

CHAPTER 202.

TONKOLILI AGREEMENT.

7 of 1937.

An Ordinance to Ratify and Confirm an Agreement made Between the Crown Agents for the Colonies on behalf of the Government of Sierra Leone and the Sierra Leone Development Company Limited to Regulate the Mining of the Iron Ore Deposits and other Minerals and Metals in the Tonkolili Area of the Protectorate.

[1ST OCTOBER, 1933.]

WHEREAS an agreement was made on the sixteenth day of April, 1937, between the Crown Agents for the Colonies on behalf of the Government of the Colony and Protectorate of Sierra Leone of the one part and the Sierra Leone Development Company Limited of the other part which Agreement is set out in the Schedule:

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

NOW THEREFORE, BE IT ENACTED by the Governor of Sierra Leone, with the advice and consent of the Legislative Council thereof, as follows—

Short title.

1. This Ordinance may be cited as the Tonkolili Agreement Ordinance, and shall apply to the Colony and Protectorate.

Confirmation of Agreement and conferment of powers.

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 the Crown Agents shall have power to do on behalf of the Crown any act which the said Agreement may require or allow in the name of the Governor or of the Crown Agents or of the Government.

Application of Cap. 136.

3. The provisions of the Marampa Railway and Harbour Works Construction Ordinance, so far as the same may be applicable, are hereby expressly declared to apply to any extension of the Marampa Railway which may be constructed in accordance with the terms of the said Agreement.

SCHEDULE.

AN AGREEMENT made the sixteenth day of April, One thousand nine hundred and thirty-seven BETWEEN the Crown Agents for the Colonies whose office is at Number 4 Millbank in the City of Westminster for and on behalf of the Government of the Colony and Protectorate of Sierra Leone (hereinafter referred to as "the Government" which expression shall where the context so requires or permits include the Governor for the time being of the said Colony and Protectorate) of the one part and the Sierra Leone Development Company Limited whose registered office is at 24 Old Broad Street in the City of London (hereinafter referred to as "the Company" which expression shall where the context so requires or permits include its successors and assigns) of the other part.

WHEREAS—

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

(ii) The Company was in the year One thousand nine hundred and thirty incorporated under the Laws of England as a company limited by shares for the purpose (*inter alia*) of taking over and working a concession of two leases in the Marampa Chiefdom in the said Protectorate with the deposits of iron ore and other minerals thereunder.

(iii) Iron ore deposits of considerable extent have been discovered in the Tonkolili Valley in the said Protectorate.

(iv) It is desirable that the said deposits should be explored prospected developed and worked by the Company having regard in particular (a) to the Company's ownership of the aforesaid concession in the Marampa Chiefdom (b) to the fact that the Company has constructed a modern ore shipping installation at Pepel and a railway from Pepel to the aforesaid concession which by an extension of approximately eighty miles from the vicinity of Mafira on the said railway would conveniently and adequately serve any mines opened up in or about the Tonkolili Valley and (c) to the advisability of avoiding redundant capital expenditure and overproduction of iron ore in the said Colony and Protectorate.

(v) The Government and the Company have determined to enter into this Agreement with a view to the deposits of iron ore and other minerals and metals in or about the Tonkolili Valley being explored prospected developed and worked and to the said railway extension being surveyed and constructed in manner and upon and subject to the terms conditions and events hereinafter appearing.

NOW IT IS HEREBY AGREED AND DECLARED as follows—

1. In this Agreement (including the Schedules hereto) the following expressions shall unless the context otherwise requires have the following meanings that is to say:—

Expression.	Meaning.
"Sierra Leone"	The Colony and Protectorate of Sierra Leone.
"The Governor"	The Governor for the time being of the Colony and Protectorate of Sierra Leone.
"The Crown Agents"	The Crown Agents for the Colonies for the time being.

Expression.	Meaning.
“ The Marampa Concession ”	The lands comprised in two Leases dated respectively the fourth day of November One thousand nine hundred and twenty-seven and the twenty-fourth day of December One thousand nine hundred and twenty-eight (made originally in favour of the African and Eastern Trade Corporation Limited but now vested in the Company) of territory in the Marampa Chiefdom in Sierra Leone with the deposits of iron ore and other minerals and metals thereunder for terms of ninety-nine years from the dates thereof respectively.
“ The Railway Extension ”	The proposed railway from the vicinity of Mafira (on the Marampa Railway) to Keimadugu and/or such other terminus or termini within the Delimited Areas and/or the Demised Areas hereinafter mentioned as the Company may from time to time select or construct.
“ The Tonkolili Areas ”	The lands specified in the First Schedule hereto (comprising an area of one hundred and sixty-four square miles or thereabouts).
“ The Delimited Areas ”	The lands comprised in the delimitation to be made by the Company and approved by the Government or settled by arbitration pursuant to Clause 5 hereof or such parts thereof as shall not for the time being have been relinquished by the Company under paragraph (c) of Clause 6 hereof.
“ The Demised Areas ”	The lands for the time being the subject of the Permanent Lease hereinafter mentioned.
* “ The Minerals Ordinance ”	The Ordinance of that name passed in the year 1927 by the Legislative Council and any amendments made thereto prior to the date of this Agreement.
“ The Minerals Rules ”	The General Minerals Rules 1928 and any amendments made thereto prior to the date of this Agreement.
“ All Minerals ”	All minerals included in paragraphs (a), (b), (c) and (d) of the definition of “ Minerals ” in Section 2 of the Minerals Ordinance.
“ Common Boundary ”	A boundary of any part of the Tonkolili areas or the delimited areas or the demised areas as the case may be which is also a boundary of any adjacent land in respect whereof any exclusive prospecting licence or mining right or lease shall have been or shall be issued or granted by the Government.

