

**REPUBLIC OF LIBERIA)
MONTSERRADO COUNTY)**

**PRIVATE USE PERMIT CONTRACT BETWEEN THE FORESTRY DEVELOPMENT
AUTHORITY AND LOFA DEVELOPMENT CORPORATION FOR HARVESTING OF
4,058 HECTARES OF FORESTLAND LOCATED AT KOLAHUN, LOFA COUNTY,
REPUBLIC OF LIBERIA**

THIS CONTRACT made and entered into this 25th day of November A.D. 2009, by and between the Government of Liberia, through the Forestry Development Authority, hereinafter referred to as the Authority, represented by its Managing Director, John T. Woods, and Lofa Development Corporation, a duly registered corporation under the laws of Liberia, represented by its Chief Executive Officer, **Mary Kpoto**, hereby;

W I T N E S S E T H:

WHEREAS, the Authority is statutorily responsible for the sustainable management and use of all categories of forest resources;

WHEREAS, Mary Kpoto is a private citizen of Liberia and owner of a tract of 13,390 hectares of forested land by virtue of inheritance as beneficiary of her late husband Keikurah B. Kpoto; said tract of land also called the Kpoto Farm, lying and situated in Kolahun District, Lofa County, Liberia;

WHEREAS, by virtue of Section 5.6 (d) (i) of the National Forestry Reform Law (NFRL) of 2006, copy of a duly certified **Public Land Sale Deed** in proof of ownership of the subject tract of land is hereto attached and marked Exhibit "A" to form a cogent part of this contract;

WHEREAS, verification of proof of ownership of the subject land area is further attested by the Ministry of Lands, Mines and Energy as can be seen through a letter from Dr. Eugene H. Shannon hereto attached and marked Exhibit "B" to form also a cogent part of this contract;

WHEREAS, validation of the area in keeping with Sections 4.4 and 4.5 of the NFRL and Section 61 of FDA Regulation 102-07 shows that the said tract of land is inclusive of 7,937 hectares demarcated for multiple land use and an overlap of 1,395 hectares into the Wologisi Proposed Protected Area leaving a remainder of 4,058 hectares of forestland for commercial forestry. The said validation report is hereto attached and marked Exhibit "C" to form also an integral part of this contract;

WHEREAS, **Mary Kpoto** is desirous of commercializing harvestable tree species on said the tract of remaining **4,058** hectares of land;

WHEREAS, the Authority having examined **Mary Kpoto's** application and the requirements of Section 5.6 of the NFRL having been met, declares Mary Kpoto qualified for issuance of a Private Use Permit and

NOW, THEREFORE, for and in consideration of the mutual promises and agreements herein contained, the parties do hereby agree as follows:

