

CHAPTER 294.**TITANIUM AGREEMENT (RATIFICATION).**

**An Ordinance to Ratify and Confirm an Agreement for the
Prospecting and Mining of Deposits of Titanium-Bearing
Minerals in Sierra Leone.**

46 of 1959.

[31ST DECEMBER, 1959.]

WHEREAS an Agreement was made on the twenty-first day of July, 1959, between the Governor of Sierra Leone on behalf of the Government of Sierra Leone of the one part and the Consolidated Zinc Corporation Limited and Columbia-Southern Chemical Corporation of the other part which Agreement is set out in the Schedule to this Ordinance.

AND WHEREAS it is desirable that the aforesaid Agreement should be ratified and confirmed.

1. This Ordinance may be cited as the Titanium Agreement (Ratification) Ordinance.

Short title.

2. The aforesaid Agreement is hereby ratified and confirmed and all rights and obligations purported to be conferred or imposed thereby are hereby declared valid any law to the contrary notwithstanding and notwithstanding anything in any law contained the Governor or any other person shall have power to do on behalf of the Government of Sierra Leone any act which the aforesaid Agreement may require or allow in the name of the Governor or of the Government.

Confirmation
of Agreement
and
conferment
of powers.

SCHEDULE.

THIS AGREEMENT is made the twenty-first day of July 1959 BETWEEN MAURICE HENRY DORMAN, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor of the Colony and Protectorate of Sierra Leone, British West Africa acting for and on behalf of the Government of the said Colony and Protectorate (hereinafter called "the Government") of the one part AND THE CONSOLIDATED ZINC CORPORATION LIMITED, a company incorporated under the English Companies Act whose registered office is at 9 Basinghall Street, London, E.C.2 (hereinafter called "C.Z.C.") and COLUMBIA-SOUTHERN CHEMICAL CORPORATION, a corporation duly organised and existing under the laws of the State of Delaware, United States of America, with general business offices at One Gateway Center, Pittsburgh 22,

Pennsylvania, U.S.A. (hereinafter called "Columbia-Southern") of the other part ("C.Z.C." and "Columbia-Southern" being hereinafter called "The Companies").

WHEREAS:

(1) It is desirable to promote the development of enterprises in the Colony and Protectorate of Sierra Leone which will utilise its natural resources.

(2) Acting under Special Exclusive Prospecting Licence No. 2000, as extended or renewed, granted by the Government to British Titan Products Company Limited (hereinafter called "B.T.P."), B.T.P., and Columbia-Southern have expended substantial sums of money in an effort to determine whether there are in Sierra Leone deposits of titanium-bearing minerals of such quality and in such quantities as would justify commercial mining thereof.

(3) With the consent of the Government and Columbia-Southern, B.T.P. has assigned to C.Z.C., one of its principal shareholders, all B.T.P.'s rights under the said Special Exclusive Prospecting Licence, and in the exploratory activities conducted thereunder.

(4) The Companies desire to pursue further such exploratory activities and to make detailed economic studies with respect thereto and, before investing additional time, effort and money in the enterprise, to establish their right to mine and remove such minerals and to ascertain the terms and conditions under which such further exploratory activities and mining operations can be pursued.

(5) The Government and the Companies have determined to enter into this Agreement with a view to the deposits of titanium-bearing minerals in Sierra Leone being explored, prospected, developed and worked in the manner, and subject to the terms, conditions and events hereinafter appearing.

Now it is hereby agreed and declared as follows:

1. *DEFINITIONS:*

In this Agreement the following expressions shall, unless the context otherwise require, have the following meanings, that is to say—

"*The Prospecting Areas*"—The lands for the time being comprised in any Special Exclusive Prospecting Licence granted hereunder to the Companies.

"*The Mining Areas*"—The lands for the time being comprised in any mining lease granted to the Companies pursuant to Clauses 5 (a) and 5 (f) hereof.

"*The Minerals Ordinance*"—The Ordinance of that name passed in the year 1927 (Cap. 144) by the Legislative Council and any amendments made thereto prior to the date of this Agreement.

"*The General Minerals Rules*"—The General Minerals Rules promulgated under the Minerals Ordinance as amended from time to time prior to the date of this Agreement.

"*Titanium-bearing Minerals*"—Ilmenite, rutile and other minerals containing titanium.

* Cap. 144 is now Cap. 196 of this Edition of the Laws.

"Associated Minerals"—Zircon, monazite, columbite, graphite and garnet when occurring in the same deposit with titanium-bearing minerals.

"Mineral Concentrates"—The mixture of titanium-bearing and associated minerals from which a major portion of the sand, gravel and other material has been removed.

"Mining Machinery, Plant and Equipment"—All machinery, plant and equipment useful to and used by the Companies in clearing land, removing minerals therefrom and transporting, separating, handling and packaging such minerals for sale, including, without prejudice to the generality of the foregoing: dredges, barges, tow boats, pumps, piping, screens, concentrating and separating equipment, power-generating and distributing equipment, cranes, lorries, road building equipment, mineral storage, conveying, handling and packaging facilities; together with accessories and appliances for use and used exclusively with any of the foregoing.

Where the context so admits, words importing the singular shall include the plural and *vice versa*.

2. SPECIAL EXCLUSIVE PROSPECTING LICENCE:

The Government hereby grants to the Companies a Special Exclusive Prospecting Licence (hereinafter referred to as "the Licence") for all titanium-bearing and associated minerals within the Prospecting Areas described in the Schedule attached hereto for the period and upon the terms set out in Clause 3 hereof. The provisions of the Minerals Ordinance relating to exclusive prospecting licences shall apply to the Licence granted hereunder except to the extent inconsistent with the special provisions incorporated in this Agreement under the authority granted the Governor in section 22 of the Minerals Ordinance.

3. TERMS OF LICENCE:

(a) The term of the Licence shall commence on the day on which this Agreement is fully executed and shall expire at the end of five (5) years after the effective date of an Ordinance enacted by the Sierra Leone legislature, by which this Agreement is ratified and confirmed, subject to the provisions of Clause 11 (j) hereof.

(b) The licence shall confer on the Companies, in addition to the rights granted by the Minerals Ordinance, the right to raise or obtain in the course of prospecting such quantities of titanium-bearing and associated minerals as they may reasonably deem necessary to test the adequacy and operating effectiveness of the machinery and equipment which the Companies propose to use in their commercial operations under the mining leases to be granted hereunder, and to retain or dispose of any minerals so raised or obtained, subject to the same conditions as are prescribed in section 17 of the Minerals Ordinance with respect to minerals raised or obtained to test the mineral bearing qualities of the land.