* Note.—The Minerals Ordinance 1927 is now Cap. 196.
The General Minerals Rules 1928 are now the General Minerals Rules.

Expression.	Meaning.
“ Adjacent Owner ”	The holder of any such exclusive prospecting licence or mining right or the lessee under any such mining lease as last above-mentioned.

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

2. (a) The Government hereby grant to the Company a Special Exclusive Prospecting Licence (hereinafter referred to as “ the First Licence ”) for all minerals within the Tonkolili Areas and for the period and upon the terms set out in the next following clause hereof.

(b) Exclusive Prospecting Licence Number 177 of the sixth day of June One thousand nine hundred and thirty-three granted by the Government to the Company for gold only and covering the Tonkolili areas as defined in this Agreement shall determine upon the coming into force of this Agreement or on the first day of October One thousand nine hundred and thirty-seven whichever is the later and the First Licence shall take effect in lieu thereof.

3. (a) The First Licence shall confer on the Company (*inter alia*) all the rights set out in Section 13 of the Minerals Ordinance 1927. The period of such Licence shall be five years from the first day of October One thousand nine hundred and thirty-three. *

(b) Subject as hereinafter mentioned the Company shall be under no obligation during the period of the First Licence to survey demarcate beacon or clear the boundaries of the Tonkolili areas.

(c) If the Company and/or the adjacent owner shall require that any common boundary be cleared surveyed beacons and demarcated the Company shall procure that this be done and the Company and the adjacent owner shall share the cost thereof in accordance with the Minerals Rules.

(d) The Company on the first day of October One thousand nine hundred and thirty-seven shall in respect of the last year of the period of the First Licence pay to the Government a rent of Six Pounds for each square mile of the Tonkolili areas.

(e) The Company shall during the period of the First Licence spend a total sum of not less than Four Thousand Pounds multiplied by the number of complete years of such period on exploration and/or railway survey.

(f) The Government from the first day of October One thousand nine hundred and thirty-seven shall during the period of the First Licence indemnify the Company against all claims of any owners or occupiers (including the Tribal Authorities) in respect of the Tonkolili areas other than claims for compensation made in accordance with the provisions of the Minerals Ordinance but subject to Clause 14 of this Agreement.

(g) At any time and from time to time during the period of the First Licence the Company shall have the right to call for and the Government shall grant mining leases for all or any minerals or metals except iron ore (including any water and/or other rights or easements required in connection therewith) in respect of any lands within the Tonkolili areas for periods of not more than ninety-nine years or less than one year but otherwise subject to the provisions of Section 28 of the Minerals Ordinance or to determination as mentioned in Clause 9 hereof and on terms not less favourable having †

* Now section 15.

† Now section 31.

regard (except in the case of gold platinum and precious stones) 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 exploitation in Sierra Leone at a royalty (except in the case of gold platinum and precious stones) not exceeding five per centum of the value of the metal or mineral as mined at the mine mouth. Any dispute as to the terms upon which any such lease shall be granted shall be referred to arbitration in accordance with Clause 27 of this Agreement.

(h) At any time and from time to time during the period of the First Licence the Company shall have the right to call for and the Government shall grant mining rights for any minerals or metals except iron ore in respect of any streams with the Tonkolili areas and the provisions of Clause 3 (g) above in regard to royalties payable in respect of mining leases shall apply *mutatis mutandis* to any mining rights so granted.

(i) The areas covered by any such mining leases and/or mining rights granted under the last preceding paragraphs (g) and (h) shall during the period of the First Licence be deemed to remain part of the Tonkolili areas and the Company shall retain the exclusive rights to prospect thereon for all minerals other than those for which such mining leases and/or rights have been granted and if and when such mining leases and/or rights or any of them are determined the First Licence if still in force shall again be deemed to include the right to prospect for all minerals over all those parts of the Tonkolili areas in respect of which no other mining right or mining lease is for the time being in existence.

(j) If at any time or from time to time during the term of the First Licence there shall be in existence any separate mining rights or mining leases covering or partly covering the Tonkolili areas then the rent payable under Clause 3 (d) hereof in respect of the Tonkolili areas shall not be payable in respect of so much of the Tonkolili areas as shall be included in the areas of such separate mining rights or mining leases but the Company in respect of such separate mining rights or mining leases shall pay the mining rents and surface rents prescribed by the Minerals Ordinance and the Minerals Rules.

(k) No diamonds discovered in the Tonkolili areas shall be won or exported from Sierra Leone by the Company except upon such fair and equitable conditions regulating the winning and marketing thereof as may be from time to time approved by the Government provided that the Company shall not if and while it is prevented from winning such diamonds on a commercial basis be under any liability whatsoever in respect of the illicit working by any person of such diamonds and provided also that the Company shall be kept fully indemnified by the Government in respect of any damage suffered by the Company in consequence of any steps taken by the Government to prevent such illicit working.

