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STATUS OF NEGOTIATIONS – 14 AUG 2011  
Final draft discussed between HPM and RR  
and now subject to internal GOSL review

**MINING LEASE AGREEMENT**

between

**THE GOVERNMENT OF SIERRA LEONE**  
and  
**LONDON MINING COMPANY LIMITED**

THIS AGREEMENT is made this 27<sup>th</sup> day of February 2012

between **THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE** represented by the Minister of Mineral Resources (hereinafter referred to as "GOSL") of the **ONE PART**, and **LONDON MINING COMPANY LIMITED**, a limited liability company incorporated under the provisions of Cap. 249 of the Laws of Sierra Leone 1960 with registration number C.F 145/2006 and with its registered offices at 27 Old Railway Line, Freetown in the Western Area of the Republic of Sierra Leone (hereinafter referred to as "**LONDON MINING**", which expression shall, where the context admits, include its lawful assigns and successors) of the **OTHER PART**.

**WHEREAS**

- a) By the Mining Lease, as hereinafter defined, **GOSL** demised and granted to **LONDON MINING** the minerals contained in Schedule B thereto in the area described in Schedule A thereto according to the "LMC Work Plan" described in Schedule C thereto, together with the rights referred to therein for a term of twenty-five (25) years as from 31 August 2009 upon the terms and conditions therein stated, and
- b) **GOSL** and **LONDON MINING** further entered into a Mining Lease Agreement (as hereinafter defined) as a supplemental agreement to the Mining Lease, and
- c) **GOSL** and **LONDON MINING** have agreed to amend the terms of the Mining Lease Agreement pursuant to Clause 6 (i) thereof upon the terms herein.

**IT IS HEREBY AGREED AS FOLLOWS:**

**I. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement the following expression shall unless the context requires otherwise, have the following meanings:

"**Agreement**" means this Agreement amending the Mining Lease Agreement, including the schedules hereto, which forms an integral part of this Agreement, and references to this Agreement includes references to such schedules;

YARABTU TUMALANG  
KORPER HILU BUELOHIA

**"Annual Adjustment"** means the amount by which any amounts due under this Agreement and subject to such adjustment is adjusted on an annual basis; this adjustment shall be based on the U.S. "GDP Implicit Price Deflator" as published from time to time by the U.S. Department of Commerce, Bureau of Economic Analysis, or any comparable index.

**"Change of Control"** shall mean the consummation of any transaction or series of transactions (including without limitation any joint venture, management arrangement, sale, merger or consolidation), the result of which is that LM plc or any other group of shareholders that collectively beneficially own more than 50% of the voting equity of **LONDON MINING** before such transaction or series of transactions cease to (i) be beneficial owners of more than 50% of the aggregate voting equity of **LONDON MINING** or (ii) have the power to direct or cause the direction of the management and the policies of **LONDON MINING**;

**'Mining Lease Agreement'** means the Mining Lease Agreement between GOSL and **LONDON MINING** dated 31 December 2009 and ratified by Parliament on 10 February 2010;

**"Effective Date of this Agreement"** means 1 January 2011, provided that this Agreement is subsequently ratified by Parliament as contemplated by Clause 6 (i) of the Mining Lease Agreement ;

**"Income Tax Act"**: means The Income Tax Act, 2000 of the Laws of Sierra Leone, including any legislation amending the same or substitute thereof and all regulations and rules from time to time in force thereunder;

**"LM plc"** means **LONDON MINING**, plc, an English public company, being the majority shareholder of **LONDON MINING**;

**"Minerals Act"**: means the Mines and Minerals Act 2009 of the Laws of Sierra Leone, including any legislation amending the same or substituted thereof and all regulations and rules from time to time in force thereunder.

**"Mining Lease"** means Mining Lease NO.ML.2/09 dated the 31 of August 2009 made between the GOSL of the one part and **LONDON MINING** of the other part and duly registered as No.27/2009 at page 144 in volume 8 of the Book of Mining Leases kept in the office of the Registrar of General, Freetown and as amended from time to time;

**"Mining Lease Area"**: means the area described in Schedule A of the Mining Lease and as set out in Schedule A hereto:

**"Minister"**: means the Minister responsible for mineral resources;

**"Programme of Mining Operations"** means the programme of mining operations as at August 2011, which updates and replaces Schedule C to the Mining Lease entitled "LMC Work Plan", as amended under Section 113 (1) of the Minerals Act and as shall be further amended from time to time pursuant to Section 113 (1).

