

Republic of Liberia

Forestry Development Authority

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1000, Monrovia 10, Liberia*



FOREST MANAGEMENT CONTRACT AREA "P"
Grand Kru, Maryland & River Gee Counties

HOLDER:

*Atlantic Resources Ltd.
Lara Building, Suite 32, Randall Street*

Monrovia, Liberia

September 17, 2009

REPUBLIC OF LIBERIA FORESTRY DEVELOPMENT AUTHORITY FOREST MANAGEMENT CONTRACT		Atlantic Resource Limited: Lara Building Suite 32 Randall Street	
Region: Sector # 4	County (ies): Grand Kru, Maryland & River Gee	Districts: Blebo, Tiento, Torpah, Barobo Gwelokpoken & Nyenawliken	Contract Number: FMC - <u>004</u>
Forest Area: FMC Area "P"		Contract Signing Date: <u>September 17, 2009</u>	Termination Date: <u>September 16, 2034</u>

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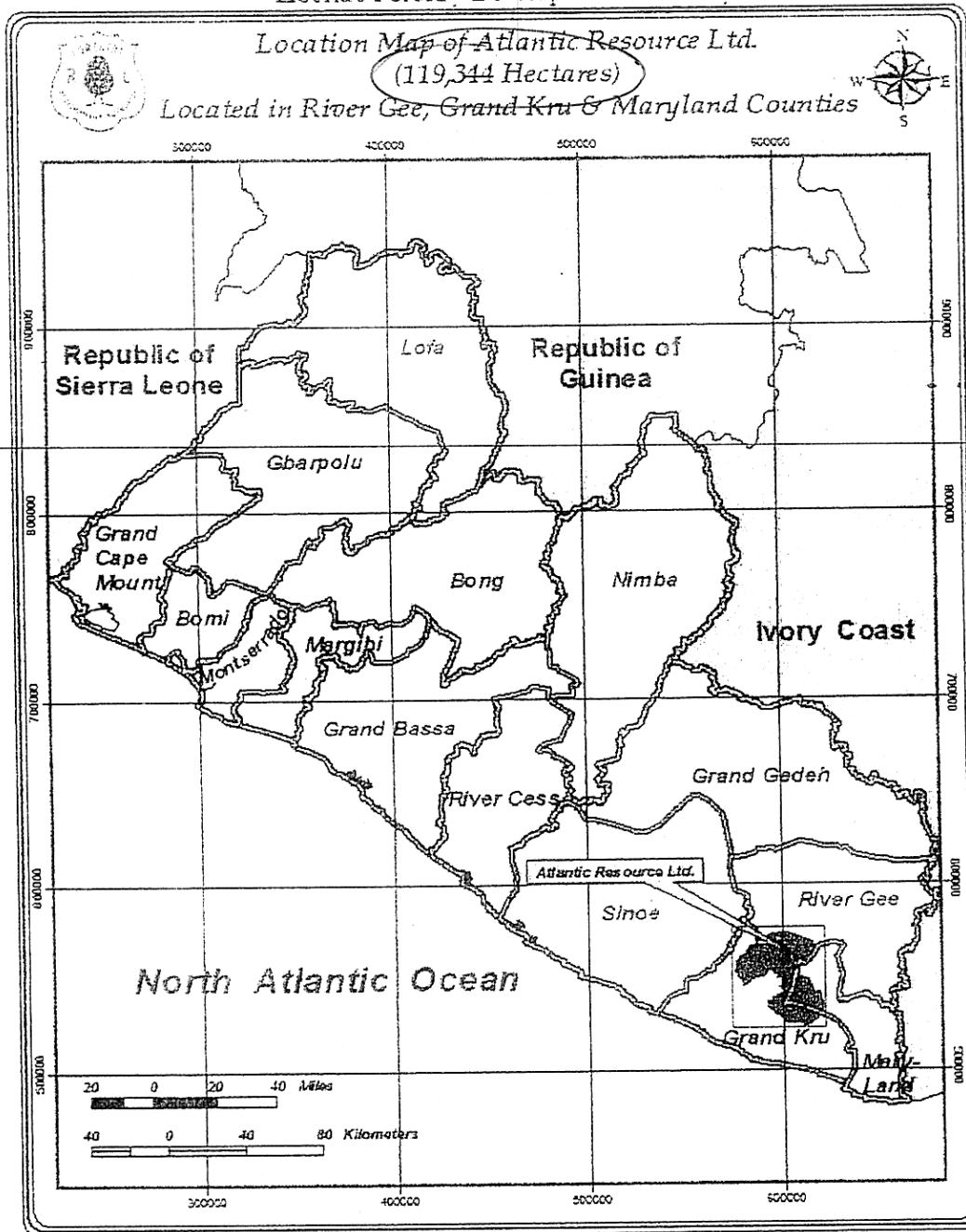
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Location Map of Atlantic Resource Limited Logging Company in LIBERIA

Liberia's Forestry Development Authority



K. J. Johnson & E. M. Johnson / D. Knutson & J. K. K. 08-25-07

Prepared by the Geographic Information Systems & Remote Sensing Laboratory of FDA

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A1 – Location and Area

See Section B2.1 (Contract Area)

The Contract Area of 119,344 Hectares has the following Metes and Bounds Description:

Atlantic Resource Limited Logging Company lies within Latitudes 4°48'0" - 5°6'0" North of the equator and Longitudes 8°0'0" - 8°18'0" West of the Greenwich meridian and it is located in Grand Kru, Maryland and River Gee Counties, Southeastern Liberia.