(l) If and when diamonds are discovered in or under the Tonkolili areas the Company shall notify the Government of such discovery and thereupon may apply for authority to win and market such diamonds and the Government will give such authority provided that the Company agrees to the said fair and equitable conditions.

4. The Company may not later than the first day of May One thousand nine hundred and thirty-eight give notice in writing to the Government requesting the Government to grant to the Company a further Special Exclusive Prospecting Licence (hereinafter referred to as "the Second Licence") for all minerals within the areas for the period and upon the

terms hereinafter mentioned and the Government shall duly comply with such request.

5. If the Company shall give such notice as is mentioned in the last preceding clause hereof it shall be bound to furnish and deliver to the Government on or before the first day of August One thousand nine hundred and thirty-eight a copy of the largest scale map reasonably available upon which the Company shall have delimited the lands within the Tonkolili areas containing iron ore and/or which the Company will require for the proper development and exploitation of iron ore deposits. Such delimitation shall be subject to the approval of the Government and in the event of any dispute as to whether the lands delimited do contain iron ore and/or are required for the proper development and exploitation of iron ore deposits the same shall be referred to arbitration in accordance with Clause 27 of this Agreement.

6. (a) The Second Licence shall confer on the Company (*inter alia*) all the rights set out in Section 13 of the Minerals Ordinance 1927. The period of such Licence shall be five years from the first day of October One thousand nine hundred and thirty-eight provided that the Company may determine the same on the thirtieth day of September One thousand nine hundred and thirty-nine or on the same day in any subsequent year by at least three months' previous notice in writing to the Government to that effect.

(b) The Company from the first day of October One thousand nine hundred and thirty-eight shall during the period of the Second Licence pay to the Government an annual rent of Six Pounds for each square mile of the delimited areas. Such rent shall be payable annually in advance on the first day of October One thousand nine hundred and thirty-eight and on each first day of October thereafter.

(c) The Company may relinquish any part or parts of the delimited areas on the thirtieth day of September One thousand nine hundred and thirty-nine or on the same day in any subsequent year during the period of the Second Licence by at least three months' previous notice in writing to the Government to that effect.

(d) The provisions of paragraphs (b) (c) (f) (g) (h) (i) (j) (k) and (l) of Clause 3 hereof shall apply *mutatis mutandis* to the Second Licence as if the expressions "the Second Licence" and "the delimited areas" respectively were therein substituted for the expressions "the First Licence" and "the Tonkolili areas" respectively. Any areas within the delimited areas covered by any mining leases and/or mining rights granted during the period of the First Licence under the provisions of paragraphs (g) and (h) of Clause 3 hereof shall be deemed also to remain part of the delimited areas and the provisions of the said paragraph (i) as applied by this paragraph shall be read accordingly.

(e) The Company shall not during the period of the Second Licence be under any obligation to expend any money upon or carry out any exploration work or railway survey but the Company shall in addition to the annual rent of Six Pounds per square mile of the delimited areas pay to the Government an annual dead rent of One Thousand Pounds on the thirtieth day of September One thousand nine hundred and thirty-nine and on each succeeding thirtieth day of September during the said period.

* Now section 15.

7. The Company may not later than the first day of April One thousand nine hundred and forty-three (provided that the Second Licence shall not have been earlier determined under the proviso in paragraph (a) of the last preceding clause hereof) give not less than six months' notice in writing to the Government of its intention to take up a mining lease (which together with any extension thereof is hereinafter referred to as "the Permanent Lease") for all minerals in and under the delimited areas and for the period and upon the terms hereinafter mentioned and thereupon the Government shall duly grant such lease from the date (being not less than six months from the date of such notice) which the Company shall specify in such notice.

8. (a) The Permanent Lease shall contain a demise and grant of all minerals in and under the delimited areas.

(b) The term of the Permanent Lease shall be ninety-nine years from the date of commencement of the Lease as specified in Clause 7 hereof provided that the Company shall have the right to determine the same at any time by at least six months' previous notice in writing to the Government to that effect and provided also that if the Permanent Lease shall not earlier have been determined under this sub-paragraph the Company may by at least six months' previous notice in writing to the Government given prior to the termination of the period of the Permanent Lease request the Government to renew the Permanent Lease for a further period of ninety-nine years from the date of termination of the first ninety-nine year period upon the terms and conditions of the original Permanent Lease (other than the right to a further extension) and the Government shall duly comply with such request.

(c) The Company may surrender any part or parts of the demised areas at any time during the term of the Permanent Lease by at least six months' previous 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 Permanent Lease.

(d) All lands within the demised areas which are acquired by the Company under the provisions of The Marampa Railway and Harbour Works Construction Ordinance as applied to the Railway Extension in accordance with Clause 10 (e) hereof shall cease to be comprised in or subject to the provisions of the Permanent Lease.

(e) The Company shall during the term of the Permanent Lease pay to the Government an annual rent of Six Pounds for each square mile of the demised areas in full satisfaction of all mining rents (other than dead rent and royalty) due to the Government and of any surface rents due to the owners or occupiers of the land (including Tribal Authorities) under the provisions of the Minerals Ordinance or otherwise. Such rent shall be payable yearly in advance within one month of the commencement of each year and Section 32 (4) (a) of the Minerals Ordinance notwithstanding shall not be subject to revision during the currency of the Permanent Lease.