**"Nominated Suppliers"** mean those independent, unaffiliated entities, excluding banks and financial institutions, listed in Schedule E and as amended from time to time throughout the project and supplying substantial



goods and services to LONDON MINING on a long-term basis, being the supply of goods and services for more than one year or involving a contract amount in excess of US\$ 1,000,000.

## 1.2. Interpretation

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

Any reference in the Minerals Act to "large scale mining licenses" shall be construed to refer to and include the Mining Lease referred to herein, in so far as that reference in the Minerals Act is applicable to this Agreement.

## 2. RESPECTIVE WARRANTIES

2.1. GOSL hereby represents and warrants to LONDON MINING that:

(a) Pursuant to the Minerals Act, the entire property and control of all minerals in, under or upon the Mining Lease Area is vested in GOSL, which has the sole and exclusive right to grant a mining lease relating thereto, free of any lien, claim, or other encumbrance;

(b) During the existence of the Mining Lease and this Agreement, no person has or shall have any mineral rights (as defined in the Minerals Act) or interests in respect of any minerals located over, under or upon the Mining Lease Area or to any improvements thereto, and GOSL generally agrees to indemnify LONDON MINING against any and all loss or damage arising out of or in connection with any right or claim inconsistent with any such rights;

(c) LONDON MINING shall peaceably enjoy the Mining Lease Area without interruption by GOSL or by any other person or persons claiming or under GOSL, or in trust for it, and shall have the right during the term of the Mining Lease and this Agreement to explore for and mine iron ore and associated minerals. No other person or entity shall have the right to engage in any prospecting, exploration or mining operations, or any other activities on, above or below the surface in the Mining Lease Area during the term of the Mining Lease and this Agreement.

2.2. LONDON MINING hereby represents and warrants to GOSL that

(a) LONDON MINING is a company duly organized, validly existing and in good standing under the laws of Sierra Leone and shall remain so throughout the duration of this Agreement. LONDON MINING has all the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) The execution and delivery by LONDON MINING of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other action on the part of LONDON MINING, and no further consent or authorization is required of the board of directors of LONDON MINING or LM plc to authorize this Agreement.

(c) Neither the execution and delivery of this Agreement nor LONDON MINING's compliance with the obligations contemplated hereby will conflict with or result in a breach or violation of: (i) the organizational documents of

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**LONDON MINING** or LM plc, (ii) any provision of law applicable to **LONDON MINING** or LM plc on the date hereof or (iii) the terms of any material agreement to which **LONDON MINING** or LM plc is a party or by which **LONDON MINING** or LM plc is bound.

(d) **LONDON MINING** has the financial and technical capabilities to finance and carry out the Programme of Mining Operations in accordance with this Agreement. .

2.3 Any breach of representations and warranties in this Clause 2 shall be deemed to be a breach of this Agreement, subject to Clause 6.10 of this Agreement.

### 3. MINING LEASE

#### 3.1 Application of Minerals Act

The provisions of the Minerals Act relating to mining leases shall apply to the Mining Lease, this Agreement, and any Additional Mining Leases, except to the extent that they are inconsistent with the provisions of this Agreement and the Mining Lease, in which event the provisions of this Agreement and the Mining Lease shall prevail.

As used herein, 'Additional Mining Lease' means any additional mining lease or licence or prospecting/reconnaissance licence granted to **LONDON MINING** pursuant to this Clause 3.1.

#### 3.2 Term and Renewal

The Mining Lease granted to **LONDON MINING** was granted initially for a period of twenty-five (25) years as provided for therein. It shall then be renewable for a further period of fifteen (15) years upon an application made in writing by **LONDON MINING** to the Minister at least one year before the expiration of the original term in accordance with Section 112 of the Minerals Act.