(c) Subject as hereinafter mentioned, the Companies shall be under no obligation during the period of the Licence to survey, demarcate, beacon or clear the boundaries of the Prospecting Areas.

(d) If the Companies and/or the owner of any adjacent prospecting licence, mining right or lease shall require that any common boundary be cleared, surveyed, beacons and demarcated, the Companies shall procure

that this be done and the Companies and each adjacent owner shall share the cost thereof in accordance with the General Minerals Rules.

(e) The Companies shall, during the term of the Licence spend a total sum of not less than £125,000 (ONE HUNDRED AND TWENTY-FIVE THOUSAND POUNDS) on exploring, prospecting and developing the Prospecting Areas, including the procurement of equipment necessary therefor; provided, however, that if during such period the approximate area included in the Prospecting Areas becomes less than 2,500 square miles as a result of changes made therein by the Companies pursuant to paragraph (i) of this Clause 3, there shall be a proportionate reduction in such minimum total sum. Compliance with this paragraph (e) shall constitute full compliance with the requirements of section 18 of the Minerals Ordinance relating to *bona fide* prospecting operations.

(f) The Government from the date of this Agreement, shall during the term of the Licence indemnify the Companies against all claims of any owners or occupiers (including the Tribal Authorities) in respect of the Prospecting Areas other than claims for compensation made in accordance with the provisions of section 20 of the Minerals Ordinance, but subject to Clause 10 (b) of this Agreement.

(g) At any time and from time to time during the period of the Licence the Companies shall have the right to call for and the Government shall grant mining leases for any specified minerals or metals other than titanium-bearing and associated minerals, the presence of which in commercial quantities shall have been proven by the Companies' prospecting activities hereunder (including any water and/or other rights or easements required in connection therewith) in respect of any lands (or mining rights with respect to any streams) within the Prospecting Areas; provided such minerals or metals are not then subject to an active mining right or mining lease or other conflicting property interest granted by the Government to another. Any such mining lease to the Companies shall be for a period of Twenty-five (25) years and shall be subject to the provisions of the Minerals Ordinance and on fair and equitable terms which shall be not less favourable, having regard to the relative locations of the respective deposits, than those on which similar mining leases are held by others in Sierra Leone, or if there be no similar mining operations in Sierra Leone, under terms that are fair and reasonable. These mining leases shall be renewable at the option of the Companies for a second period of Twenty-five (25) years under terms that are fair and reasonable in the light of then current practices. Any dispute as to the terms upon which any such leases shall be granted shall be referred to arbitration in accordance with Clause 11 (c) of this Agreement.

(h) The rent payable by the Companies under the Licence in respect of the area included in the Prospecting Areas shall be at the rate of £2,500 (TWO THOUSAND FIVE HUNDRED POUNDS) per annum, payable to the Government annually, in advance; provided that, if the approximate area included in the Prospecting Areas becomes less than 2,500 square miles as a result of changes therein made by the Companies pursuant to paragraph (i) of this Clause 3, the annual rent thereafter payable hereunder shall be proportionally reduced.

(i) The Companies may surrender the Licence in its entirety or relinquish any part or parts of the Prospecting Areas at any time during the term of the Licence by written notice to the Chief Inspector of Mines to that effect. The Companies may, from time to time during the life of the Licence, with

the prior consent of the Chief Inspector of Mines, incorporate in the Prospecting Areas such additional land as they may select, whether or not contiguous to the then existing Prospecting Areas, by filing with the Chief Inspector of Mines a map of the additional areas selected and such other descriptive data relating thereto as he may reasonably require to identify the same; provided, however, that at no time may the Prospecting Areas embrace more than 2,500 square miles of land in the aggregate without the consent of the Chief Inspector of Mines. Whenever the Companies shall diminish or enlarge the size of the Prospecting Areas as provided in this paragraph (i), they shall submit to the Chief Inspector of Mines an estimate of the approximate area of the Prospecting Areas as changed thereby, to assist him in adjusting the rent to be thereafter payable under paragraph (h) of this Clause 3, it being understood that the final estimate of area, on the basis of which the adjustment, if any, is to be made on such rent, shall be made by the Chief Inspector of Mines.

(j) Upon the surrender or other termination of the Licence granted herein, or of any portion thereof, the Companies shall be granted a period of not less than one year, or such longer period as the Chief Inspector of Mines may specify, immediately following such expiration or termination in which to remove all or any of their buildings, structures, plant, machinery or effects from the Prospecting Areas or portion thereof so surrendered or terminated. Any such buildings, structures, plant, machinery or effects, which are not removed in accordance with the provisions of this paragraph (j) within the period stated herein, or such longer periods as the Chief Inspector of Mines may specify shall at the termination of such period become the property of the Government.

4. RENEWAL OF LICENCE:

The Companies may, not later than six (6) months prior to the expiration of the Licence, give notice in writing to the Government requesting the Government to renew or extend the Licence for a further period of five (5) years from and after such expiration date upon the same terms and conditions as are hereinabove provided for, except the annual rental payable by the Companies and the minimum annual sums to be spent by the Companies under Clause 3 (e). The Government shall duly comply with such request, provided the Companies are not then in default hereunder. The annual rental payable by the Companies and the minimum annual sums to be spent by the Companies on exploring, developing and prospecting in the Prospecting Areas during such renewal term shall be determined by negotiations between the parties as amounts deemed reasonable at the time or, failing agreement, by arbitration in accordance with the provisions of Clause 11 (c) hereof.

5. MINING LEASE AND DREDGING LICENCE:

(a) At any time during the life of the Licence the Companies shall have the right to request of the Government and the Government shall promptly grant to the Companies a mining lease and dredging licence (herein called the Lease), covering all titanium-bearing and associated minerals in and under any portion of the Prospecting Areas, as described in the Companies said request. The provisions of the Minerals Ordinance relating to Mining leases and dredging licences shall apply to the Lease except to the extent inconsistent with the special provisions incorporated in this Agreement under the authority granted the Governor in section 42 of the Minerals Ordinance.

(b) The term of the Lease shall commence as of the date of its grant by the Government and shall cease at the expiration of Twenty-five (25) years

from the date when the Companies commence shipping titanium-bearing minerals or associated minerals or mineral concentrates from Sierra Leone thereunder in commercial quantities; provided that the Companies shall have the right to terminate the same at any time by not less than six (6) months' notice in writing to the Government to that effect; and provided also that, if the Lease shall not earlier have been terminated under this paragraph (b) the Companies may by at least six (6) months' previous notice in writing to the Government, given prior to the expiration of the period of the lease, request the Government to grant them a new lease for a further term of twenty-five (25) years from the date of expiration of the first Lease period upon the terms and conditions of the original Lease (other than terms as to payments by the Companies). Upon receipt of any such request, provided the Companies are not then in default hereunder, the Government shall grant to the Companies such a new lease for a further twenty-five (25) years upon such fair and equitable terms as to payment by the Companies as may then be agreed upon, or, failing agreement, as shall be settled by arbitration in accordance with the provisions of Clause 11 (c) hereof.