(f) The Government shall during the period of the Permanent Lease indemnify the Company against all claims of any owners or occupiers (including the Tribal Authorities) in respect of the demised areas other than claims for compensation made in accordance with the provisions of the Minerals Ordinance but subject to Clause 14 of this Agreement.

(g) Subject as hereinafter mentioned the Company shall in addition to the rent mentioned in paragraph (e) of this clause pay to the Government

* Now section 35 (4) (a).

an annual dead rent of One Thousand Pounds during the term of the Permanent Lease. Provided that such dead rent shall cease to be payable during and in respect of the period of construction of the railway extension.

(h) The Permanent Lease shall provide for the payment by the Company to the Government of royalties in accordance with the provisions set out in the Second Schedule hereto.

(i) Any royalties paid by the Company to the Government under the provisions of the said Second Schedule in respect of any year shall in the first place be considered as being paid on account of the dead rent for that year (if any) payable under paragraph (g) of this clause and shall accordingly be received by the Government in satisfaction *pro tanto* of the Company's liability for such dead rent.

(j) During the term of the Permanent Lease the Government will not impose on the Company a tax on profits made from or in respect of and/or any duty on or in respect of the exercise of any of the rights conferred by this Agreement and any mining rights or leases including the Permanent Lease issued in pursuance thereof exceeding a total amount equivalent to five per centum per annum on such profits for such year as assessed to income tax in the United Kingdom.

Provided that the Government shall not impose any such tax on profits in any year in which the Company has failed to obtain the agreement of the Commissioners of Inland Revenue in the United Kingdom to allow Dominion Income Tax relief in respect of the whole of the said tax or duty to such extent that no additional burden or obligation in respect of tax or duty is imposed upon the Company.

Provided also that the term "profits" as used in this clause shall not include any profits earned by the Company in respect of any trade or business of prospecting for mining producing or selling diamonds or any profits of the Company may earn by any of its operations in the Marampa Concession.

(k) During the term of the Permanent Lease the Government will not save as provided in this Agreement impose on the Company or its employees or on the whole or any part of the undertaking or assets of the Company any impost head tax liability or obligation which will directly or indirectly increase the financial obligations or working costs of the Company which is not universally applied to all persons firms and companies and their employees or assistants engaged in industry in Sierra Leone and the undertakings and assets in Sierra Leone owned or controlled by such persons firms and companies.

(l) The provisions as to exemption from customs duty set out in the Third Schedule hereto shall have effect during the respective periods therein specified.

9. (a) In the event of the Permanent Lease being granted to the Company as aforesaid all or any leases which may have been granted by the Government to the Company during the periods of the First and Second Licences under the provisions of Clauses 3 and 6 hereof the areas of which shall lie within or partly within that of the demised areas or shall be bounded or partly bounded by the demised areas may at the option of the Company be determined on the date of commencement of the Permanent Lease and if the Company shall exercise such option the Permanent Lease shall take effect in lieu of and over and be deemed to include the areas of the leases so determined.

(b) If the Company shall not exercise its option under paragraph (a) of this clause to determine leases which may have been granted for all or any minerals other than iron ore over areas within or partly within the demised areas or bounded or partly bounded by the demised areas nevertheless the areas covered by such leases which are not determined shall remain part of the demised areas in respect of the minerals not included in such leases and if and when such leases are determined the Permanent Lease shall again be deemed to include the right to mine all minerals in all areas of the demised areas in respect of which no other mining lease is in existence.

(c) During the term of the Permanent Lease the Company may request the Government to grant to the Company a separate lease or leases for any mineral other than iron ore in respect of any area or areas lying within the demised areas and the Government shall comply with such request. From the date of grant of such separate leases and during the currency thereof there shall be deemed to be excluded from the Permanent Lease the right to mine any mineral other than iron ore for which such separate lease is granted within the area of any such lease.

(d) If at any time or from time to time during the term of the Permanent Lease there shall be in existence any separate mining lease covering or partly covering the demised areas then the rent payable under Clause 8 (e) hereof in respect of the demised areas shall not be payable in respect of so much of the demised areas as shall for the time being be included in the area of such separate mining lease but the Company in respect of such separate mining lease shall pay the mining rents and surface rents prescribed by the Minerals Ordinance and the Minerals Rules.

(e) The provisions of Clause 3 (k) and (l) shall apply during the term of the Permanent Lease as if the expression "the demised areas" were therein substituted for the expression "the Tonkolili areas."

10. (a) If at any time during the term of the Second Licence and/or the Permanent Lease the Company after being requested so to do by the Government shall fail to adduce reasonable proof that the reserves of workable iron ore of good shipping quality within the Marampa Concession are in quantity more than seven times the average of the quantity of annual shipments from such Concession during the five calendar years immediately preceding such request the Government may give notice in writing to the Company requiring it within twelve months of the date of such notice to commence construction of the railway extension and the Company shall duly comply with such request save in case of force majeure or unless before the expiration of such twelve months it agrees to surrender the Second Licence or the Permanent Lease as the case may be. In the event of any dispute as to whether or not the Company has adduced such reasonable proof the same shall be referred to arbitration in accordance with Clause 27 of this Agreement and the period of twelve months hereinbefore mentioned shall not be deemed to commence until the conclusion of such arbitration.