1. **Metes and Bounds of Kpoto Farm**

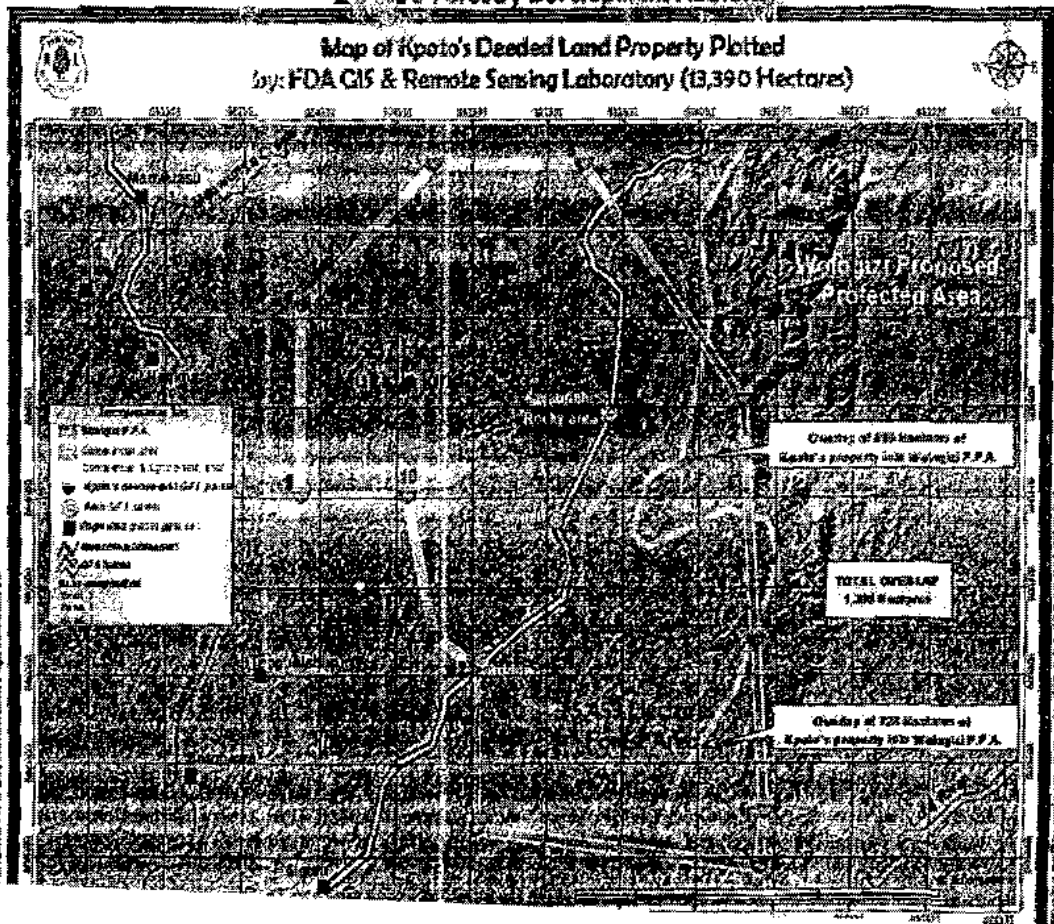
The available commercial area of Kpoto's land deed lies within Latitudes 8°1'12"-8°6'0" North of the Equator and Longitudes 9°57'0"-10°0'36" West of the Greenwich meridian and it is located in Lofa County-L I B E R I A.

The available commercial area of Kpoto's land deed commences at a point Northeast of the Town of Sigisu (8°01'10.94"N-10°00'54.54"W); thence a line runs Due North for 2,700 meters to a point (8°02'37.96"N-10°00'54.60"W); thence a line runs N 89° E for 1,950 meters to a point

(8°05'30.88"N-9°58'56.44"W); thence a line runs N 63° E for 581 meters to a point (8°05'39.53"N-9°58'39.53"W); thence a line runs N 54° E for 914 meters to a point (8°05'57.08"N-9°58'15.54"W); thence a line runs N 5° W for 716 meters to a point (8°06'20.09"N-9°50'17.56"W); thence a line runs N 47° W for 364 meters to a point (8°06'28.15"N-9°58'26.14"W); thence a line runs N 10° E for 477 meters to a point (8°06'43.35"N-9°58'23.37"W); thence a line runs N 31° E for 709 meters to a point (8°07'03.01"N-9°58'11.50"W); thence a line runs N 6° W for 211 meters to a point (8°07'09.98"N-9°58'12.17"W); thence a line runs N 52° W for 1,129 meters to a point (8°07'32.57"W-9°58'41.21"W); thence a line runs N 48° E for 959 meters to a point (8°07'53.06"W-9°58'17.81"W); thence a line runs S 38° E for 1,950 meters to the point on the boundary line of the Wologizi Proposed Protected Area (PPA)-(8°07'03.41"N-9°57'38.60"W); thence a line runs S 13° W for 2,551 meters to a point (8°05'42.77"N-9°57'57.28"W); thence a line runs S 60° W for 1,091 meters to a point (8°05'24.99"N-9°58'38.60"W); thence a line runs S 16° W for 1,295 meters to a point (8°04'44.91"N-9°58'39.64"W); thence a line runs S 55° E for 455 meters to a point (8°04'36.47"N-9°58'27.69"W); thence a line runs N 68° E for 2,248 meters to a point (8°05'03.20"N-9°57'19.41"W); thence a line runs S 77° E for 602 meters to a point (8°04'58.80"N-9°57'00.56"W); thence a line runs S 4° E 2,578 meters to a point (8°03'35.40"N-9°56'54.88"W); thence a line runs S 21° W for 1,555 meters to a point (8°02'48.24"N-9°57'13.18"W); thence a line runs S 37° W for 2,434 meters to a point (8°01'44.63"N-9°58'00.63"W); thence a line runs S 21° W for 1,188 meters to a point (8°01'08.91"N-9°58'14.31"W); thence a line runs S 73° E for 670 meters to a point (8°01'02.69"N-9°57'53.60"W); thence a line runs S 16° W for 339 meters to a point (8°00'51.89"N-9°57'56.49"W); thence a line runs N 84° W for 5,453 meters to the point of COMMENCEMENT, (8°01'10.94"N-10°00'54.54"W), embracing 4,058 hectares of forest land and NO MORE.