Starting from Bleebo Town, (4°43'50.97"N - 7°56'57.59"W) thence a line runs N 83° W for 4,178 meters to the point of COMMENCEMENT (4°44'08.82"N-7°59'11.21"W); thence a line runs Due West for 1,800 meters to a point (4°44'07.35"N-8°00'10.61"W); thence a line runs N 33° W for 2,039 meters to a point (4°45'02.99"N-8°00'46.49"W); thence a line runs N 88° W for 6,994 meters to a point (4°45'10.57"N-8°04'33.61"W); thence a line runs N 53° W for 13,435 meters to a point (4°49'34.41"N-8°10'20.62"W); thence a line runs N 3° E for 3,630 meters to a point (4°51'31.73"N-8°10'15.03"W); thence a line runs S 64° E for 423 meters to a point (4°51'25.70"N-8°10'02.81"W); thence a line runs S 45° E for 390 meters to a point (4°51'16.85"N-8°09'53.78"W); thence a line runs N 56° E for 326 meters to a point (4°51'22.69"N-8°09'44.98"W); thence a line runs S 82° E for 611 meters to a point (4°51'19.68"N-8°09'25.22"W); thence a line runs S 13° E for 2,104 meters to a point (4°50'13.57"N-8°09'09.59"W); thence a line runs S 79° E for 508 meters to a point (4°50'10.23"N-8°08'53.36"W); thence a line runs N 1° W for 882 meters to a point (4°50'38.81"N-8°08'54.06"W); thence a line runs N 30° E for 848 meters to a point (4°51'02.45"N-8°08'40.35"W); thence a line runs N 6° W for 1,353 meters to a point (4°51'46.04"N-8°08'44.73"W); thence a line runs N 10° E for 597 meters to a point (4°52'05.06"N-8°08'41.22"W); thence a line runs N 6° W for 1,029 meters to a point (4°52'38.12"N-8°08'44.57"W); thence a line runs Due East for 533 meters to a point (4°52'38.12"N-8°08'27.26"W); thence a line runs S 72° E for 750 meters to a point (4°52'30.54"N-8°08'04.16"W); thence a line runs N 53° E for 3,261 meters to a point (4°53'34.40"N-8°06'39.66"W); thence a line runs N 81° E for 1,146 meters to a point (4°53'40.02"N-8°06'03.08"W); thence a line runs S 63° E for 813 meters to a point (4°53'28.25"N-8°05'39.36"W); thence a line runs S 78° E for 1,009 meters to a point (4°53'21.48"N-8°05'07.37"W); thence a line runs N 7° W for 720 meters to a point (4°53'44.72"N-8°05'10.04"W); thence a line runs N 71° W for 1,233 meters to a point (4°53'58.07"N-8°05'47.88"W); thence a line runs N 34° W for 473 meters to a point (4°54'10.75"N-8°05'56.51"W); thence a line runs N 29° W for 555 meters to a point (4°54'26.42"N-8°06'05.00"W); thence a line runs N 1° E for 613 meters to a point (4°54'46.23"N-8°06'04.56"W); thence a line runs N 20° W for 472 meters to a point (4°55'00.56"N-8°06'09.93"W); thence a line runs N 58° W for 565 meters to a point (4°55'10.20"N-8°06'25.52"W); thence a line runs Due North for 432 meters to a point (4°55'24.20"N-8°06'25.64"W); thence a line runs Due East for 592 meters to a point (4°55'24.06"N-8°06'06.37"W); thence a line runs N 2° E for 4,818 meters to a point (4°57'59.92"N-8°06'00.54"W); thence a line runs N 81° W for 2,629 meters to a point (4°58'12.83"N-8°07'24.90"W); thence a line runs N 15° E for 1,885 meters to a point (4°59'11.45"N-8°07'08.28"W); thence a line runs Due West for 2,015 meters to a point (4°59'11.45"N-8°08'13.75"W); thence a line runs Due North for 1,707 meters to a point