(b) Subject as aforesaid the Company shall not be under any obligation to commence construction of the railway extension.

(c) When and if the Company shall commence construction of the railway extension it shall proceed with such construction so as to complete the same within five years from the date of commencement save in the case of force majeure or unless the Government shall consent to a prolongation of the period of construction. Such consent shall not be unreasonably withheld in the event of unforeseen difficulties arising.

(d) Failure by the Company to commence the construction of the railway extension in accordance with the provisions of this clause save in the case of force majeure shall entitle the Government to cancel the Second Licence or the Permanent Lease as the case may be forthwith by notice in writing to the Company to that effect. This right of cancellation shall not extend to separate mining rights and/or mining leases which may have been granted by the Government to the Company during the periods of the First and/or Second Licence and/or the Permanent Lease under the provisions of Clauses 3, 6 and 9 hereof or any rights or easements which at the date of such cancellation are enjoyed with such separate mining rights and/or leases.

(e) The provisions of the Marampa Railway and Harbour Works Construction Ordinance shall *mutatis mutandis* be made applicable to the railway extension. All lands within and without the demised areas which are required for the railway extension shall be acquired by the Company under the provisions of that Ordinance.

(f) Where the term "force majeure" is used in this clause it shall be deemed to include war or the anticipated imminence thereof between any nations prohibition of shipment transport or import of iron ore civil commotion political disturbances financial crises strikes lock-outs accidents epidemics and any other event of any nature or kind whatsoever beyond the personal control of the Company which directly or indirectly hinders or prevents the Company from commencing or proceeding with the construction of the railway extension.

11. The Government will forthwith enter into negotiation with the Company with a view to granting the Company facilities to obtain without cost to the Government from the Bumbuna Falls such power as may be required for the effective working of the iron ore deposits the Railway Extension and the Marampa Railway and the Government will not impose any toll or similar charge for such use of the power so generated or in respect of the water used in the generation of such power.

12. The Company may with the consent in writing of the Governor transfer or assign the rights or any portion of the rights granted to it under this Agreement (including the First and Second Licences) or under any mining right or mining lease or the Permanent Lease issued to it in pursuance of this Agreement to a British subject or to a company incorporated and registered in Great Britain or Sierra Leone the majority of the directors of which shall be British subjects provided (a) that the officials employed in the working of the railway or the mines shall be British subjects or British protected persons and (b) that the Governor in Council may in special circumstance, and subject to such terms and conditions as he may think fit to impose waive condition (a) in individual cases.

13. Every statement or representation having specific reference to this Agreement or any Licence to be granted thereunder which it is intended to set forth in any prospectus notice advertisement or circular inviting subscriptions of capital by or on behalf of the Company or any company deriving title thereunder shall be first submitted to the Governor or the Crown Agents as the case may be together with the whole of such prospectus or other document before the said statement or representation shall be issued and the same shall not be issued if the Governor or the Crown Agents as the case may be shall within twenty-eight days after any such statement or representation has been so submitted serve on the Company or any company deriving title as aforesaid notice disapproving of the same and in

the event of any breach of this clause it shall be lawful for the Governor or the Crown Agents by notice in writing to be served upon the Company committing the breach to determine this Agreement. Provided that any approval given under this clause shall in no way extend or be deemed to extend to any other statement or representation contained in or implied by any such prospectus or other document as aforesaid and that neither the Governor nor the Crown Agents shall by reason of any such approval be represented or deemed to have in any way approved the same or to have authorised the issue of such prospectus or other document as aforesaid. The Company shall pay to the Crown Agents all sums payable by the Crown Agents to their Solicitors for or in respect of their costs charges disbursements and expenses in connection with the perusal and approval or disapproval of the said prospectus notice advertisement or circular above referred to.

* 14. The compensation payable by the Company under Sections 17, 23 and 35 of the Minerals Ordinance in respect of the First and Second Licences or of any mining right or lease or of the Permanent Lease granted to the Company in pursuance of this Agreement shall not include compensation for damage to the surface of any land in respect of the use of which the owner could have had no reasonable expectation of receiving any profit or return. Subject as aforesaid compensation shall be based on the actual monetary amount (or value) of the damage done to the land and not in respect of the occupation or use thereof by the Company.

15. Nothing in the Minerals Ordinance contained shall entitle the Government to revoke the First or Second Licence or any mining lease or the Permanent Lease granted to the Company in pursuance of this Agreement. Provided that if there shall be any breach of the terms of the First or Second Licences or of any mining lease or of the Permanent Lease granted in pursuance of this Agreement and the same shall not be remedied within six months after notice to remedy such breach has been given the Company shall be liable in damages for such breach.

† 16. The area or areas demised by any mining leases granted to the Company in pursuance of Clauses 3 (g) 6 (d) and 9 (c) of this Agreement may Rules 28 and 29 of the Minerals Rules notwithstanding be of such size and shape as the Company shall select provided that at the date of grant such area or areas shall lie wholly within the boundaries of the Tonkolili areas the delimited areas or the demised areas as the case may be.