All mining leases bordering on tidal water will be considered as extending into the tidal waters to the territorial limits of Sierra Leone without, however, giving the Companies any rights to prospect or mine for mineral oils in such tidal waters, or to prevent the grant of a mineral oils prospecting licence or mining lease to a mineral oils mining company under the provisions of any ordinance, or of any legislation subsidiary to an Ordinance, which may be enacted regarding the prospecting for and mining of mineral oils: provided that such grant shall not conflict with any prior right established by the Companies for the exploitation of titanium-bearing and associated minerals deposits in any area within the said tidal waters described and delimited to the satisfaction of the Chief Inspector of Mines.

(c) The Companies may surrender any part or parts, but not all, of the Mining Areas at any time during the term of the Lease by notice in writing to the Government to that effect and upon such surrender the lands surrendered shall cease to be comprised in or subject to the provisions of the Lease.

(d) The Government shall during the term of the Lease indemnify the Companies against all claims of any owners or occupiers (including the Tribal Authorities) in respect of the Mining Areas other than claims for compensation made in accordance with the provisions of section 20 of the Minerals Ordinance but subject to Clause 10 (b) of this Agreement.

(e) Upon the surrender or other termination of the lease or of any other lease granted hereunder, or of any portion thereof, or of any mining right or mining lease for minerals other than titanium-bearing minerals granted to the Companies in pursuance of this Agreement, the Companies shall be granted a period of not less than two (2) years, or such longer period as the Chief Inspector of Mines may specify, immediately following such expiration or termination in which to remove all or any of their buildings, structures, plant, machinery, equipment (including dredges, barges and tow boats) or other effects from the areas covered by the lease or portion of the lease surrendered or terminated. Any of the Companies' buildings, structures, plant, machinery or effects which are not removed in accordance with the provision of this paragraph (e) within the period stated herein, or such longer periods as the Chief Inspector of Mines may specify, shall at the expiration of such period become the property of the Government. Nothing in this paragraph (e) contained shall prejudice the right of the Government under

section 40 (2) of the Minerals Ordinance to take possession of any buildings, plant, machinery or other effects which are the property of the Companies and which on the expiration, surrender or other termination of any lease are left upon the area of such lease if the Companies are knowingly in default in payments due to the Government in respect of such lease.

(f) At any time and from time to time while the Licence is in effect, the Companies shall have the right to request of the Government and the Government shall promptly grant to the Companies in response to any such requests, additional mining leases for titanium-bearing and associated minerals, covering such areas within the Prospecting Areas as the Companies may designate by filing with the Chief Inspector of Mines a map of the areas selected, together with a descriptive statement setting forth in general terms the approximate boundaries and area thereof.

At any time and from time to time after the expiration of the Licence but during the life of this Agreement, the Government agrees promptly to grant to the Companies, if and as requested by the Companies, a Special Exclusive Prospecting Licence to prospect for titanium-bearing and associated minerals covering such areas, not to exceed 250 square miles, as the Companies may designate by filing with the Chief Inspector of Mines a map and descriptive statement thereof as provided in the immediately preceding paragraph; provided that the granting thereof shall not conflict with any property interest, right or concession theretofore granted by the Government to another. The provisions of paragraphs (c), (d), (f), (g), and (j) of Clause 3 of this Agreement shall be applicable to any special Exclusive Prospecting Licence granted by the Government pursuant to this paragraph. The provisions of section 8 of the Minerals Ordinance, and of all other sections thereof relating to exclusive prospecting licences not in conflict with the provisions contained in this paragraph, or incorporated herein by reference, shall apply to any such Special Exclusive Prospecting Licence. In addition, the Companies, in the exercise of their prospecting activities thereunder, shall be bound to observe and comply with the restrictions set forth in paragraphs (a), (b) and (c) of the proviso to section 12 (1) of the Minerals Ordinance, as applicable to holders of prospecting rights.

At any time and from time to time during the life of any Special Exclusive Prospecting Licence granted pursuant to the provisions of the immediately preceding paragraph, the Companies shall have the right to request of the Government and the Government shall promptly grant to the Companies in response to any such requests, additional mining leases for titanium-bearing and associated minerals covering such areas embraced in any such Special Exclusive Prospecting Licence as the Companies may designate by filing with the Chief Inspector of Mines a map and descriptive statement thereof as provided in the first sub-paragraph of this paragraph (f); provided that the granting thereof shall not conflict with any property interest, right or concession theretofore granted by the Government to another.

All additional leases granted pursuant to the provisions of this paragraph (f) shall be upon terms and conditions provided herein with respect to the Lease granted pursuant to paragraph (a) of this Clause 5, except that, upon the expiration of twenty-five (25) years from the date on which the Companies commence shipping titanium-bearing minerals or mineral concentrates from Sierra Leone in commercial quantities, the Government may require that the terms of any such additional mining lease as may then be in effect or as may be thereafter granted, in so far as they relate to payments by the Companies, be re-determined in the manner provided in paragraph (b) of this

Clause 5 for determining terms as to payment by the Companies that will be applicable during the renewal term of the Lease.

(g) Although the Lease is to be confined to titanium-bearing and associated minerals, and the Companies' mining operations will be directed toward the extraction and recovery thereof, the parties recognise that dredging operations such as the Companies plan to conduct will of necessity turn up along with titanium-bearing and associated minerals any other minerals or metals that may be intermixed with or in close proximity to the titanium-bearing and associated minerals.

If any diamonds are recovered by the Companies they shall be delivered by the Companies to the Chief Inspector of Mines or to such other Government Agency or depository as the Chief Inspector of Mines shall designate for such purpose. The Government shall have the right to make such disposition of any diamonds so delivered by the Companies as the Government deems proper, making such distribution of the proceeds derived therefrom as the Government considers fair and equitable.

Except with respect to diamonds the Companies shall have the right to extract, recover, process and sell any such other minerals and metals which they dredge up with titanium-bearing and associated minerals in their mining operations. It is expressly understood, however, that the Companies will be governed by and will comply with all valid and applicable Ordinances, rules and regulations governing the possession and marketing of any such other minerals and metals, including any applicable Ordinances, rules, or regulations relating to radioactive minerals, and will pay any valid taxes or other governmental charges assessed against and paid by other producers thereof, including a Concession Tax equal to and in substitution for any royalty so assessed. If no royalty is established in the General Minerals Rules for any such other mineral or metal, the Government reserves the right to establish a royalty payable therefor that shall be consistent with the royalties payable for comparable minerals or metals and the Companies agree to pay a Concession Tax hereunder with respect thereto equal to and in substitution for the royalty thus established.

