

Republic of Liberia
Forestry Development Authority

*P.O. Box 10-3010
Kappa House, Elise Saliby's Compound, Sinkor
1000, Monrovia 10, Liberia*



***CONTRACT TO MANAGE TIMBER SALE
AREA: A - 9***

***PORKPA & COLA KONNEH DISTRICTS
GRAND CREEK MOUNT COUNTY***

Holder: **B & V Timber Comp.**
Vincent Compound
Brewerville, Montserrado Co.
Liberia

JUNE 2008

REPUBLIC OF LIBERIA FORESTRY DEVELOPMENT AUTHORITY Timber Sale Contract		Name and Address of Contract Holder B & V Timber Company Vincent Compound, Brewerville, Montserrado County, Liberia	
Region / Sector: #2	County Grand Cape Mount	District: Porkpa & Gola Konneh	Contract Number: TSC - 0005
Forest Name: TSC A- 9		Contract Signing Date: June 27,2008	Termination Date: June 26, 2011

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

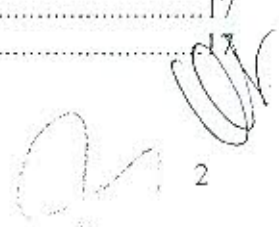
WHEREAS, (1) Section 5.4 of the National Forestry Reform Law of 2006 authorizes the AUTHORITY to grant licenses to harvest timber through Timber Sale Contracts; (2) HOLDER wants to purchase, cut, and remove timber; (3) the AUTHORITY, having advertised a sale at which HOLDER was the successful bidder,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

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

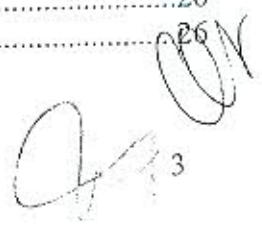
This contract consists of two Parts: A – Specific Provisions, and B – Standard Provisions, together with contract area maps, plans, specifications, and other attachments specified in the text of Parts A and B.

TABLE OF CONTENTS

PART A – SPECIFIC PROVISIONS	5
<i>A1 – Location and Area</i>	5
<i>A2 – Area Map</i>	6
<i>A3 – Performance Bonds</i>	6
<i>A4 – Land Rental Bid</i>	6
PART B – STANDARD PROVISIONS	7
B1.0 – INTERPRETATION AND DEFINITIONS	7
B2.0 – GRANT	10
<i>B2.1 – Contract Area</i>	10
B2.11 – Reservations	10
<i>B2.2 – Termination Date</i>	10
<i>B2.3 – Assignment or Transfer of Contract Rights</i>	11
B3.0 – OBLIGATIONS OF CONTRACT HOLDER	11
<i>B3.1 – Social Agreement</i>	11
<i>B3.2 – Performance Bonds</i>	11
<i>B3.3 – Responsible Employment and Management Practices</i>	12
B3.31 – Safety.....	12
B3.32 – Health	12
B3.33 – Use of Local Labor.....	12
<i>B3.4 – Responsible Environmental Practices</i>	13
<i>B3.5 – Laws and Regulations</i>	13
B3.51 – Governing Law.....	13
B3.52 – Third-Party Beneficiaries	13
B3.53 – Harvesting Practices.....	13
B3.54 – Prohibited Transactions.....	13
B3.55 – False Statements and Material Misrepresentations	13
B3.56 – Indemnification	13
B4.0 – RIGHTS OF HOLDER	13
<i>B4.1 – Occupancy of Surface and Easements</i>	13
B4.11 – Public Lands inside Contract Area.....	13
B4.12 – Public Lands outside Contract Area.....	14
B4.13 – Rights-of-Way outside Contract Area.....	14
B4.14 – Use of Private Lands	14
<i>B4.2 – HOLDER Improvements</i>	14
B4.21 – Construction of Improvements.....	14
B4.22 – Approval Requirements.....	15
B4.23 – Right of Others to Use Facilities	15
B4.24 – Removal	16
<i>B4.3 – Right to Take and Use Water</i>	16
<i>B4.4 – Use of Gravel, Sand, Clay, and Stone</i>	16
<i>B4.5 – Agents and Independent Contractors</i>	16
B5.0 – REPRESENTATIVES AND COMMUNICATIONS	17
<i>B5.1 – Holder Representatives</i>	17


 2

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



 3

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

PART A – SPECIFIC PROVISIONS

A1 – Location and Area
Applicable to B2.1.

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

B & V Timber Company Area "A" 9 lies within Latitudes $7^{\circ}10'12''$ - $7^{\circ}14'24''$ North of the equator and Longitudes $11^{\circ}0'36''$ - $11^{\circ}3'36''$ West of the Greenwich meridian and it is located in Grand Cape Mount County-Liberia

Starting from Benduma, thence a line runs Due West ($7^{\circ}11'48.76''\text{N}-11^{\circ}00'09.02''\text{W}$) for 528 meters to the point of COMMENCEMENT; thence a line runs S 3° E ($7^{\circ}09'39.47''\text{N}-11^{\circ}00'03.31''\text{W}$) for 3,988 meters to a point; thence a line runs N 77° W ($7^{\circ}10'27.71''\text{N}-11^{\circ}03'24.19''\text{W}$) for 6,332 meters to a point; thence a line runs N 4° W ($7^{\circ}14'57.07''\text{N}-11^{\circ}03'43.50''\text{W}$) for 8,337 meters to a point; thence a line runs S 74° E ($7^{\circ}13'56.80''\text{N}-11^{\circ}00'16.26''\text{W}$) for 6,643 meters to a point; thence a line runs S 3° E ($7^{\circ}09'39.47''\text{N}-11^{\circ}00'03.31''\text{W}$) for 3,923 meters to the point of COMMENCEMENT ($7^{\circ}11'48.76''\text{N}-11^{\circ}00'09.02''\text{W}$).

Embracing 5,000 hectares of forest land and no more