17. (a) Notwithstanding anything in the Minerals Ordinance or Mineral Rules contained the Government during the periods of the First and Second Licences and the Permanent Lease shall not grant to any person firm or company other than the Company in respect of the areas covered by the First and/or Second Licences and/or any mining right or lease or the Permanent Lease granted to the Company under or in pursuance of this Agreement—

(1) Any prospecting right or exclusive prospecting licence or mining lease or any similar prospecting drilling or mining permit or lease for minerals oils or for any minerals or metals.

(2) Any lease of Crown lands.

(3) Any water right or provisional water right for the conveyance of water from any river stream watercourse or source within the said areas to any point outside of such areas without the consent of the

* Now sections 20, 27 and 38.

† Now Rules 29 and 30.

Company first obtained and subject to such reasonable conditions as the Company may require.

(4) Any right for the use of or diversion of water within the said areas for the generation of electricity.

(5) Any other lease or licence as to the use of the land within the said areas of the nature contemplated in Section 54 (3) (a) of the Minerals Ordinance save with the consent of the Company such consent not to be unreasonably withheld. *

(6) Authority to use for vehicular traffic other than Government traffic any road constructed by the Company within the said areas Provided that nothing in this sub-clause contained shall apply to such roads as may have been constructed along the line of existing bush tracks or similar rights of way (herein called "public roads").

(b) 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 Company or prove an inconvenience to the Company in the due exercise of its rights under the First or Second Licences or the Permanent Lease.

(c) (1) The Company may at any time or from time to time close block let down by mining trench or otherwise temporarily or permanently prevent or prohibit the use of any road or roads other than a public road within the delimited areas or demised areas.

(2) The Company may close block let down by mining trench or otherwise temporarily or permanently prevent or prohibit the use of public roads within the said areas upon giving reasonable notice thereof and on providing suitable alternative roads or routes.

(3) Save in respect of such public roads the Company shall not be obliged to pay compensation to the Government or to any person in respect of any such temporary or permanent interruption of traffic on any such road or to provide any alternative road in lieu of any such road so closed by the Company.

(4) Save for the said roads constructed along the line of existing bush tracks or similar rights of way any road constructed within the said areas by the Company shall not be deemed for the purposes of Sections 7 (1) (i) (b) and 33 of the Minerals Ordinance to be a public road. †

(5) The Company may in regard to any road or roads other than public roads give notice by advertisement in Sierra Leone and/or by letter to prospective or possible users of the road that it will not be responsible for any act matter or thing which may happen in or upon such road and that persons using the said road do so at their own risk and thereafter the Company shall not be liable in any case where such notice shall have been given Provided that such exemption from liability shall only exist in the case of any road where the Company has further given reasonable warning (a) by notices placed at the points where the said road joins with or intersects any public road or main bush track stating that the said road is a private road and (b) by flags placed on the said road to mark its entry into any danger zone created by the Company's mining or blasting operations.

* Now section 76 (3) (a).

† Now sections 8 (1) (i) (b) and 36.

18. (a) The Company may arrange that all survey work required by the Minerals Ordinance and Minerals Rules or this Agreement to be performed in connection with the clearing survey demarcation and beaconing of boundaries and otherwise including beaconing of exclusive prospecting licences mining rights mining leases and surface land occupied in working mining leases shall be carried out by a licensed surveyor approved by the Government Provided that nothing in this clause shall be deemed to affect in any way the exemption from clearing survey demarcation and beaconing specified in Clauses 3 (b) and 6 (d) hereof Provided further that if at any time or from time to time there shall be any dispute between the Company and any Tribal Authority or adjacent owner in regard to any boundary or common boundary respectively the Government may cause such disputed boundary to be cleared surveyed demarcated and beacons by the Director of Surveys and Lands whose determination shall be final. The Director of Surveys and Lands shall also determine by which party to the dispute the costs of such survey shall be borne or may determine that such costs be borne by both parties in such proportion as the Director of Surveys and Lands shall indicate.

(b) The Company shall not be obliged to clear survey demarcate or beacon the boundaries of any mining rights or mining leases which at the time of grant lie wholly within the Tonkolili areas or the delimited areas or the demised areas as the case may be Provided that if the area of any such mining right or lease ceases to be wholly surrounded by the Tonkolili areas or the delimited areas or the demised areas the Company shall subject to paragraph (a) of this clause clear survey demarcate and beacon its boundaries as is required by the Minerals Ordinance and the Minerals Rules but subject to the provisions of this Agreement.

19. (a) Upon the surrender or other determination of the Permanent Lease or of any portion thereof under Clause 8 of this Agreement or otherwise the Company shall be granted a period of not less than twelve months or such longer period as the Government may allow immediately following such expiration or determination in which to remove all or any of the buildings plant machinery or effects the property of the Company from land the subject of the lease or portion of the lease so surrendered or determined.

(b) Upon the surrender or other determination of any mining right or mining lease for minerals other than iron ore granted to the Company in pursuance of this Agreement the Company may within six months or such longer period as the Government may allow of such surrender or determination remove from land the subject of such lease any buildings plant machinery or effects the property of the Company.