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8°18'57.86"W); thence a line runs N 5° E for 275 meters to a point (5°00'47.08"N-8°18'57.06"W); thence a line runs N 7° W for 389 meters to a point (5°00'59.60"N-8°18'58.53"W); thence a line runs N 31° E for 335 meters to a point (5°01'08.80"N-8°18'52.88"W); thence a line runs N 3° E for 3,646 meters to a point (5°03'06.45"N-8°18'46.90"W); thence a line runs N 40° E for 388 meters to a point (5°03'15.97"N-8°18'38.80"W); thence a line runs S 48° E for 224 meters to a point (5°03'11.21"N-8°18'33.40"W); thence a line runs N 54° E for 329 meters to a point (5°03'17.52"N-8°18'24.79"W); thence a line runs N 10° E for 364 meters to a point (5°03'29.00"N-8°18'22.71"W); thence a line runs N 43° E for 377 meters to a point (5°03'37.69"N-8°18'14.30"W); thence a line runs Due North for 345 meters to a point (5°03'48.87"N-8°18'14.41"W); thence a line runs N 48° E for 301 meters to a point (5°03'55.18"N-8°18'07.25"W); thence a line runs N 8° E for 348 meters to a point (5°04'06.46"N-8°18'05.69"W); thence a line runs N 23° W for 309 meters to a point (5°04'15.56"N-8°18'09.63"W); thence a line runs N 63° E for 564 meters to a point (5°04'23.94"N-8°17'53.34"W); thence a line runs N 76° E for 892 meters to a point (5°04'30.97"N-8°17'25.21"W); thence a line runs N 70° E for 815 meters to a point (5°04'40.02"N-8°17'00.34"W); thence a line runs S 84° E for 136 meters to a point (5°04'39.57"N-8°16'55.99"W); thence a line runs N 4° E for 175 meters to a point (5°04'45.23"N-8°16'55.62"W); thence a line runs N 85° E for 517 meters to a point (5°04'46.73"N-8°16'38.90"W); thence a line runs N 54° E for 575 meters to a point (5°04'57.64"N-8°16'23.87"W); thence a line runs N 24° E for 328 meters to a point (5°05'07.38"N-8°16'19.64"W); thence a line runs N 27° W for 260 meters to a point (5°05'14.80"N-8°16'23.43"W); thence a line runs N 47° E for 561 meters to a point (5°05'27.24"N-8°16'10.13"W); thence a line runs N 77° E for 442 meters to a point (5°05'30.44"N-8°15'56.13"W); thence a line runs N 42° E for 700 meters to a point (5°05'47.09"N-8°15'40.82"W); thence a line runs N 15° E for 866 meters to a point (5°06'14.36"N-8°15'33.69"W); thence a line runs N 26° E for 1,708 meters to a point (5°07'03.84"N-8°15'09.19"W); thence a line runs N 36° E for 453 meters to a point (5°07'15.65"N-8°15'00.45"W); thence a line runs N 24° E for 558 meters to a point (5°07'32.15"N-8°14'53.01"W); thence a line runs N 84° E for 542 meters to a point (5°07'33.87"N-8°14'35.53"W); thence a line runs N 23° E for 168 meters to a point (5°07'38.87"N-8°14'33.40"W); thence a line runs S 78° E for 449 meters to a point (5°07'35.78"N-8°14'19.13"W); thence a line runs N 79° E for 265 meters to a point (5°07'37.48"N-8°14'10.67"W); thence a line runs S 81° E for 365 meters to a point moving away from the Proposed Protected Area boundary line (5°07'35.65"N-8°13'58.94"W); thence a line runs N 54° E for 10,711 meters to a point near the Dweken, Nyonken motor road (5°10'58.47"N-8°09'17.50"W); thence a line runs N 89° E for 7,742 meters to a point across the Grand Cess/Nuch River (5°11'04.09"N-8°05'05.13"W); thence a line runs S 72° E for 14,491 meters to a point near the Si creek (5°08'38.15"N-7°57'40.17"W); thence a line runs S 5° W for 1,133 meters to a point (5°08'01.65"N-7°57'43.20"W); thence a line runs S 61° E for 4,261 meters to a point (5°06'54.14"N-7°55'42.04"W); thence a line runs S 60° W for 6,888 meters to a point (5°05'03.30"N-7°58'56.08"W); thence a line runs S 3° W for 3,711 meters to a point (5°03'03.39"N-7°59'03.22"W); thence a line runs S 87° W for 4,981 meters to a point (5°02'53.52"N-8°01'45.02"W); thence a line runs S 17° W for 2,116 meters to a point crossing the Gi creek and the Gleke, Jarblaken, Dweken, Martuken and Gortorken motor road to a point (5°01'48.29"N-8°02'04.73"W); thence a line runs S 2° W for 5,749 meters to a point (4°58'41.98"N-8°02'11.57"W); thence a line runs S 73° E for 7,021 meters to a point (4°57'33.93"N-7°58'34.47"W); thence a line runs