6. MINERAL RESERVES:

At any time and from time to time during the life of the Licence or of any subsequent special exclusive prospecting licence granted to the Companies, the Companies may, by written notice to the Chief Inspector of Mines, enclosing maps and descriptions adequately describing the area involved, designate within the Prospecting Areas one or more areas found by exploration to contain deposits of titanium-bearing minerals which they desire to be established as "Mineral Reserves" hereunder. Within ninety (90) days after the filing of any such notice the Chief Inspector of Mines may request the Companies to furnish such additional information and data as he may reasonably require to enable him to determine to his satisfaction the location and dimensions of the area and that it contains significant quantities of titanium-bearing minerals and the Companies shall promptly furnish such additional information and data, following which, or upon the expiration of such ninety (90) day-period if no such request is made, the area described in the Companies' said notice shall be deemed to constitute a Mineral Reserve. Each such Mineral Reserve shall be demarcated and beacons by the Companies in the manner prescribed in the Minerals Ordinance and the General Minerals Rules with respect to mining leases.

If the Government shall receive a *bona fide* application from another for a mining right, mining licence or mining lease with respect to some mineral or minerals other than titanium-bearing and associated minerals covering all or part of a Mineral Reserve, the Government shall promptly notify the Companies thereof in writing and the Companies shall have the right, within ninety (90) days from the date they receive any such notice from the Government to take out a mining lease covering all or part of the Mineral Reserve affected by such other application, including all or part of the portion thereof so affected, unless the average titanium dioxide (TiO₂) content of the titanium minerals deposit covered by such lease is less than three-quarters of one per cent (0.75%). Any portion of the Mineral Reserve so affected which is not included in a mining lease by the Companies shall be deemed to have been released by the Companies from such Mineral Reserve at the expiration of such ninety (90) day-period and the Government may thereafter lease the same to such other person in response to such application. If, however, it is not so leased to such other person within six (6) months after the expiration of such ninety (90) day-period, the Companies may, by written notice to the Chief Inspector of Mines, re-establish its status as a Mineral Reserve.

If diamonds are discovered to exist in commercial quantities in a Mineral Reserve the Companies may not prevent their recovery by taking out a mining lease as aforesaid even though the titanium dioxide (TiO₂) content of the titanium minerals deposit equals or exceeds three-quarters of one per cent (0.75%).

Any Mineral Reserve established hereunder shall continue in existence as a Mineral Reserve, notwithstanding the expiration or termination of the Special Exclusive Prospecting Licence within the boundaries of which it is included, as long as the Companies maintain in force one or more mining leases hereunder covering titanium-bearing and associated minerals; provided that with respect to any Mineral Reserve which the Companies desire to keep in force after the expiration or termination of such licence, the Companies shall continue to pay an annual rental equivalent to the annual rental payable therefor under such Licence.

7. RENTS AND TAXES:

(a) *Mining and Surface Rent.*—The Companies shall pay to the Government as part of their exploration expenses, a Mining Rent at the rate of £160 (one hundred and sixty pounds) per year for each square mile above mean sea level embraced within the Mining Areas.

In addition, the Companies shall pay to the Government an annual surface rent for all land occupied or used for the purposes enumerated in section 35 (1) of the Minerals Ordinance at a rate or rates determined by the Governor pursuant to such section 35. The Companies may designate and shall demarcate one or more areas within the Mining Areas, not to exceed two square miles in total area, on which to erect permanent processing and other plant facilities. The surface rent for such areas once determined shall not be subject to revision during the remainder of the initial twenty-five year term of the Lease, section 35 (4) (a) of the Minerals Ordinance notwithstanding.

(b) *Concession Tax.*—Beginning as of the date on which the Companies begin shipment of titanium-bearing and associated minerals from Sierra Leone in commercial quantities, and subject to the limitations of paragraph (c) (3) of this Clause 7, the Companies shall be obliged to pay to the Government a Concession Tax with respect to all titanium-bearing minerals thus

shipped equal to two and one-half per cent ($2\frac{1}{2}\%$) of the net sale value thereof f.a.s. (free alongside) the Sierra Leone port, determined by deducting from gross selling price or value all freight, insurance, handling charges, and other similar costs and charges incident to transporting and handling such materials between such Sierra Leone port and the point or points at which delivery is effected to buyers or consumers and also all selling charges including, without prejudice to the generality thereof, all discounts, allowances, advertising charges, commissions, or refunds allowed or paid by the Companies with respect thereto, also deducting any tax, duty, or imposition on the product paid or payable by the Companies outside Sierra Leone whether in the form of import duty, sales tax, or otherwise. The Concession Tax payable on associated minerals shall be as prescribed under the Minerals Ordinance.

The said Concession Tax shall be payable semi-annually to the Government, as follows: Within ninety (90) days following each 30th June and 31st December after the Companies have begun shipment of titanium-bearing and associated minerals from Sierra Leone, the Companies shall prepare and deliver to the Government a statement, certified by the Companies' local manager stating the total tonnage of minerals of each kind and quality shipped by the Companies from Sierra Leone during the six months' period ending on such 30th June or 31st December, as the case may be, together with a statement of the gross selling price or value thereof, and the various amounts deducted from such gross selling price or value to determine the net sales value thereof f.a.s. (free alongside) Sierra Leone Port. With each such report the Companies will pay to the Government the Concession Tax payable with respect to the materials covered by such report.

The Concession Tax shall not be deducted as an operating expense in the year in which it is paid for the purposes of computing the Companies' assessable income.

(c) *Income Tax:*

(1) *Income Tax Relief*—The Companies, in respect of their activities in Sierra Leone under and pursuant to this Agreement, shall be entitled to Income Tax relief as provided in this paragraph (c) for a period of five (5) years from and after their "Production Day," as hereinafter defined in this paragraph (c), such five year period being hereinafter referred to as the "Tax Relief Period."

(A)—"Production Day"—as used herein shall mean the earlier of:

(i) the first day of the calendar month next following the expiration of the first period of six consecutive calendar months during which the Companies' processing plant shall have produced rutile at an average rate equal to eighty per cent (80%) of the rated capacity of said plant;

or (ii) the first day of the calendar month next following the expiration of three years after the date on which the Companies shall have made their first commercial shipment of titanium-bearing minerals from Sierra Leone.

