company and Community. The **KMCFMB** shall facilitate monthly meetings with members of the Community.

NON-TIMBER FOREST PRODUCTS

This agreement does not cover the harvesting of non-timber forest products. The Community retains exclusive right over the use and harvesting of non-timber forest product or the contracting of its use or harvesting to a third party but shall not interfere with the operations of the Company.

6. OBLIGATIONS OF AFRICAN WOOD AND LUMBER COMPANY

- 6.1 **The Company** must ensure that all of its operations and activities are in full compliance with the laws of Liberia.
- 6.2 **The Company** must ensure respect for all local customary laws.
- 6.3 **The Company** must ensure transparent reporting to **MKCFMB** at all times during the life of this Agreement.
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7. OBLIGATIONS OF MARBLEE & KARBLEE AUTHORIZED COMMUNITY FOREST

- 7.1 The Community shall ensure that the MKCFMB shall be the sole entity responsible for official interaction with **the Company**, to avoid any misunderstanding.
- 7.2 The Community shall ensure that it performs and maintains full education and information to its clan members to avoid confusion arising from operation. ABC
- 7.3 The Community must ensure full access to **the Company** to the contracted area at all times for the duration for this Agreement.
- 7.4 The Community shall protect **the Company** from any challenges to its right to manage the contractual area, whether legal, cultural or otherwise, that may arise during the life of this agreement. It shall ensure that the Community refrains from pit sawing in the contracted area.
- 7.5 The Community shall ensure where possible, that materials, such as sand, gravel, etc., be made available without charge of any kind for **the Company's** use for building camp sites, housing units, building and road work within the community forest area.

8. FORCE MAJEURE

The parties mutually agree that in the event **the Company** is prevented from performing this Agreement as contemplated and provided herein due to force majeure, this Agreement shall be extended by the period of such force majeure on the request of **the Company**. Force majeure as used herein is defined as any event beyond the reasonable control of a **party**, including, but not limited to Acts of God, war, elements of war, civil commotions, armed incursion, armed insurrection, land dispute(s) and fire not attributed to the conduct or negligence of a **party**, its management, agent and/or affiliate, which the party could not have reasonably anticipated or could have been expected to prevent or control. [Signature]

9. DISPUTE SETTLEMENT [Signature]

- 9.1 Any dispute connected with the formation, performance, interpretation, nullification, termination or invalidation of this agreement or arising from, or related to this agreement in any manner whosoever which cannot be resolved through the direct consultations and negotiations by and between the parties shall be referred to arbitration by the affected party
- 9.2 Arbitration shall be conducted by an arbitral panel of three (3) persons; one (1) arbitrator shall be named by the parties hereto. The third arbitrator, who shall act as chairman of the arbitral panel, shall be the Managing Director of the Forestry Development Authority or his/her designated representative
- 9.3 The Arbitration shall be conducted in keeping with arbitral rules under Liberian laws. Each Party shall be responsible for, and shall pay the fees expenses of its appointed/designated arbitrator. The fees and expenses of the third arbitrator shall be shared on equal basis by the parties, while the cost and expenses of the arbitration proceeding itself shall be assigned by the arbitral as it fit and shall be paid by the party adjudged liable to the other or in default of Agreement.
- 9.4 A decision by the majority of the arbitral panel shall be binding on the parties and enforceable in court of law without delving into the merit of the dispute or the award
- 9.5 In invoking arbitration, a party of this Agreement shall give written notice to other party, stating the nature of the dispute and appointing its arbitrations. The other party must appoint its arbitrator and state its responses to the dispute as stated by the party giving the notice of arbitration within ten (10) days after notice to the chairman, the arbitral panel shall commence its work and shall work every day until a decision is arrived at and rendered.

10. GOVERNING LAW

The relevant laws of Liberia, including, but not limited to, the National Forestry Reform Law, Community Rights Forest Law with Respect to Forestlands and other local laws shall govern this agreement. [Signature]

11. BINDING EFFECT

This Agreement shall be binding on the parties, their successors in office as if they were physically present at the execution of this instrument.

IN WITNESS WHEREOF, WE HAVE HEREUNTO AFFIXED OUR SIGNATURES ON THE DAY AND DATE FIRST MENTIONED ABOVE.