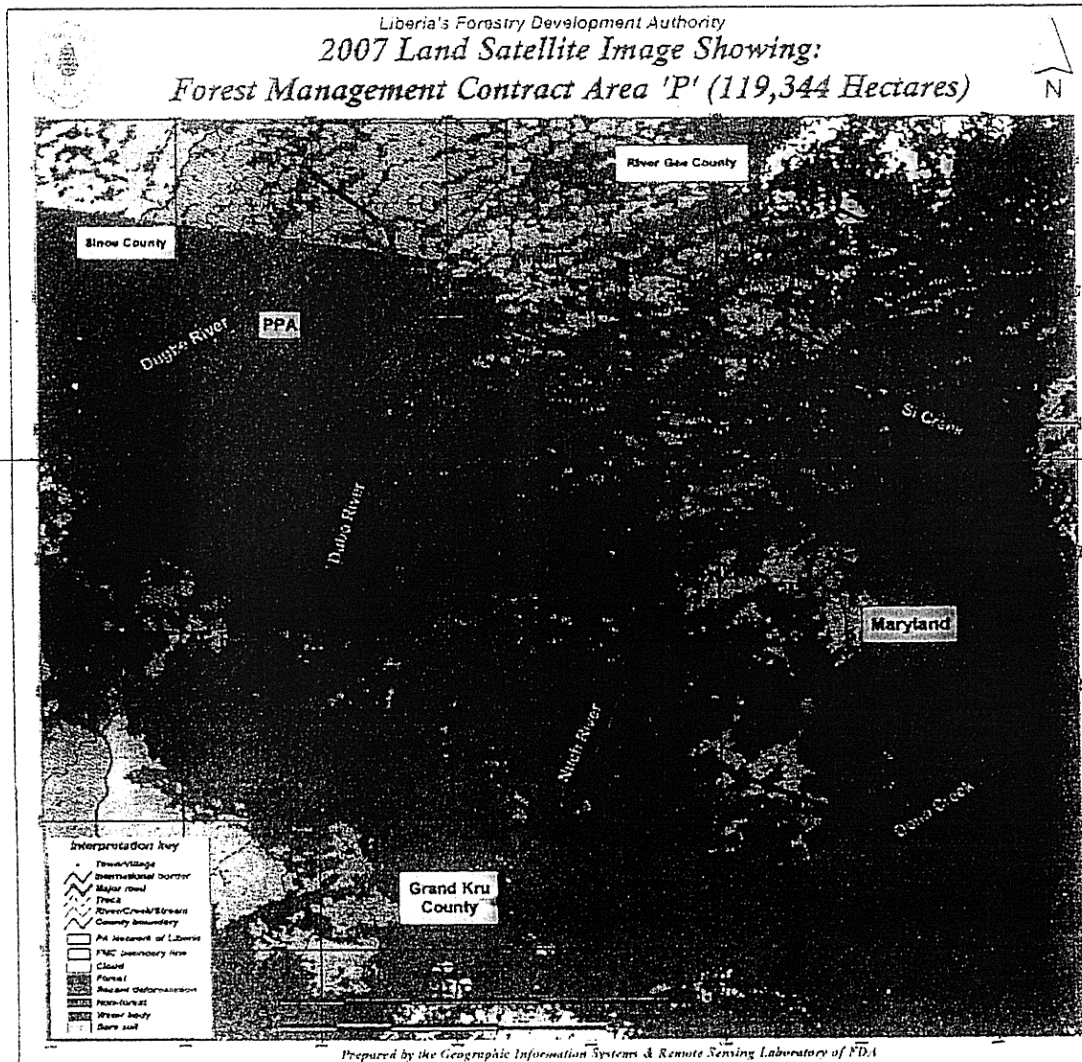
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Vegetation Map

A map of the *CONTRACT AREA* attached (If there is a discrepancy between the map and the written Metes and Bounds description, see B8.31)



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PART B – GENERAL PROVISIONS

B1.0 – INTERPRETATION AND DEFINITIONS

The following rules of interpretation govern this Contract, unless the Contract expressly provides otherwise:

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

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

AGENT, when used to describe persons acting on behalf of *HOLDER*, includes employees and independent contractors. “Independent contractors” as used here comprises the entire chain of *PERSONS* linked by contract, subcontract, or employment through an independent contractor.

ANNUAL HARVESTING CERTIFICATE means a certificate issued by *AUTHORITY* in accordance with Section B6.13.

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

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HOLDER (or CONTRACT HOLDER) means the PERSON entering into this Contract with AUTHORITY and receiving a license to harvest TIMBER under this Contract.

INFRASTRUCTURE means non-movable assets, including:

- (i) Transportation and communication facilities, including roads, bridges, railroads, airports, landing strips and landing pads for aircraft, garages, canals, pipelines, and radio, telephone, and telegraph facilities;
- (ii) Port facilities, including docks, harbors, piers, jetties, breakwaters, terminal facilities, warehouses, and equipment for loading and unloading;
- (iii) Electrical power, water, and sewage facilities, including water supply systems and water drains for disposal of plant wastes and sewage;
- (iv) Public welfare facilities, including schools, clinics, hospitals, and public halls; and
- (v) Miscellaneous facilities built in connection with the operation of the foregoing, including offices, employee housing, machine shops, foundries, repair shops, and warehouses.

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

MERCHANTABLE LOG means a LOG capable of being processed into WOOD PRODUCTS of commercial value, however:

- (i) If a tree was not bucked to assure as much volume as possible, merchantable contents are assessed as if it had been properly bucked.
- (ii) The LOG is not merchantable if one-third or more of its volume is subject to major defects. "Major defects" includes heart shake, ring shake, heart decay, holes, shatters, dry rot, parasitic damage, and similar characteristics reducing the commercial value of a LOG.
- (iii) The LOG is not merchantable if the volume of its sapwood exceeds one-third of its total volume, unless it can be sold, processed, or otherwise utilized commercially together with its sapwood.
- (iv) The LOG is not merchantable if the diameter of any branch knot, decayed knot, hole, or decayed butt or the sum of the diameters of such defects exceeds the gross diameter of the LOG inside bark at its small end.

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

MERCHANTABLE TREE means a tree that is at least 60 centimeters in diameter at BREAST HEIGHT that can produce at least one MERCHANTABLE LOG and is identified and marked for felling in the ANNUAL OPERATIONAL PLAN.

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

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

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

- (i) Felling and extraction equipment;
- (ii) Facilities and equipment to saw, cut, and otherwise process TIMBER;
- (iii) Facilities and equipment used in connection with the operation of the foregoing, including offices, machine shops, repair shops, and warehouses;

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activities shall not be unduly interfered with nor its rights prejudiced and that if damages result to HOLDER's property as a result of such exploration, investigation, or exploitation, the GOVERNMENT agrees to provide fair compensation to HOLDER for such damages.