(c) Within one month of the surrender or other determination of the First or Second Licence or of any part of the areas held thereunder or within such longer period as the Government may allow the Company may remove from the Tonkolili areas or the delimited areas any buildings plant machinery or effects the property of the Company.

(d) Provided that the Company shall not be obliged to remove buildings plant machinery or effects from land the subject of any mining right or mining lease the area of which upon its surrender or determination lies wholly or partly within or is bounded or partly bounded by the Tonkolili areas or the delimited areas or the demised areas as the case may be.

(e) Any buildings plant machinery or effects the property of the Company which are not removed in accordance with the provisions of

paragraphs (a), (b) and (c) (and may not remain under paragraph (d)) of this clause within the periods stated therein or such longer periods as the Government may allow shall at the termination of such respective periods become the property of the Government.

(f) Nothing in this clause contained shall prejudice the right of the Government under Section 37 (2) of the Minerals Ordinance to take possession * of any buildings plant machinery or other effects the property of the Company which on the expiration surrender or other determination of any lease is left upon the area of such lease if the Company is knowingly in default for more than three months in the payment of any rent royalties or other payments due to the Government in respect of such lease.

20. Notwithstanding anything contained in Section 38 of the Minerals † Ordinance the Company may discontinue operations under the Permanent Mining Lease at any time or from time to time and for such period as the Company shall deem expedient.

21. (a) If the Government shall at any time or from time to time require to take for any public purpose any land in respect of which the Company is paying rent in accordance with Clauses 3, 6 and 8 of this Agreement or under Sections 21 or 32 of the Minerals Ordinance the Government shall ‡ § Section 54 (2) of the Minerals Ordinance notwithstanding—

(i) Compensate the Company for any interference with or frustration of any right of prospecting or mining which the Company may hold in respect of such land by reason of the land being required for a public purpose.

(ii) Compensate the Company in accordance with Section 54 (1) || of the Minerals Ordinance.

(b) If the Government and the Company shall fail to agree as to the amount of compensation payable to the Company under paragraph (a) of this clause the question shall be referred to arbitration in accordance with Clause 27 of this Agreement.

22. Rule 40 (4) of the Minerals Rules shall not preclude the Company ¶ from demanding and receiving rents at such rates and subject to such conditions as may be approved by the Government in respect of the occupation by labourers or others of huts or houses constructed by or at the cost of the Company within the area of any mining lease or the Permanent Lease granted to the Company in pursuance of this Agreement.

23. The Company shall be subject only to such of the provisions of the Minerals Ordinance and any amending Ordinances and Rules made and to be made thereunder as are consistent with the terms of this Agreement.

24. The provisions contained in the Second and Third Schedules hereto shall have the same effect as if such provisions were herein set forth.

25. Any notice to be given hereunder—

(a) To the Crown Agents shall be delivered or sent by registered post addressed to the Crown Agents at 4 Millbank, Westminster, S.W.1, or to such other address as may be notified by the Crown Agents to the Company from time to time.

* Now section 40 (2).

‡ Now section 25 and 35.

|| Now section 76 (1).

† Now section 41.

§ Now section 76 (2).

¶ Now Rule 43 (4).

(b) To the Government shall be delivered or sent by registered post addressed to the Colonial Secretary Freetown.

(c) To the Company shall be delivered or sent by registered post addressed either to the Company at its registered office for the time being or to the Company's chief representative in Sierra Leone for the time being.

Any such notice under—

(a) Shall be deemed to have been served if delivered at the time of delivery or if posted forty-eight hours from the time of posting.

(b) or (c) Shall be deemed to have been served if delivered at the time of delivery or if posted in the country to which it is addressed forty-eight hours from the time of posting or if sent from Great Britain to Sierra Leone or vice versa one month from the time of posting.

26. Neither the Governor of Sierra Leone nor the Crown Agents nor any officer of the Government shall be in any wise personally bound or liable for the acts or obligations of the Government or the Crown Agents or any of them under this Agreement or be answerable for any default or omission in the observance or performance of any of the acts obligations matters or things herein contained.

27. Any dispute between the Government and the Company in regard to the matters mentioned in Clauses 3 (g), 5, 10 (a) and 21 of this Agreement and Clause 9 (d) of the Second Schedule hereto shall be referred to the sole arbitration of an Engineer of standing to be nominated by the President for the time being of the Institution of Civil Engineers and submissions to such an arbitrator in the first instance shall be in writing. The fees payable to such arbitrator together with the expenses incurred by him in visiting Sierra Leone should he deem personal inspection essential to enable him to reach a decision and the other costs of the arbitration shall be borne by the party whose submission to the Arbitrator differs most widely from the Arbitrator's decision and the Arbitrator shall himself state in his award by which party the cost shall be borne. The decision of an Arbitrator under this paragraph shall be final and binding on the parties hereto.

28. The Company shall on the execution of this Agreement pay to the Crown Agents all sums payable by the Crown Agents to their solicitors for or in respect of their costs charges disbursements and expenses in or about the negotiations for preparation approval execution and stamping of this Agreement.