(B)—*Special Allowances during Tax Relief Period*—The income of the Companies derived from their activities in Sierra Leone under and pursuant to this Agreement during the Tax Relief Period shall be assessed to tax as provided in the Income Tax Ordinance, before taking into account capital allowances. With respect to each year

during the Tax Relief Period the Companies will be granted a special allowance equal in amount to the income tax thus assessed against them with the result that no income tax shall be payable by the Companies with respect thereto.

(C)—*Dividends exempt from Income Tax*—All dividends declared and paid by the Companies out of income assessed to tax during the Tax Relief Period as provided in sub-paragraph (1) (B) of this paragraph (C) shall be exempted from tax under the Income Tax Ordinance in the hands of the shareholders; provided, however, that if any portion of any such dividend shall be taxable in the hands of any such shareholders by any other taxing authority, under conditions such that the assessment and collection by the Government of a tax thereon under the Income Tax Ordinance would be credited to or offset against such other tax, as a foreign tax credit, double taxation relief, or otherwise, and thus would not add to the total amount of tax payable by such shareholder with respect to such portion of such dividend, then and to such extent only, such portion of such dividend shall not be exempted from tax under the Income Tax Ordinance.

(D)—*Carry forward of Losses*—All losses, if any, incurred by the Companies in their said activities in Sierra Leone in excess of profits during the Tax Relief Period, shall be carried forward to the period immediately following the expiration of the Tax Relief Period.

(2) *After the Tax Relief Period*—Immediately following the expiration of the Tax Relief Period, the Companies' status with respect to exploration expenses, accumulated capital allowances and accumulated losses, if any, shall be as follows:

(A)—*Exploration Expenses*—All expenditures, including prospecting expenditures, other than on plant, machinery and buildings incurred by the Companies prior to Production Day, less the Companies' net proceeds from the sale of materials produced in the conduct of their activities in Sierra Leone under and pursuant to this Agreement and sold prior to Production Day, and the cost of rutile inventories on hand, shall be deemed to constitute exploration expenses and as such shall be the subject of a capital allowance as from Production Day at the rate of ten per cent (10%) per annum on a straight line basis. Capital allowances so computed shall be carried forward to the end of the Tax Relief Period and allowed against assessable profits for subsequent years.

All prospecting expenses incurred by the Companies after Production Day shall be deemed to constitute operating expenses of the Companies, and shall be deductible as such in the year incurred from the Companies' earnings in determining the Companies' assessable income with respect to such year.

(B)—*Capital Allowances*—Capital Allowances shall be computed for the Tax Relief Period and accumulated and carried forward, and shall be allowed against the Companies' earnings as they occur in the period immediately following the expiration of the Tax Relief Period in determining the Companies' assessable income during such subsequent period. Capital allowances shall also be computed for capital expenditures by the Companies after the expiration of the Tax Relief Period. All capital allowances computed under this sub-paragraph

(B) shall be as provided in the Income Tax Ordinance, except that, for purposes of such capital allowances, all buildings erected by the Companies shall be treated as industrial buildings.

(C)—*Losses*—All losses, if any, carried forward as provided in sub-paragraph (1) (D) of this paragraph (C) and all losses occurring in any year after the expiration of the Tax Relief Period will be carried forward and set off against earnings as they accrue in subsequent years, without limitation as to time.

(3) *Limitations on Amount of Tax*—Notwithstanding anything to the contrary in this Agreement, or in the Income Tax Ordinance, or the Minerals Ordinance as now or hereafter amended, the sum of all amounts payable by the Companies and their shareholders to the Government as Concession Tax and as a tax on income derived from activities in Sierra Leone under and pursuant to this Agreement shall not exceed fifty per cent (50%) of the Companies' assessable income derived from such activities with respect to such assessment year; provided however that the limitation imposed by this sub-paragraph (3) shall never operate to reduce the sum of such amount so payable to the Government with respect to any assessment year below the amount payable hereunder as Concession Tax. Any reduction in the total amount of such taxes required to give effect to the provisions of this sub-paragraph (3) shall be effected primarily by a reduction in the amount of Concession Tax payable in such year and if this reduction shall be insufficient, then by a reduction in the amount of the Sierra Leone Income Tax payable in such year.

Except as hereinabove provided in this paragraph (C), the Companies in the conduct of their activities in Sierra Leone pursuant to the provisions of this Agreement shall be taxable upon their income derived therefrom in accordance with the provisions of the Income Tax Ordinance.

8. *AUDIT AND CERTIFICATION OF COMPANIES' BOOKS:*

The Companies shall cause their books to be audited as soon as practicable after the close of each accounting year by such Independent Chartered Accountants as may be chosen by the Companies and approved by the Government. A copy of the accounts, together with the auditor's report and certificate shall then be forwarded to the Commissioner of Income Tax.

9. *LIMITATION ON RIGHTS TO BE GRANTED TO OTHERS:*

The Government shall use its best endeavours to discourage or prevent the grant of any concession contemplated by the Concessions Ordinance which would or might hamper or restrict the operations of the Companies or prove an inconvenience to the Companies in the due exercise of their rights under this Agreement.

10. *GENERAL RIGHTS OF THE COMPANIES:*

In addition to the other rights granted them by this Agreement and the Minerals Ordinance and other applicable laws of Sierra Leone, the Companies shall have the following rights:

(a) *Rights Incident to Dredging Operations*—Except with respect to mineral concentrates recoverable from coastal beaches, it is contemplated that the bulk of the Companies' mining operations under this Agreement will consist of dredging in the beds and in the environs of rivers, streams

and watercourses. To permit and facilitate such dredging the Companies shall have the right, without further permit or licence:

(1) Either within or outside the Mining Areas:

To dig, widen and deepen channels in rivers, streams and watercourses as may be necessary to permit or facilitate dredge access to the area to be mined and to afford barge access thereto.

(2) Within the Mining Areas only:

(a) To use the water and to return the same together with dredging spoils to the river, stream or watercourse; provided that, in so doing, the Companies shall not discharge or permit to be discharged any poisonous or noxious matter in any natural watercourse.

(b) To fell trees, subject to the provisions of section 37 of the Minerals Ordinance, and otherwise clear the land to be dredged.

(c) To divert streams, including the right to secure water from a river, stream or watercourse for the purpose of obtaining and maintaining a dredging pool, also to build temporary dams and to impound water therein as required for such dredging operations:

Provided, however, that before taking any action under subparagraphs (1) or (2) (c) which would alter the water supply of any lands in such a manner as would prejudicially affect the water supply enjoyed by any other person or lands, the Companies shall obtain the prior consent of the District Commissioner having jurisdiction over the person or lands that would be prejudicially affected.