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

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

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

B2.2 - Termination Date

(a) HOLDER's license to harvest TIMBER ends on the termination date specified in this Contract, unless extended or shortened under a provision of this Contract or by operation of law.

(b) This Contract is not renewable. Limited extensions are possible under Section B8.5 (Force Majeure). HOLDER shall discharge all its obligations under this Contract in a timely manner, excepting only those obligations for which AUTHORITY has given written permission to delay performance. Absent an extension or written permission to delay, HOLDER's failure to honor time-related obligations is a breach of this Contract.

B2.3 - Assignment

(a) HOLDER shall not assign or transfer this Contract or any interests, rights, privileges, or obligations under this Contract, without prior written approval from the Government of Liberia by and through the Ministry of Justice, Ministry of Finance, and the AUTHORITY.

(b) AUTHORITY shall not consent to any assignment or transfer of this Contract, except in compliance with the requirements of AUTHORITY Regulation 104-07, Section 71.

B3.0 - OBLIGATIONS OF CONTRACT HOLDER

B3.1 - Pre-Felling Operations

(a) HOLDER shall not fell trees, harvest TIMBER, or conduct any other ground-disturbing activities prior to the FELLING EFFECTIVE DATE.

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B3.14 – Initial Annual Operational Plan

(a) Within 90 days before the first annual operating season, HOLDER shall submit to AUTHORITY an initial ANNUAL OPERATIONAL PLAN.

(b) Except for the timing of submission specified in this Section, the initial Plan must conform to the requirements of Section B6.11.

B3.15 – Initial Performance Bond and First Annual Performance Bond

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

(b) Before the first annual operating season, HOLDER shall deposit the first annual Performance Bond as required by AUTHORITY Regulation 104-07, Section 61, and by Section B6.12 of this Contract.

(c) The GOVERNMENT shall return the initial Performance Bond to HOLDER promptly after HOLDER posts the first annual Performance Bond.

B3.2 – Responsible Employment and Management Practices

B3.21 – Safety

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

(b) HOLDER shall employ temporary traffic controls only in compliance with AUTHORITY Regulation 104-07, Section 73(b).

B3.22 – Health

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

B3.23 – Use of Local Labor

(a) In the selection of employees to conduct its operations under this Contract, HOLDER shall give preference to competent and qualified individuals living in and near the CONTRACT AREA, and particularly to individuals from communities benefiting from the HOLDER's Social Agreements.

(b) HOLDER shall not import unskilled labor from outside Liberia.

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

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(b) Holder acknowledges that in the event of any damage, injury, or loss caused by the acts or omissions of HOLDER's AGENTS, HOLDER is liable for the damage, injury, or loss to the extent provided by the laws of Liberia.

B4.0 – RIGHTS OF HOLDER

B4.1 – Occupancy of Surface and Easements

B4.11 – Public Lands Inside Contract Area

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

B4.12 – Use of Public Lands Outside Contract Area

(a) HOLDER shall not use public land outside the CONTRACT AREA, unless the HOLDER has express, written permission from AUTHORITY.

(b) Before requesting permission, HOLDER shall consult with all potentially affected communities that are party to Social Agreements with HOLDER. HOLDER shall make a written record of the time, place, and general content of those consultations.

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

(d) AUTHORITY shall not unreasonably deny permission to use such land.

(e) AUTHORITY and HOLDER shall negotiate the terms and conditions under which an easement or other use rights may be exercised. If HOLDER occupies lands, the terms shall include payment of area fees and an amount for land rental at the Land Rental Bid rate. The right to use such land does not extend to the right to harvest TIMBER, unless the TIMBER is taken to clear land for a right-of-way or yarding area.

B4.13 – Use of Private Lands

(a) HOLDER may use private land with the express, written permission of the land owner.

(b) If HOLDER is unable to obtain the permission of the land owner for such use, then use is limited to rights of way, and any compensation is governed by Chapter 11 of the National Forestry Reform Law of 2006 and AUTHORITY Regulation 110-07, on the Rights of Private Land Owners.

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(b) If HOLDER wishes to construct, maintain, alter, or operate any of the following improvements, HOLDER shall describe the proposed activity in an ANNUAL OPERATIONAL PLAN. HOLDER has the necessary permission to proceed only if AUTHORITY approves the plan.

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

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

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

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

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

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

(ii) Development of roads outside the CONTRACT AREA;

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

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

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

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

(f) AUTHORITY shall not levy a charge for approval of these requests; however if the improvement is on public land outside the CONTRACT AREA, Section B4.12 (e) applies.

B4.23 – Right of Others to Use Facilities

HOLDER shall:

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

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

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

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

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B4.5 – Holder's Agents

HOLDER may exercise any of the rights and powers conferred by this Contract through AGENTS, subject to this Section.

(a) HOLDER's use of AGENTS does not excuse HOLDER of any of its obligations or liabilities under this Contract. AGENTS must satisfy the same performance requirements, in all respects, as HOLDER.

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

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

(d) In using AGENTS other than natural PERSONS to take on forest management, planning, tree felling, wood processing, or product marketing responsibilities, HOLDER shall only use AGENTS that satisfy the prequalification criteria in Schedule I of AUTHORITY Regulation 103-07, on Bidder Qualifications.