Upon the making of the application to renew the Mining Lease, **LONDON MINING** or **GOSL** may request that certain of the terms of the Mining Lease or this Agreement be amended and shall negotiate the effecting of such amendment (s) in good faith, it being understood that the existing terms of the Mining Lease and this Agreement shall remain in effect until mutual agreement is reached or until it is determined that the Mining Lease shall not be renewed. A decision not to renew the Mining Lease may be reviewed in accordance with Section 175 of the Minerals Act. Any revocation or non-renewal of this Agreement shall automatically constitute a similar revocation or non-renewal of the Mining Lease and vice versa. Revocation is subject to clause 6.10.

#### 3.3 Extension of Mining Lease

Should the current holder or its successor of the mineral right on the land area in a 25 (twenty five) kilometre radius of the Mining Lease Area definitively surrender all or a portion of its rights to the surrounding area, or





should the license be cancelled, in such event, **LONDON MINING** shall be given the first right option to apply to GOSL for any additional reconnaissance licenses, exploration licenses, small or large scale mining licenses specifically for iron ore, provided such areas do not fall within another company's valid mineral right and provided further that **LONDON MINING** makes such application within 60 days of written confirmation of such surrender or cancellation. It is understood that the option to apply is no assurance of the grant of those licenses, as referred to above to **LONDON MINING**, which such application will be disposed of as provided in respective provisions of the Minerals Act, nor that the fiscal advantages contained in this Agreement shall automatically apply to iron ore mined from these additional areas.

### 3.4 Surrender of Mining Leases

(a) Subject to Section 51 of the Minerals Act, **LONDON MINING** may surrender all or part or parts of the Mining Lease Area included in the Mining Lease Area or an Additional Mining Lease at any time during the term of such Mining Lease and or Additional Mining Lease by notice in writing to the GOSL to that effect of not less than three months notice; and upon such surrender the lands surrendered shall cease to be comprised in or subject to the provisions of such Mining Lease and or Additional Mining Lease.

(b) Upon the surrender, expiration or other termination of the Mining Lease or of any portion thereof, **LONDON MINING** shall comply with any conditions stated in this Agreement or Schedules as regards the surrendered lands and be granted a period of not less than six months, or such longer period as the Director may specify, immediately following such surrender, expiration or termination in which to remove all or any of its buildings, structures, plants, machinery, equipment or other effects from the areas covered by the Mining Lease or portion of the Mining Lease surrendered, expired or terminated.

## 4. GENERAL RIGHTS AND OBLIGATIONS OF LONDON MINING

In addition to the other rights granted by this Agreement, the Mining Lease and the Minerals Act, and other applicable laws of Sierra Leone, **LONDON MINING** shall have the following rights:

### 4.1. General Obligations

(a) **LONDON MINING** shall at all times perform its duties, obligations and work in the Mining Lease Area with all due professional diligence and will use its best endeavours to achieve the best available international standards for operations and safety standards prevailing in the mining industry worldwide at all times.

(b) **LONDON MINING** shall proceed with the development of the mine and related plant and facilities, and carry out the mining and processing of iron ore and iron ore tailings in accordance with the Minerals Act and the current Programme of Mining Operations,. **LONDON MINING** shall have the right to cure any alleged breach as provided in Clause 6.10 of this Agreement.



#### 4.2. Rights Incidental to Mining Operations

In order to facilitate its mining operations, **LONDON MINING** shall have the following rights, subject to compliance with applicable law :

- (a) To demolish any derelict buildings within the Mining Lease Area, with due regard for health and safety considerations;
- (b) To remove and sell for export any surplus scrap metal not required for the conduct of normal operations situated within the Mining Lease Area, subject to any applicable government charges, and taxes levies, duties or royalties;
- (c) To create, hire and maintain an unarmed security force to provide a deterrent to vandalism, theft and trespassers;
- (d) To transport all iron ore and associated mineral concentrates using public highways and **LONDON MINING** constructed roads to a jetty on the Port Loko river and any other infrastructure and/or port solution it constructs later in its operation for the expansion of production and to be given the opportunity to ship such concentrates using the Marampa to Pepel railway line and the Pepel Port after the construction of such facilities shall have been completed, subject to the written consent, with or without conditions, of the national or local authority having control over the use of public highways, river, railway, etc
- (e) to construct and operate infrastructure required to deliver its Programme of Operations, to the extent provided in Clause 4.5.
- (f) On the lands included within the Mining Lease Area to cut take and use any tree when necessary in the course of mining operations or when required for mining or domestic purposes provided that it shall not cut or take any trees in a forest reserve or protected forest except with the consent of the Director of Forestry or before paying the fees and royalties prescribed by the Forestry Act 1988 (Act No.7 of 1988).