2. Map of Kpoto Farm

Liberia's Forestry Development Authority



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3. **Contract Objective**

- a. To harvest merchantable tree species from 4,058 hectares of tract of land otherwise called the K.poto Farm
- b. To create alternative uses of the tract of land after harvesting of trees
- c. To create employment for about 200 locals of the contract area and surrounding towns and villages.

4. **Contract Duration**

The contract shall be for three (3) years.

5. **Chain of Custody System**

In keeping with Section 13.5 of the National Forestry Reform Law of 2006 and sections (1-35) of FDA Regulation 108-07, the Chain of Custody System will apply during the life and implementation of this contract. The system so established for the tracking of logs, timber and wood products from forest to processing and then to domestic or foreign market shall be managed by Societe Generale de Surveillance (SGS) using SGS/Helveta equipment and software as provided for by section 3.2 (3) of the Chain of Custody System Management Contract of 2007.

6. **Land Rental & Stumpage Tax**

Consistent with Section 5.7(b) of the National Forestry Reform Law of 2006, the Company shall not be charged to pay land rental tax. However, stumpage shall be paid consistent with Section 5.7 (c) of the National Forestry Reform Law and also consistent with Section 22(b) of Regulation 107-07.

7. **Other Fees & GOL Taxes**

All other fees and GOL Taxes levied on the project shall be consistent with the Revenue Law of Liberia and FDA Regulation.

8. **Pre-felling Date**

Before Company is certified for felling, all pre-felling operations including the following must be completed:

- a. Posting US\$25,000.00 which is performance bond for TSC category
- b. Submission of initial annual operations plan
- c. Environmental Impact Assessment

9. **Employment**

Recruitment and employment by the Company shall be consistent with Labor Law of Liberia and International Labor Organization.

10. **Termination**

This contract shall be terminated if the company upon notice of breach of any term of this Contract fails to remedy said breach within a period of (60) sixty days.

9. **Force Majeure**

In the event of force majeure, which causes either party from meeting its obligations herein stated, the Contract shall be suspended as long as the force majeure continues.

Duty of Care

- a. Water course protection
- b. Erosion prevention
- c. Prevention of pollution to rivers, streams and other waterways by disposal of wastes
- d. Prevention of fire disaster

The operation shall also be in conformity with international conventions to which Liberia is a party. They include: the Convention on Biodiversity, the International Tropical Timber Agreement, the United Nation Framework Convention on Climate Change, the United Nations Convention to Combat Desertification, the Convention on International Trade In Endangered Species and the RAMSAR Convention on Wetland Management

11. Governing Laws

In effecting this Contract between the Corporation and the Authority, the relevant Laws of Liberia including but not limited to the National Forestry Reform Law and regulation governing Chain of Custody will prevail.

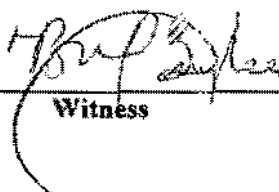
12.

Binding Effect

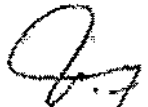
This Agreement is binding on the parties, their successors-in-office as if they were physically present at execution of this instrument.

In witness whereof, we have affixed our signatures on the day and date first mentioned above.

For the Authority




 Witness



 John T. Woods
 Managing Director

For the Company



 Witness



 Mary Kpoto
 Chief Executive Officer

Attested:



 Florence Chenoweth
 Chairman, EDA Board of Directors