(e) HOLDER shall not use transfer pricing, payments not consistent with the value of services or goods rendered, false fronts, money laundering, or other subterfuges to transfer control, profit, or benefits resulting from this Contract to PERSONS not qualified to act as AGENTS under this Section.

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

B5.0 – REPRESENTATIVES AND COMMUNICATIONS

B5.1 – Holder's Representatives

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

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- (iii) Inspection of the boundaries and delineation of the CONTRACT AREA; and
- (iv) Inspection of LOGS and TIMBER to determine the quantity, quality, and type (including species and variety) of TIMBER harvested, transported, processed, and marketed by HOLDER.

B5.4 – Notices

(a) Notice is effective under this Contract when the notice is hand-delivered or delivered by commercial carrier. The party giving notice has the burden of proving delivery.

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

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

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

B5.5 – Reports

B5.51 – Records Maintenance and Inspection (Generally)

(a) HOLDER shall keep all records necessary to demonstrate compliance with this Contract during the duration of the Contract and for 5 years after the Contract terminates, as required by AUTHORITY Regulation 104-07, Section 75, concerning recordkeeping and inspection requirements under forest management contracts. HOLDER shall retain all original records, maps, ANNUAL OPERATIONAL PLANS, reports, and other documents relating to its activities and operations carried out under this Contract. HOLDER shall take care to retain all documents relating to financial and commercial transactions involving:

(i) HOLDER and any PERSON with a controlling interest in HOLDER (including any Significant Individual, as that term is defined in AUTHORITY Regulation 103-07, Section 1(j)); and

(ii) HOLDER and any PERSON in which HOLDER has a controlling interest.

(b) HOLDER shall retain copies (electronic or hard copy) of all records and reports related to operations outside of Liberia.

(c) HOLDER shall retain its business records and any other required records in the English language, with financial information expressed in terms of United States dollars, as required by AUTHORITY Regulation 104-07, Section 75, concerning recordkeeping and inspection requirements under forest management contracts.

(d) HOLDER shall designate either its main office within Liberia or the field office within Liberia overseeing operations in the CONTRACT AREA as the prime repository of required records. HOLDER shall inform AUTHORITY of its designation. HOLDER shall keep a complete set of the records required under this Section at the prime repository. The records may be the originals or may be copies of the originals. HOLDER warrants that any copies it places in the repository are correct and complete. For purposes of determining compliance with this Contract and the law, AUTHORITY and the

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B5.54 – Holder to Provide Documents Free of Charge

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

B5.55 – Broad Public Access to Information

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

B6.0 – OPERATIONS

B6.1 – Operations Generally

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

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

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

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

B6.11 – Annual Operational Plan

(a) At least 60 days prior to the beginning of each annual operating season, HOLDER shall submit to AUTHORITY an ANNUAL OPERATIONAL PLAN.

(b) The ANNUAL OPERATIONAL PLAN must describe the next operating season's major activities, including logging, environmental protection measures, road construction and maintenance, and other actions required by law or AUTHORITY regulations.

(c) The ANNUAL OPERATIONAL PLAN must be consistent with the Forest Management Guidelines, the Liberia Code of Forest Harvesting Practices, HOLDER's Five-Year Forest Management Plan, and HOLDER's Strategic Forest Management Plan.

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

(e) HOLDER shall disclose in the ANNUAL OPERATIONAL PLAN all anticipated uses of public or private land outside of the CONTRACT AREA. AUTHORITY shall not approve activities outside of the CONTRACT AREA unless they are necessary to operations under this Contract.

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

B6.13 – Annual Harvesting Certificate

(a) After AUTHORITY approves the ANNUAL OPERATIONAL PLAN, if HOLDER has met requirements under AUTHORITY Regulation 104-07, Section 62(b), concerning administration of Forest Management Contracts; is current on all MONETARY OBLIGATIONS due under this Contract and AUTHORITY regulations; and has deposited the annual Performance Bond required under the just-approved ANNUAL OPERATIONAL PLAN for the upcoming season, AUTHORITY shall promptly issue HOLDER an ANNUAL HARVESTING CERTIFICATE.

(b) HOLDER shall not begin operations under an ANNUAL OPERATIONAL PLAN before AUTHORITY issues an ANNUAL HARVESTING CERTIFICATE based on the plan.

B6.14 – Changes to Annual Operational Plan

(a) If at any time the CONTRACTING OFFICER determines that HOLDER's operations are no longer substantially in compliance with the ANNUAL OPERATIONAL PLAN the CONTRACTING OFFICER may require HOLDER to submit to AUTHORITY a set of ANNUAL OPERATIONAL PLAN revisions. This power of the CONTRACTING OFFICER is in addition to and does not limit any rights that AUTHORITY may have to take action for breach of this Contract.

(b) HOLDER, on its own initiative, may submit a set of ANNUAL OPERATIONAL PLAN revisions to AUTHORITY if HOLDER'S operations are no longer in compliance with the original ANNUAL OPERATIONAL PLAN, or if HOLDER foresees future noncompliance.

(c) The revisions must describe the major activities for the remainder of the season and the plan as revised must meet the requirements of Section B6.11 (c), (d), and (e) of this Contract. The revisions take effect if approved by AUTHORITY.