#### 4.3. Restrictions on exercise of rights under a mineral Right

**LONDON MINING** shall not exercise any of its rights, under the mineral right

- (a) in respect of any land dedicated or set apart for any public purpose other than mining including any street, road, highway, or aerodrome except with the written consent of the responsible Minister or other authority having control over such land, and such consent may be given unconditionally or subject to such conditions as may be specified in the instrument of consent, such consent will not be unreasonably withheld or delayed;
- (b) except with the written consent of the owner or lawful occupier or his duly authorised agent, in respect of-
  - any land dedicated as a place of burial or which is a place of religious or other cultural significance; or



- any land which is the site of, or which is within two hundred metres or such greater distance as may be prescribed, of any inhabited, occupied or temporarily unoccupied house or building;
- any land which is within fifty metres or such greater distance as may be prescribed, of land which has been cleared or ploughed or otherwise *bona fide* prepared for the growing of, or upon which there are, agricultural crops; or
- any land which is the site of, or within one hundred metres or such greater distance as may be prescribed, any cattle dip, tank, dam, or other body of water,

But where any consent so required is, in the opinion of the Minister, being unreasonably withheld, the Minister may, on such conditions, if any, as he may impose, direct in writing that the need for the consent under this paragraph shall be dispensed with and authorise the holder of the mineral right to exercise all or any of his rights under it;

- (c) in respect of any land reserved for the purpose of any railway, highway or waterway or which is within fifty metres or such greater distance as may be prescribed, of the boundaries of any land so reserved, except with the written consent of the responsible railway, highway or waterway authority; and
- (d) in respect of any land within any township, or within two hundred metres or such greater distance as may be prescribed, of the boundaries of any township, except with the written consent of the local authority having control over the township

#### **4.4. Right to Resettlement**

- (a) The Minister shall ensure that all owners or lawful occupiers of land who prefer to be compensated by way of resettlement<sup>6</sup> as a result of being displaced by a proposed mining operation are resettled on suitable alternate land, with due regard to their economic well-being and social and cultural value so that their circumstances are similar to or improved when compared to their circumstances before resettlement, and resettlement is carried out in accordance with the relevant planning laws.
- (b) The cost of resettlement shall be borne by the holder of the mineral right as agreed by the holder and the owner or lawful occupier of land or by separate agreement with the Minister, or in accordance with a determination by the Minister, except that where the holder elects to delay or abandon the proposed mining operation which will necessitate resettlement, the obligation to bear the cost of resettlement shall only arise upon the holder actually proceeding with the mining operation.
- (c) Subject to (a) and (b) above, the Minister may take the necessary action to give effect to a resettlement agreement or determination.

#### **4.5 Accessory Works and Installations**



(a) **LONDON MINING** shall have the exclusive right to use, construct, repair and operate within the Mining Lease Area, any roads, buildings, plants, structures, living quarters, water supply systems, pipelines, conveyor belts, communications systems, electric power systems, ship loading stations, airstrips, barge channels, storage facilities owned by **GOSL** and other similar accessory works and installations which are necessary or useful in carrying out its operations under this Agreement, subject to the legitimate rights of residents and other third parties, provided that **LONDON MINING** follows prescribed procedures and the rules of the appropriate regulatory authority regarding their construction and use, and provided further that reasonable right of use shall be granted to **GOSL** representatives and any residents or other legitimate users of the Mining Lease Area.

(b) **GOSL** shall use its best endeavours to grant a priority right to **LONDON MINING** to use, construct, repair and operate any roads, buildings, structures, water supply systems, pipelines, communication systems, electric power systems, loading stations, barge channels, storage facilities and other similar accessory works and installations which are necessary in carrying out its operations under this Agreement outside the Mining Lease Area, subject to the legitimate rights of **GOSL** and third parties (provided that such use, construction, repair and/or operation does not adversely impact third party operations), subject to the written consent of the national or local authority having control over the respective utility and to **LONDON MINING** following prescribed procedures and making the requisite payments regarding their construction and use and provided further that a reasonable right of use shall be granted to **GOSL** representatives in the course of their normal regulatory activities.