The Companies agree that, if their dredging operations, including the exercise of any of the rights incident thereto as hereinabove enumerated, shall be deemed by the Chief Inspector of Mines to be likely to pollute, impair, divert or destroy the normal supply of potable water of any village, they will dig from one to four wells in or near the village as may be necessary to provide an alternative supply of potable water, the number and location of wells to be dug in any instance to be determined by the Director of Medical Services. Each well so dug shall be provided with hand facilities for raising the water.

(b) *Occupation of Surface Land*—In order to exercise their exploration rights and mining rights under this Agreement, and subject to the limitations of sections 8 and 36 of the Minerals Ordinance, the Companies shall have the right to occupy and utilise permanently or temporarily, within the Prospecting or Mining Areas, such parts of the surface land, whether Government owned or otherwise, as may be reasonably required for accessory works and installations of the type listed in paragraph (c) of this Clause 10 which are necessary or useful for their operations, and such part of the surface as may be required for their prospecting and mining operations. The Companies shall endeavour to make satisfactory arrangements with the owner or occupier thereof, if other than the Government, for payment of a fair and reasonable compensation for any prospective damage to any crops, buildings, trees or works thereon.

It is recognised that the Companies' dredging operations will of necessity disturb the top soil and intermix sub-soil strata therewith, and

that such disturbance and intermixing is a necessary incident to the alluvial mining of titanium-bearing and associated minerals. Accordingly, it is agreed that such disturbance and intermixing, and their effect, if any, on the future use and occupancy of the surface land shall not be taken into account or evaluated in determining compensatable damages payable to the owner or occupier of the land. To minimise such disturbances, the Companies agree that they will restore all dredged areas to reasonable surface contours not in substantial contrast with the contours of the adjacent and surrounding land surface.

In case it shall not be possible for the Companies to reach a satisfactory agreement with the owner or occupier of the surface in the case of land not owned by the Government within thirty (30) days after the commencement of their efforts to do so, or such extended time as the Companies and such owner or occupier shall agree, the Companies, unless they elect not to occupy and utilise such surface areas, shall bring the matter to the attention of the District Commissioner having jurisdiction, filing a petition setting forth the facts of the case and specifying as exactly as may be possible the land which they require and the nature of the occupation of the same which they require, whether for accessory works and installations or for prospecting or mining operations. As soon as may be conveniently done thereafter but not more than sixty (60) days after the date of the filing of the said petition, the Government shall cause the District Commissioner to assess the compensation to be paid to the owner of the land when and if such prospective damages, loss or destruction of goods or property is inflicted by the Companies, and to promptly notify the parties of the sum awarded. If the owner of the land should be unknown or there should be a controversy as to the ownership, the Companies shall make payment to the District Commissioner who shall determine its disposition. Either party who is dissatisfied with the award of the District Commissioner may appeal to the Governor who may render a decision or refer the dispute for determination by arbitration. The decision by the Governor or the arbitrators shall be final and binding on the parties. Upon agreeing to pay the amount specified the companies may enter upon the land, but the Companies shall not be required to agree to pay such amount if they shall withdraw their petition to enter upon such land and have not already entered upon such land.

The compensation payable by the Companies pursuant to this Clause 10 (b) shall be based on the estimated monetary amount (or value) of the damage to be done to the crops, buildings, trees or works on the land. Any compensation with reference to the fact that the owner will be deprived of the use and occupancy of the land is included in and covered by the surface rent payable pursuant to section 35 of the Minerals Ordinance.

(c) *Accessory Works and Installations*—Subject to the provisions of sections 8 and 36 of the Minerals Ordinance the Companies shall have the right to construct and operate within the Prospecting or Mining Areas, roads, buildings, living quarters, water supply systems, pipelines, communication systems, electric power systems, ship loading stations, airstrips, barge channels, storage facilities, and other similar accessory works and installations which are necessary or useful in carrying out their operations under this Agreement, subject to the approval of the appropriate authority, if any such approval is required under and pursuant to the Minerals Ordinance, and subject to such reasonable requirements and conditions, if any, as may be imposed by such authority as a

condition to the granting of such approval. Such right shall exist as inherent in the Agreement and without the necessity for obtaining hereafter special permits for the exercise thereof, other than the official approvals above referred to.

(d) *Exemption from Customs Duties*—During a period of five (5) years commencing on the date of the Companies' first duty-free import in the exercise of such right, the Companies and their contractors shall have the right to import free of all customs duties and of all import licence fees or charges in lieu thereof, all items of mining machinery, plant and equipment, as defined in Clause 1; all instruments, apparatus, construction and building materials; manufactured goods, tools, and sanitary equipment and effects, hospital equipment, materials and supplies and household furnitures and equipment which they shall procure for use in the construction and equipping of their installations; also an initial inventory of spare parts for items of mining machinery, plant and equipment so imported. Upon the expiration of such five (5) year period, the Companies shall furnish the Government with an inventory of all items of mining machinery, plant and equipment so imported, spare parts for which would otherwise have been subject to import duties, such inventory to show the aggregate cost to the Companies for such items and the aggregate cost to the Companies of all otherwise dutiable spare parts for such items imported by the Companies without payment of duty, pursuant to the right herein granted. If the cost of such spare parts shall be in excess fifteen per cent (15%) of the aggregate cost of such items of mining machinery, plant and equipment, the Companies shall pay, promptly following assessment thereof by the Government, import duty on the amount of such excess, at such rate as the Government shall reasonably determine. The Companies shall also have the right to import free of all such duties, licence fees or charges, all fuel (other than petrol and kerosene) required solely for the operation of the Companies' mining and processing facilities, such right to commence on the date of the Companies' first duty free import in the exercise thereof and to continue until the expiration of the Tax Relief Period provided for in Clause 7 (c) hereof.

The Companies shall also have the right during the life of the Agreement to import free of all such duties, licence fees or charges, all bags and other containers required by the Companies for use in packaging for sale and shipment materials mined and produced by the Companies in Sierra Leone under and pursuant to this Agreement.

The Companies shall be entitled to obtain the refund of duties already paid by jobbers and dealers with respect to any of the above-mentioned items which the Companies purchase locally in Sierra Leone, which, if imported directly by the Companies, would have been duty free.

The Companies may also export free of all customs and other duties and of all local or general taxes, all the products of their mining operations whether they be in crude or refined state. The said exportation may be affected from any public port or from private ship loading stations situated at other points on the coast, always with the right of the Government to watch over such exportations. In order to enjoy the benefits granted in this paragraph (d), all materials, machinery, equipment or tools which the Companies would not be permitted to import duty free except pursuant to this Agreement will, so far as possible, if requested by the Government, be marked with such identifying mark or symbol as may be approved by the Government, in a manner difficult to delete.