(d) AUTHORITY may require an updated annual Performance Bond upon determination by the CONTRACTING OFFICER that there has been a material change in HOLDER'S operations.

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(b) AUTHORITY may order HOLDER to submit revisions to the Forest Management Plan to account for new information or changed circumstances. In that case, HOLDER shall revise the Plan within 90 days of receiving AUTHORITY's order.

(c) When HOLDER submits a revision of its Strategic Forest Management Plan, HOLDER shall include any revisions to its Five-Year Management Plan or Business Plan necessary to make those documents consistent with the revised Strategic Forest Management Plan.

(d) If a revision triggers environmental impact study requirements under the law, HOLDER shall comply with those requirements in a timely fashion.

(e) If HOLDER submits Plan revisions under this Section of this Contract, AUTHORITY shall accept or reject the revisions within 90 days.

B6.18 – Infrastructure and Works

(a) HOLDER shall ensure that all INFRASTRUCTURE and works installed in relation to this Contract comply with the Liberia Code of Forest Harvesting Practices and other applicable laws. HOLDER shall design, construct, and maintain INFRASTRUCTURE and works in a manner that avoids unreasonable risk to safety, health, welfare, and the environment.

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

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

(d) In conducting inspections, AUTHORITY shall apply the procedures, if any, in the Liberia Code of Forest Harvesting Practices and the standards in subsection (a) of this Section. Within 7 days of inspection, AUTHORITY shall furnish HOLDER with written notice either of acceptance or of WORK remaining to be done.

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

(i) HOLDER is responsible for maintaining erosion control devices for 5 years from the date of acceptance or until the Termination Date set at the beginning of this Contract.

(ii) HOLDER is responsible for repairing all road damage, from whatever cause, for 3 years from the date of acceptance or until the Termination Date set at the beginning of this Contract.

(f) Until HOLDER gains AUTHORITY's acceptance for WORK, HOLDER remains liable for repair or completion of the WORK, regardless of time elapsed.

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B6.3 – Protection of Environment and Contract Area

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

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

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

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

B6.31 – Protection of Property and Use of Guards

(a) In no case shall HOLDER use private security guards armed with firearms, machetes, or other life-threatening weapons. HOLDER shall not use or threaten force on PERSONS or property except in self defense or defense of another.

(b) HOLDER shall report to AUTHORITY all incidents where the HOLDER or its AGENTS used or threatened force or had force used or threatened against them. HOLDER shall make the reports within 24 hours of the incident.

(c) The GOVERNMENT and HOLDER shall make reasonable, good-faith efforts to cooperate with each other in protecting life and property and keeping the peace.

(d) HOLDER shall use all reasonable means to prevent encroachment by unauthorized PERSONS into the CONTRACT AREA.

(e) HOLDER shall take reasonable measures to prevent damage to the rights and property of the GOVERNMENT and third parties.

(f) HOLDER shall cooperate with the owners of any underground or overhead utility lines in their removal and/or rearrangement in order that these operations may progress in a reasonable manner, utility duplication or rearrangement WORK may be reduced to a minimum, and services shall not be unnecessarily interrupted. In the event of interruption to utility services because of accidental breakage or as a result of lines being exposed or unsupported, HOLDER shall promptly notify the owner and shall cooperate with that owner in the restoration of service until the service is restored.

(g) HOLDER shall not conduct blasting or other dangerous operations within 750 meters of any public works, permanent building, village, or inhabited structure without written consent of AUTHORITY and subject to such conditions as AUTHORITY may impose.

B6.32 – Damage to Trees

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

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(d) HOLDER shall prevent employees from hunting with snares, hunting in protected areas, hunting protected animals listed in the Wildlife Conservation Law or any other law, and commercially selling BUSHMEAT in HOLDER camps and worksites.

(e) If an AGENT of HOLDER fails to comply with the prohibitions of this Section, HOLDER shall notify AUTHORITY and shall, on written request of AUTHORITY, dismiss the AGENT.

B6.36 – Watercourse Protection

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

B6.37 – Erosion Prevention and Control

(a) HOLDER shall conduct all operations so as to reasonably minimize soil erosion.

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

B6.38 – Prevention of Pollution

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

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

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

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

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HOLDER's disposal. AUTHORITY may require further actions by HOLDER until such fire is controlled and mopped up to a point of safety.

B6.62 – Fire Suppression Costs

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

B6.63 – Participation in Chain of Custody System

(a) HOLDER shall comply with all requirements concerning CHAIN OF CUSTODY for TIMBER contained in AUTHORITY Regulation 108-07.

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

B7.0 – FISCAL OBLIGATIONS

Income and Other Taxes

Holders of Forest Resource licenses shall be subject to taxes, duties, and fees of general application under the Revenue Code of Liberia.

B7.1 – Fees and Rental Bids

B7.11 – Land Rental Bid Payments

(a) AUTHORITY shall calculate the annual Land Rental Bid payment based on the bid provided in the bid opening ceremony multiplied by the surface area in hectares of the CONTRACT AREA.

(b) AUTHORITY shall increase the payment if required due to negotiations under Section B4.12 (e) (Use of Public Lands Outside Contract Area).

(c) HOLDER shall make payment of the Land Rental Bid fee annually (each and every year of contract duration of 25 years) to the GOVERNMENT not later than 30 days after the CONTRACT EFFECTIVE DATE.