#### 4.6. Export of Iron Ore Concentrates

Subject to Section 113(5), and Section 167 of the Minerals Act, **LONDON MINING** shall have the right to export all iron ore and associated minerals or mineral concentrates raised or obtained in the course of mining operations to any country other than countries to which the laws of the Republic of Sierra Leone prohibit such exports.

#### 4.7. Admission of Personnel

- (a) Citizens of Sierra Leone possessing the necessary qualifications and experience shall be given preference for employment in all phases of operations under the Mining Lease and this Agreement and in accordance with the national labour laws.
- (b) **LONDON MINING** shall not employ or in any way use child labour.
- (c) **LONDON MINING** and its Nominated Suppliers shall not import unskilled labour for the carrying out of any operations, developments, or maintenance undertaken by them by virtue of this Agreement, and in that regard, **LONDON MINING** shall ensure that (i) its Nominated Suppliers and (ii) its subcontractors comply with this provision and shall apply applicable labour law.
- (d) Subject to the foregoing restrictions and to any applicable provisions of the Non-Citizens (Registration, Immigration and Expulsion Act No.

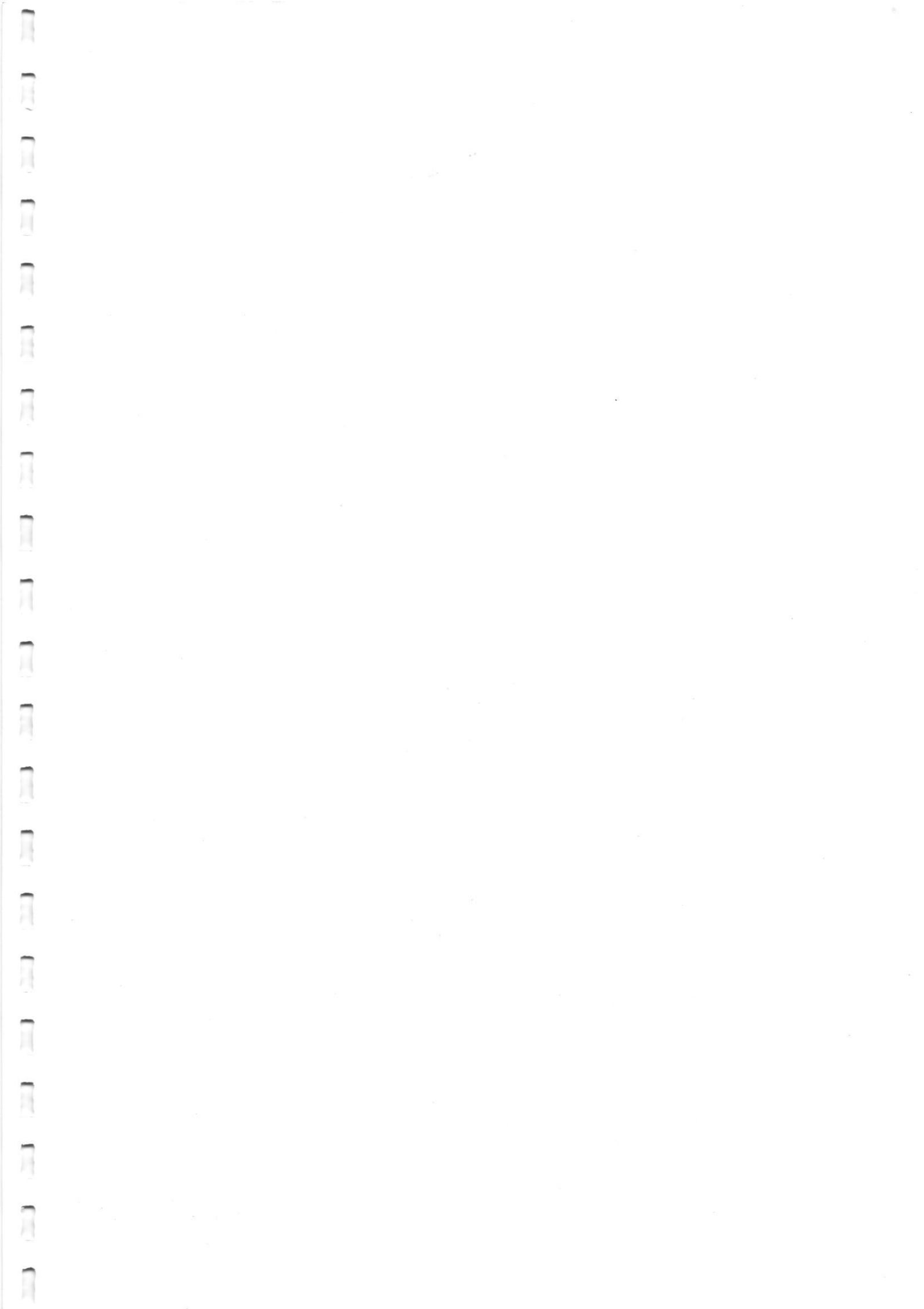


14 of 1965), all persons deemed by **LONDON MINING** and/or its contractors as required for the prosecution of its work, including executives, officers, engineers, consultants, technicians and skilled labour, shall have the right to enter and reside in Sierra Leone and to depart from there in compliance with the immigration and labour laws of Sierra Leone.

- (e) **GOSL** shall facilitate multiple entries into Sierra Leone for business purposes by designated directors and senior managers of the parent company of **LONDON MINING**.
- (f) **GOSL** agrees that it will encourage and assist the efforts of **LONDON MINING** to secure and maintain an adequate labour supply, consistent with labour laws of Sierra Leone and sound business practices.