The Companies may assign to other parties who enjoy the same exemption any effects which the Companies may have imported free of duty. The Companies may re-export the effects imported duty free if they do not require them for their work.

Except as provided otherwise in this paragraph (d), the provisions of the Sierra Leone Customs Ordinance, Customs Tariff Ordinance and the Regulations and Rules thereunder shall be applicable to imports and exports by the Companies in the conduct of their activities in Sierra Leone under and pursuant to this Agreement.

(e) *Entry of Personnel*—The Companies shall not import unskilled labour for the carrying out of any operations, developments or maintenance undertaken by them by virtue of this Agreement, except in the event that the local labour supply shall prove inadequate to their needs, and in such event the Companies undertake to import only such foreign unskilled labour as shall be acceptable to the Minister of Mines, Lands and Labour.

Subject to the foregoing restrictions and to any applicable provisions of the Immigration Restriction, Aliens Expulsion and Undesirable British Subjects Control Ordinances, all persons deemed by the Companies to be required for the prosecution of their work, including executives, officers, engineers, consultants, technicians and skilled, semi-skilled and unskilled labour, shall have the right to enter and reside in Sierra Leone and to depart therefrom. The Government agrees that it will encourage and assist the efforts of the Companies to secure and maintain an adequate labour supply.

In selecting employees to carry out their operations under this Agreement, the Companies shall give preference to Sierra Leone engineers, consultants, technicians and skilled and semi-skilled labour which they deem to be qualified and competent.

No officer or employee of the Companies who is not a native of Sierra Leone, even though he may be for the time being a resident of Sierra Leone, shall be subject to the payment of any direct or personal tax or taxes now or hereafter authorised, levied or imposed by the Government at rates in excess of those levied or imposed upon permanent residents of Sierra Leone. Subject to the foregoing the payment of Income Tax to the Government by any such officer or employee of the Companies shall be governed by the Income Tax laws of Sierra Leone and the provisions of such treaty or agreement in respect of double taxation as may be concluded between the Government and the government of the country of which such officer or employee is a subject or citizen.

(f) *Housing of Labourers*—Rule 43 (4) of the General Minerals Rules shall not preclude the Companies from demanding and receiving rents at such rates and subject to such conditions as may be approved by the Commissioner of Labour in respect of the occupation by labourers or others of huts or houses constructed by or at the cost of the Companies within the Prospecting or Mining Areas.

(g) *Force Majeure*—Failure on the part of the Companies to fulfil any of the terms and conditions of this Agreement shall not give the Government any claim against the Companies or be deemed a breach of this Agreement in so far as such failure arises from force majeure and if through force majeure the fulfilment by the Companies of any of the terms and conditions of this Agreement is delayed, the period of such delay shall be added to the periods fixed by this Agreement.

In this Clause the expression "force majeure" includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the Companies could not reasonably prevent or control.

(h) *Government Protection and Assistance*—The Government undertakes to grant to the Companies such assistance as it reasonably can to enable the experts and other technicians sent by them to carry out their tasks in the best and most efficient manner.

The Government will make available to the Companies all aerial, magnetometer and other geological surveys and photographs and all other plans, maps, information and advice relating to titanium-bearing minerals which the Government is at liberty to disclose and will permit the Companies to obtain copies of all such surveys, photographs, plans, maps and information for their own use upon payment of the actual cost of making such additional copies. The Companies will make available to the Government Geological Survey Department all similar data that it compiles or acquires from others under circumstances which permit disclosure thereof to others; provided, however, that the Government agrees that its said Department will treat all such data so made available to it as confidential and will not communicate it to others during the life of the Agreement, without the Companies' prior consent.

(i) Without prejudice to the provisions of Clauses 7 (c) (1) (C) and 7 (c) (3), the Sierra Leone Government—

(a) undertakes that dividends and interest payable by the Companies to non-residents of Sierra Leone in respect of approved investments may be transferred to them subject only to such restrictions and conditions, if any, as may from time to time be applicable to non-residents who have made approved investments in Sierra Leone;

(b) confirms that it is its policy to allow the transfer to non-residents of such dividends and interest payable to them, and that this practice will not be changed save in the most exceptional circumstances and;

(c) undertakes that capital invested in the Companies in an approved manner by non-residents, together with any sums of a capital nature arising from such investments, shall be eligible for repatriation to the country of residence of the investor—

(i) in its entirety, so long as dividends and interest remain transferable in full;

(ii) in any other case, subject to any general conditions and restrictions which may be in force in respect of approved investments by non-residents under exchange control legislation and which are not less favourable than those in force in respect of the transfer of dividends and interest.

(j) The Government agrees that it will grant any and all permits and permissions of whatsoever nature necessary for the importation into Sierra Leone of machinery, equipment and supplies necessary for the conduct of the prospecting and mining operations contemplated by this Agreement and of such manufacture and types from whatsoever source as shall be customarily employed by the Companies.

11. GENERAL PROVISIONS:

(a) *Revocation by the Government*—If and whenever any sum of money payable hereunder by the Companies as rent or concession tax shall be in arrears for the space of six months after the date on which such sum becomes due and payable, or if there shall be any breach or non-observance by the Companies of any of the terms of any licence or lease granted herein or hereunder, or if the licensee or lessee thereunder shall become bankrupt or make or enter into any arrangement or composition with its creditors, or if a receiver is appointed for the licensee or lessee or if it shall enter into liquidation whether compulsorily or voluntarily (except a voluntary liquidation of a solvent company for the purpose of reconstruction) then and in any such case the Government may revoke the licence or lease in question and thereupon the same and all rights thereunder, granted pursuant to this Agreement, shall cease and determine, but subject nevertheless and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions thereof. Provided always that, save as to the non-payment of rents or concession taxes, the aforesaid power shall not be exercised unless and until notice has been given to the licensee or lessee specifying the particular breach complained of and, if the breach is capable of remedy, requiring the licensee or lessee to remedy the breach and in any case requiring the licensee or lessee to make compensation in money for the breach if such breach is compensatable, and the licensee or lessee fails within a reasonable time thereafter to remedy the breach if it is capable of remedy and to make reasonable compensation in money to the satisfaction of the Government for the breach.

(b) *Limitation on Minerals Ordinance Application*—The provisions of the Minerals Ordinance and any amending Ordinances and Rules made and to be made thereunder including the provisions of any official forms prescribed by such Rules, shall be binding upon and inure to the benefit of the Companies except such provisions thereof as may be inconsistent with the terms or provisions of this Agreement. Any inconsistency between a provision of any such Ordinance or Rule and a provision of this Agreement shall be resolved by giving effect to the provision of this Agreement.