For: Marblee & Karblee Authorized Community Forest

Witness
WITNESS

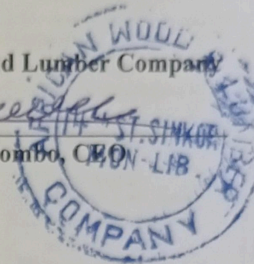
By: Abraham Cooper
Abraham Cooper, Chief Officer
Marblee & Karblee CFMB

ABC

For: African Wood and Lumber Company

Witness
WITNESS

By: Cesare Colombo
Cesare Colombo, CEO



Attested by:

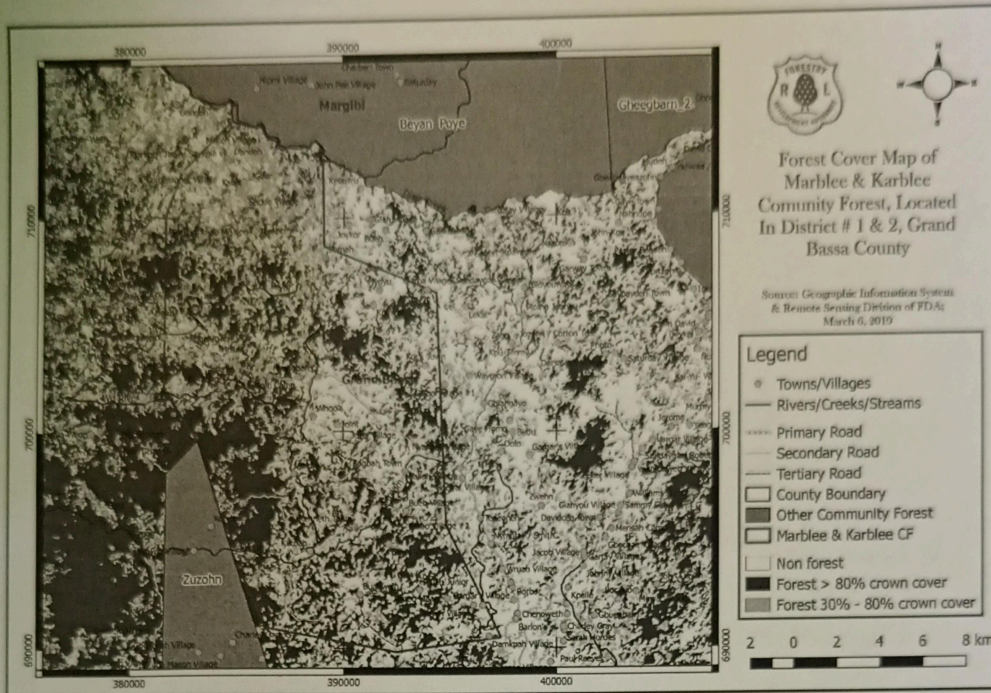
Forestry Development Authority

Mablee & Karblee Community Forest Metes & Bounds

The Marblee & Karblee Community Forest lies within Latitude (377855 715709) North of the equator and longitude (377855 688920) West of the Greenwich Meridian and is located in Districts 1 & 2, Grand Bassa County.

Commencing at a point (388897 712728) on the Farmington River a line runs S 1° E for 4,184 meters to a point (389072 708678), thence a line runs S 66° E for 5,794 meters to a point (394360 706430); Thence a line runs S 2° E for 10,944 meters to a point (394804 695646). Thence a line runs S 27° E for 5,955 meters to a point (397386 690477) thence a line runs S 82° W for 4,989 meters to a point (392436 689817); thence a line runs N 79° W for 6,116 meters to a point (386359 690967); thence a line runs N 24° W for 3,862 meters to a point (384807 694472); thence a line runs N 18° W for 5,633 meters to a point (383178 699648); thence a line runs N 32° W for 2,897 meters to a point (381608 702046); thence a line runs Due North for 8,369 meters to a point (381664 710200); thence a line runs N 18° E for 2,414 meters to a point (382440 712245); thence a line runs N 45° east for 3380 meters to a point (384795 714548) on the Farmington River, thence a line runs Southward along said River for 6,215 Meters to the point of commencement, embracing a total of 24,355 hectares/60,183 acres and No more

Annex II : Maps FOREST COVER MAP OF MARBLEE & KARBLEE COMMUNITY FOREST LOCATION MAP



LOCATION MAP OF MARBLEE & KARBLEE