- (g) **LONDON MINING**, shall also establish and carry out a plan for training for local employees in accordance with Minerals Act, section 110(2)(c) (set out in Schedule D) and execute that scheme in accordance with Minerals Act, Section 164 (4), so as to enable Sierra Leoneans to assume skilled, technical, supervisory, administrative and managerial functions in **LONDON MINING** within a reasonable time, subject to **GOSL**'s compliance with sub-Clauses 4.7 (e) and (f).
- (h) **LONDON MINING** shall submit a written report bi-annually to the Director of Mines, as defined in the Minerals Act, describing the number of personnel employed, their nationality, their positions and the status of training programmes for citizens of Sierra Leone.
- (i) Failure by **LONDON MINING** to comply with the provisions of sub clauses (b), (c) or (g), above, shall be regarded as a material breach of the Mining Lease and subject to Clause 6.10 of this Agreement; the same may be suspended or cancelled.

#### **4.8 Government Protection and Assistance**

- (a) **GOSL** undertakes to grant to **LONDON MINING** such assistance as it reasonably can to enable the experts and technicians sent by it to carry out its tasks in the best and most efficient manner. **GOSL** will make available to **LONDON MINING** all aerial, magnetometer and other geological surveys and photographs and all other plans, maps, information and advice relating to iron ore bearing and associated minerals which in the opinion of **GOSL**, it can disclose, and will permit **LONDON MINING** 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 documents.
- (b) **LONDON MINING** 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 **GOSL** agrees that its said Department will treat all such data made available to it as confidential during the life of this Agreement without the prior consent of **LONDON MINING**.
- (c) **GOSL** will extend to **LONDON MINING** all reasonable assistance (including taking administrative action and other action vis-à-vis statutory



bodies) to enable and facilitate the carrying out of its functions and achieve its objectives in the best and the most efficient manner and, without limitation, to enjoy its rights and privileges under this Agreement to the extent consistent with the laws and regulations of Sierra Leone and the Mining Lease.