B7.12 – Stumpage Fees

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

(b) The parties will use the methods set out in Sections 26 and 27 of AUTHORITY Regulation 108-07, establishing a Chain of Custody System, to determine volumes and grades.

(c) HOLDER shall prevent LOGS from being processed or exported before HOLDER has paid the log stumpage fees.

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B7.24 – Careless Felling or Extraction

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

B7.25 – Liquidated Damages

Unnecessary damage to or negligent or willful cutting of undesignated standing trees by HOLDER, as described in Sections B7.21, B7.23, and B7.24, or otherwise, is likely to cause substantial silvicultural or other damage to the forest. It will be difficult, if not impossible, to determine the amount of such damage. Therefore, HOLDER shall pay as fixed, agreed, and liquidated damages an amount equivalent to the market value of any LOGS plus the cost of restoring appropriate vegetative cover to the cut area as determined by AUTHORITY. If removal is allowed by CONTRACTING OFFICER, HOLDER shall remove and pay all required FEES for the TIMBER, in addition to the liquidated damages and any assessed penalties.

B7.3 – Payments

B7.31 – Designated Account

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

B7.32 – Accrual

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

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

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

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B7.35 – Prohibitions

(a) If HOLDER owes amounts past due for log stumpage fees, HOLDER shall not fell trees, or process, trade, or export FOREST PRODUCTS until HOLDER has paid all past due amounts, penalties, and interest due.

(b) If HOLDER owes amounts past due for forest product fees, HOLDER shall not trade or export FOREST PRODUCTS until HOLDER has paid all amounts, penalties, and interest due.

(c) If FOREST PRODUCTS harvested are exported without paying the required stumpage fees or forest products fees, AUTHORITY may terminate the Contract or suspend the Contract until the amounts are paid.

B8.0 – PERFORMANCE AND SETTLEMENT

B8.1 – Non-Waiver

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

B8.2 – Approval and Consent

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

B8.3 – Disputes and Claims

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

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

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

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

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

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

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

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

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

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

B8.6 – Contract Interruption

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

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

(b) HOLDER's recourse for delay or interruption, if any, is limited to invoking force majeure under Section B8.5.

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(f) HOLDER assigns to a third-party, in whole or part, rights held under this Contract without the consent of AUTHORITY;

(g) HOLDER goes into bankruptcy or liquidation, whether voluntary or involuntary (other than for the purpose of reorganization), or if a receiver is appointed, or if HOLDER fails to maintain its status as a corporate entity lawfully able to do business in Liberia;

(h) HOLDER fails to comply with any final decision of a Liberian court of competent jurisdiction in a controversy between HOLDER and the GOVERNMENT;

(i) HOLDER fails to meet any MONETARY OBLIGATIONS, including payment of bids or FEES to the GOVERNMENT or payments to local communities, in a timely fashion;

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

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

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

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

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

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

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

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

(r) HOLDER fails to comply with a Social Agreement; or

(s) HOLDER or its senior officers are convicted for violation of criminal statutes, civil standards, or any other offense indicating a lack of business integrity or honesty that seriously and directly affects the responsibility of HOLDER; including:

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

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

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

(iv) Fraud, tax evasion, or violation of AUTHORITY Regulation 104-07, on Tender, Award, and Administration of Forest Management Contracts, Timber Sale Contracts, and Major Forest Use Permits;

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

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

(i) A certificate issued by the CHAIN OF CUSTODY SYSTEM Manager showing all forest taxation and related forest charges have been paid during the preceding fiscal year;

(ii) A certificate issued by AUTHORITY on the status of breaches of contract provisions and violations of forest laws and regulations for the preceding fiscal year;

(iii) A certificate issued by the Ministry of Finance showing that all income and corporate tax obligations have been discharged for the preceding fiscal year;

(iv) A business certificate for the current fiscal year;

(v) A copy of HOLDER's audited accounts for the preceding fiscal year; and

(vi) A copy of HOLDER's forest certification, if applicable.

B8.82 – Five-Year Forest Management Review

(a) Within 11 months from the start of harvesting operations AUTHORITY shall give notice to HOLDER that a forest management review of the Forest Management Contract will be conducted within 30 working days to provide baseline information. Within 6 months prior to the end of each 5-year operational period this procedure shall be repeated.

(b) AUTHORITY shall engage an independent auditing body to perform the review. HOLDER shall cooperate with the review and shall be responsible for the reasonable costs charged by the independent auditing body.

(c) AUTHORITY shall require the independent auditing body to conduct administrative and field checks to assess the following aspects:

(i) Compliance with contract, General Management and ANNUAL OPERATIONAL PLANS, and other documents that affect HOLDER's activities;

(ii) Adequate written procedures to assure compliance with requirements of the Contract;

(iii) Adequate knowledge of the essential requirements of the procedures by each PERSON in HOLDER's organization whose functions are affected by them;

(iv) Adequate operational supervision and CONTROL by HOLDER to assure compliance with the procedures;

(v) Availability and accessibility of records that demonstrate HOLDER's compliance with the procedures and that appropriate corrective actions were taken where procedures were not followed; and

(vi) Compliance with regard to payment of FEES and regulatory violations.

B8.83 – Five-Year Social Responsibility Review

AUTHORITY shall convene an ad hoc Social Responsibility Review Committee at intervals of not less than five years to review and prepare a written report on the

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