(c) *Interpretation and Arbitration*—Except as may be otherwise herein expressly provided, this Agreement shall be construed, and the rights of the Government and the Companies thereunder shall be determined according to the Laws of Sierra Leone. If at any time during the life of this Agreement, any question or dispute shall arise between the Government and the Companies regarding this Agreement or any matter or thing connected therewith, or the powers, duties or liabilities of the Companies or the Government hereunder, or the amount or payment of any sum required to be paid by the Companies to the Government pursuant to any provision hereof, and the parties to the dispute shall be unable to resolve the same amicably, then and in all such cases the matter in dispute shall be submitted to arbitration in accordance with the provisions of the Arbitration Ordinance of Sierra Leone, or any Ordinance or law amending or replacing the same for the time being in force.

(d) *Assignment*—The Companies shall have the right to assign all or any portion of the rights, privileges and franchises (including fiscal provisions and tax benefits and immunities) granted or to be granted to the Companies under this Agreement to a Sierra Leone Corporation to be formed and controlled by the Companies or either of them or by one or more corporate affiliate of the Companies or either of them. Such assignment, if made, and the issuance, ownership, transfer or redemption of securities, shares of stock, bonds, notes

and other evidences of ownership and indebtedness issued by such controlled company in connection with such assignment shall be exempt from the payment of any tax, levy, duty or fee of any character, exclusive of stamp or registration duties, whether national or local. Except as hereinabove provided in this paragraph (d), the Companies, or either of them, may not assign this Agreement or any rights, privileges, or franchises granted or to be granted hereunder without the prior written consent of the Government.

(e) *Commencement of Mining Operations*—The placing by the Companies of firm orders for major items of machinery and equipment required or useful in their mining and dredging operations with manufacturers or suppliers of such machinery and equipment shall constitute the commencement of mining operations under the Lease for the purposes of this Agreement, the Minerals Ordinance and the General Minerals Rules; provided that the Companies promptly furnish to the Chief Inspector of Mines a copy of each such order relied upon to establish such commencement date, duly certified by the official of the Companies responsible for its placing.

(f) *Surveys*—The Companies may arrange that all survey work required by the Minerals Ordinance, the General Minerals Rules or this Agreement to be performed in connection with the clearing, survey, demarcation and beaconing of boundaries or otherwise, shall be carried out by a licensed surveyor approved by the Government, subject to the right of the Government to cause the required survey work for any disputed boundary to be performed by the Director of Surveys and Lands, whose determination shall be final, including the assessment of the survey costs as between the Companies and the other disputing party or parties.

(g) *Location of Dry Plant*—The mining of titanium-bearing minerals as the Companies propose to conduct it consists of two operational stages; the wet stage, which includes the dredging of the alluvial deposit and the separation of a concentrate of heavy minerals, and the processing or “dry plant” stage in which the heavy minerals concentrate is separated into rutile, ilmenite and other saleable products. The Companies agree that they will not locate the dry plant operation elsewhere than in Sierra Leone without the Government's prior consent, and then only upon compliance with such reasonable conditions as the Government may attach to its said consent.

(h) *Notices*—All orders, approvals, declarations, notices and communications of any kind between the Governor or any other representative of the Government and the Companies shall be in writing; and the contracting parties shall not under any circumstances be permitted to allege or to rely upon any oral order, approval, declaration, notice or communication.

All orders, approvals, declarations, notices and communications from the Government to the Companies shall be delivered to the representative of the Companies in Freetown. All declarations, notices and communications from the Companies to the Government shall, unless otherwise required by law or by the terms of this Agreement, or unless the Government shall otherwise direct by written notice to the Companies, be mailed or delivered to the Minister of Mines at his office in Freetown.

(i) *Prior Consent or Approval*—Whenever, under the terms of this Agreement the right of the Companies or of the Government, as the case may be, to do or perform any act or thing is conditioned on the prior consent of the other party to the Agreement, or of an official or representative of such other party it is hereby stipulated and agreed by and between the parties hereto that the requisite consent or approval will not in any instance be unreasonably withheld.

(j) Promptly following the execution of this Agreement, the Government will introduce and use its best endeavours to cause to be passed legislation for the purpose of ratifying and confirming this Agreement and implementing the terms hereof. If such legislation shall not be duly passed and become law within twelve months from the date of this Agreement or within such extended time as the Government and the Companies may in writing agree, this Agreement and all rights granted hereunder shall cease and determine upon the expiration of such twelve months' period or such extended time so agreed, but subject and without prejudice to any obligations or liability imposed by or incurred under the terms and conditions hereof, and without penalty with respect to any actions taken by the Companies thereunder, prior to the date of such termination.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SCHEDULE.

ALL THAT PIECE OR PARCEL of land situate and lying within and across the Moyamba, Bo, Pujehun and Bonthe Districts of the South-western Province of the Colony and Protectorate of Sierra Leone the boundary whereof commencing at the North-western corner of Sulima Customs House which is situated on the left bank of the River Moa and approximately 13,000 feet from the mouth of the said River Moa and 32,000 feet from the Sierra Leone Astro Point No. 88 which Astro Point is situated on the right bank and near to the mouth of the PAYAO or MANO River, and thence in a North-westerly direction and across the mouth of the aforesaid river and along Low Water Mark of the Atlantic Ocean to Sierra Leone Survey Astro Point marked Ast. 92, which is situated at the extreme western corner of Turner's Peninsula and thence in a North-westerly direction and along the said Low Water Mark to a Sierra Leone Survey Astro Point No. 98 which is situated at or near to the sea Coast at Shenge; and thence on a true bearing of approximately 86 degrees for approximately 28.33 miles to the South-western corner of Sembahun Government Jetty and thence on a true bearing of approximately 117 degrees for 44 miles approximately to a cairn marking the most Northerly point of the Government Reservation at Sumbuya; thence on a true bearing of approximately 138 degrees for 26.75 miles approximately to the North-western Corner of the District Commissioner's Office at Pujehun; and thence on a true bearing of approximately 161 degrees for 28.50 miles approximately to the point of commencement and including Sherbro Island above Low Water Mark thus enclosing an area of 2,360 square miles approximately.

L.S.

For the Government of Sierra Leone

MAURICE H. DORMAN

Signed, Sealed and delivered by the said MAURICE HENRY DORMAN,
Governor of Sierra Leone in the presence of—

J. M. DURBIN

The Common Seal of the Consolidated Zinc Corporation Limited was
hereunto affixed in the presence of—

L.S.

RONALD CLARKE ATHERTON, *Director*

THOMAS WILLIAM POOL, *Secretary*

L.S.

Columbia-Southern Chemical Corporation:

By JOSEPH A. NEUBAUER, *President*

Attest: DAVID A. CORT,
Assistant Secretary.