(d) **GOSL** shall extend to **LONDON MINING** all reasonable assistance to facilitate their transport of iron ore and associated minerals or mineral concentrates raised or obtained in the course of mining operations and to permit all barges moving ore, as well as other vessels, to travel freely and unhindered, subject to applicable laws and regulations and to reasonable right of access by other users and by **GOSL**, with or without conditions established by **GOSL**. Where such rights of access would prove unduly disruptive, **LM** shall have the right to impose reasonable conditions on such use. **GOSL** shall have the right of inspection in the course of their normal regulatory activities, including, but not limited to, from a jetty at Tawfayim, down the Port Loko Creek through the Channel between Bunce Island and Pepel, into the Sierra Leone River and thence to a suitable shipping anchorage in the estuary of the Sierra Leone river off Freetown where the cargo will be transhipped to ocean-going bulk carriers. The barge transit would be between 30 and 40 nautical miles as shown in Schedule "B". **LONDON MINING** could outsource the barge loading, transport and transshipment operations and also establish a number of anchorage locations that are feasible and acceptable to the regulatory authorities. Subject to the needs of other users of waterways in Sierra Leone and applicable laws and regulations of Sierra Leone, **LONDON MINING** may also be given permission by the regulatory authorities to the extent feasible to use deep draught vessels and to dredge the channel as necessary to accommodate such vessels.

#### **4.9. Importation of Machinery**

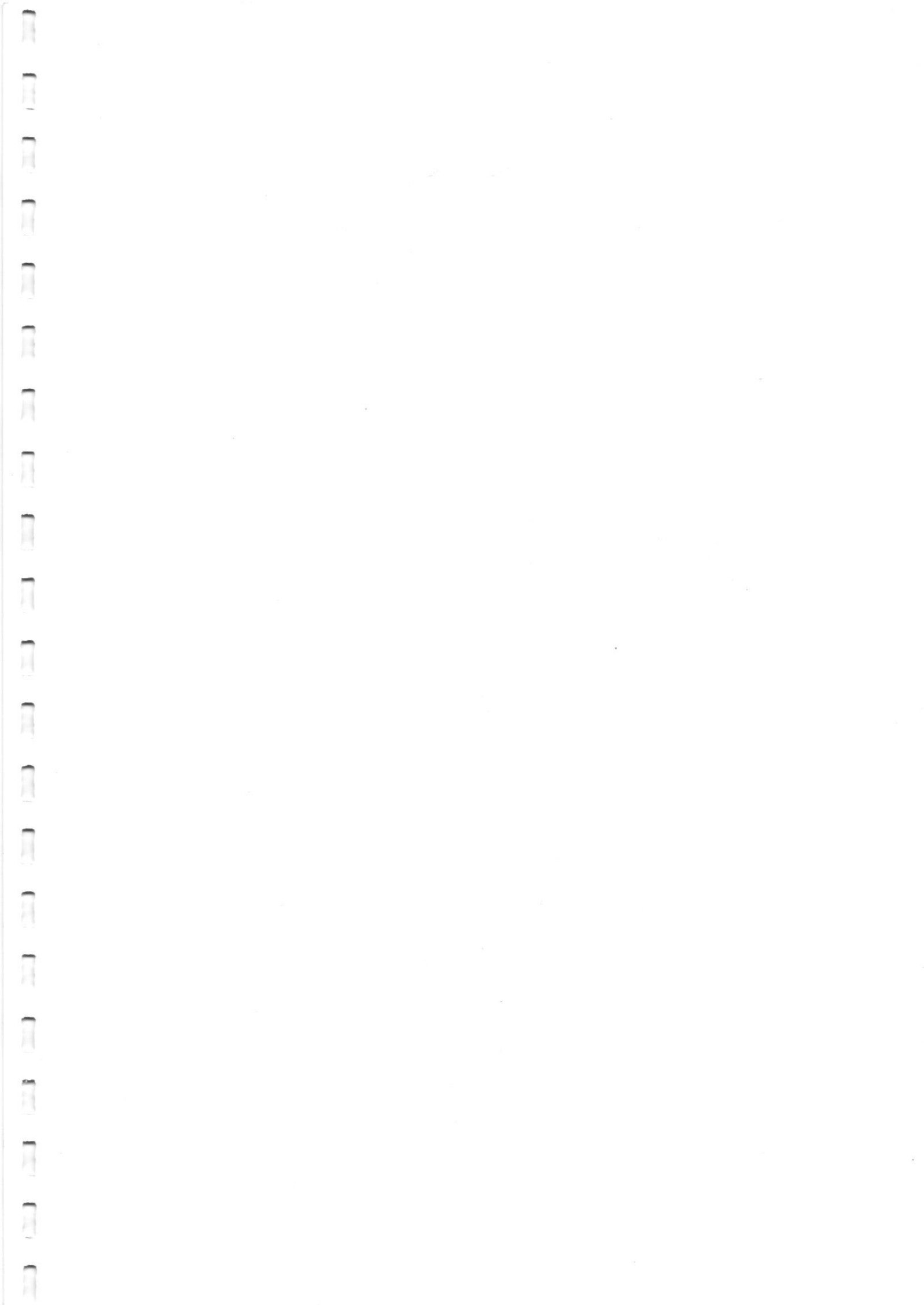
**GOSL** agrees that it will grant any and all permits and permissions necessary for the importation into Sierra Leone of machinery, equipment, supplies and services necessary for the conduct of prospecting, mining, processing and transportation operations contemplated by this Agreement.

#### **4.10. Exportation of Equipment**

**GOSL** will grant any permit and permission for **LONDON MINING** to export from Sierra Leone any mining machinery, plant, equipment, consumable mining stores, goods and surplus equipment of whatever description imported by it for the conduct of its prospecting, mining, processing and transport operations contemplated by this Agreement, provided that any export shall not have any adverse impact to the environment or the community in the Mining Lease Area or nearby areas.

#### **4.11. Protection of the Environment and Local Population**

(a) **LONDON MINING** shall conduct its Mining Operations in accordance with section 132 of Minerals Act, subject to provisions of the Environmental Protection Agency Act 2008 ("EPA 2008"), as may be amended from time to time subject to any regulations made under the EPA 2008, as they may be amended from time to time. In the event of a conflict between these two Acts, the provisions of the EPA 2008 and its respective regulations shall prevail.



(b) **LONDON MINING** shall at all times do everything reasonable in its power to limit the damage and disturbance to the local environment and populace. The Environment Protection Agency (the "EPA") may at any time conduct periodic inspections of the Mining Lease Area.

(c) **LONDON MINING** shall, in accordance with the Environmental Protection Agency Act 2008, conduct its mining operations and all project activity with a degree of care and professionalism and within two years of signing the agreement LM shall comply with high international environmental protection standards.

(d) In particular, subject to (e) below, **LONDON MINING** shall employ in its mining operations advanced techniques, practices and methods of operation for the prevention, limitation or treatment of pollution and the avoidance of unnecessary loss of, or damage to, natural resources, in each case in accordance with generally applicable law.

(e) **LONDON MINING** shall be responsible only for any pollution, risk, claim or other environmental damage arising during the term of the Mining Lease, since its award on 31 August 2009 and any environmental damage caused for the period between commencement of exploration up until 31 August 2009.

#### **4.12 Reclamation and rehabilitation of mined out areas**

(a) Within six months of the signing of this Agreement, **LONDON MINING** will prepare at its expense and submit to the Environmental Protection Agency of Sierra Leone ("EPA") and **GOSL** simultaneously a comprehensive master plan (the Rehabilitation and Reclamation Master Plan) that will address the issues of reclamation and rehabilitation of mined out areas, provided that the Rehabilitation and Reclamation Master Plan will be subject to the provisions of the EPA 2008 and any regulations made thereunder and, where not inconsistent, in compliance with the Minerals Act.

(b) The Rehabilitation and Reclamation Master Plan shall clearly identify the extent of the reclamation and rehabilitation attributable to operations conducted prior to the commencement of mining operations by **LONDON MINING** and where possible prior to the commencement of the Mining Lease of 31 August 2009 ("Pre Commencement Reclamation and Rehabilitation obligation") and the estimated cost in Dollars (converted to Leone equivalent at the prevailing rate) of effecting such reclamation and rehabilitation (referred to hereinafter as the "Base Rehabilitation Cost").

(c) The annual calculation of rehabilitation and reclamation cost (including the Base Rehabilitation Cost) will be subject to an annual inflator calculation, in accordance with the EPA 2008 and any subsequent regulations.

(d) **LONDON MINING** and EPA of Sierra Leone shall jointly calculate and agree on the amount of the Base Rehabilitation Cost at the time the Rehabilitation and Reclamation Master Plan is agreed.

(e) **LONDON MINING** shall be fully responsible for the attributable cost of reclaiming and rehabilitating mined out areas to the extent that such

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