29. This Agreement shall be construed and the rights of the parties thereunder determined according to the Law of England and (except as otherwise herein and in the Second Schedule specifically provided) any difference between the parties in relation to this Agreement or the construction meaning or effect of any of its provisions shall unless the parties otherwise agree be determined by the Supreme Court of Sierra Leone. In any action or other proceedings which are instituted by virtue of this clause the Government and the Company will submit to the jurisdiction of the Supreme Court of Sierra Leone and the Company may make the Attorney-General nominal defendant or respondent. The said action or proceedings shall then be conducted in accordance with the ordinary process of law and as if the Company and the Attorney-General were ordinary parties any law or ordinance to the contrary notwithstanding. No execution or attachment or process in the nature thereof shall be issued against the

Attorney-General or the Government in any such action or proceedings as aforesaid or against any property of His Majesty; but the Government may cause to be paid out of the general revenues of the Colony such sum of money as may by a judgment or order of the court be awarded to the Company. Any writ notice order judgment or other legal process or document required by virtue of this clause to be given to or served upon the Government or upon the Attorney-General shall be sufficiently given or served if left at the office of the Attorney-General in Sierra Leone addressed to him on behalf of the Government and any writ notice order judgment or other legal process or document required by virtue of this clause to be given to or served upon the Company shall be sufficiently given or served if left at the office of the Company in Sierra Leone addressed to them.

IN WITNESS whereof Sir William Frederick Gowers, K.C.M.G., one of the Crown Agents for the Colonies has hereunto set his hand and seal and the Company has caused its Common Seal to be hereunto affixed the day and year first above written.

THE FIRST SCHEDULE.

LANDS TO BE COMPRISED IN THE FIRST PLACE IN THE TONKOLILI AREAS.

All that area in the Sierra Leone Protectorate included in the following boundaries—

Starting from the point of intersection of latitude $9^{\circ}10'N.$ and longitude $11^{\circ}40'W.$ eastwards along latitude $9^{\circ}10'N.$ to longitude $11^{\circ}35'W.$ thence southwards along longitude $11^{\circ}35'W.$ to latitude $8^{\circ}55'N.$ thence westwards along latitude $8^{\circ}35'N.$ to longitude $11^{\circ}47'30''W.$ thence northwards along longitude $11^{\circ}47'30''W.$ to latitude $9^{\circ}04'N.$ thence eastwards along latitude $9^{\circ}04'N.$ to longitude $11^{\circ}45'W.$ thence southwards along longitude $11^{\circ}45'W.$ to latitude $9^{\circ}00'N.$ thence eastwards along latitude $9^{\circ}00'N.$ to Beacon P.C.S. 1319 whose provisionally accepted co-ordinates are 846,657.22 feet North and 602,216.99 feet East thence on a bearing $24^{\circ}40'03''$ and distance 3893.4 feet to Beacon Number P.C.S. 1313 thence on a bearing $56^{\circ}20'46''$ and distance 7966.9 feet to Beacon Number P.C.S. 1117 thence on a bearing $56^{\circ}54'41''$ and distance 2930.0 feet to Beacon Number P.C.S. 1279 thence on a bearing $28^{\circ}58'05''$ and distance 4610.0 feet to Beacon Number P.C.S. 1344 thence on a bearing $105^{\circ}10'36''$ and distance 1008.3 feet to Beacon Number P.C.S. 1271 thence on a bearing $60^{\circ}20'59''$ and distance 990.2 feet to Beacon Number P.C.S. 1270 thence on a bearing $66^{\circ}01'00''$ and distance 1248.0 feet to Beacon Number P.C.S. 1269 thence on a bearing $116^{\circ}36'04''$ and distance 1304.8 feet to Beacon Number P.C.S. 1268 thence on a bearing $84^{\circ}38'59''$ and distance 945.4 feet to Beacon Number P.C.S. 1267 thence on a bearing $359^{\circ}56'52''$ and distance 46,669.7 feet back to the starting point but excluding any part of the valleys of the Signakola and Sunkoni streams which lie within the said area.

THE SECOND SCHEDULE.

ROYALTIES PAYABLE BY COMPANY TO GOVERNMENT DURING TERM OF PERMANENT LEASE.

IRON ORE.

1. From 1st October 1943 to date of first commercial shipment of iron ore won from demised areas or until the date on which the Permanent Lease is determined or cancelled under Clause 8 (b) or 10 (d) whichever is the earlier a royalty of 2*d.* per ton on all iron ore shipped from Marampa Concession.

2. From date of first commercial shipment of iron ore won from demised areas a tonnage royalty on all iron ore shipped from the demised areas and/or the Marampa Concession calculated on following scale—

If the net average realised price per ton free on board at Pepel in any year does not exceed 8*s.* 9*d.* a royalty of 3*d.* per ton hereinafter referred to as "the basic royalty." This royalty shall be increased by One Halfpenny per ton for every 6*d.* of increase or any part thereof in net average realised price f.o.b. Pepel above 8*s.* 9*d.* per ton. Provided that should the said part of any such increase be less than One Halfpenny the royalty shall be increased by the actual amount of such increase instead of by One Halfpenny.

Thus—If net average realised price per ton f.o.b. Pepel exceeds 8*s.* 9*d.* but does not exceed 9*s.* 3*d.*—a royalty of 3½*d.* per ton. If net realised price per ton f.o.b. Pepel exceeds 9*s.* 3*d.* but does not exceed 9*s.* 9*d.* a royalty of 4*d.* per ton.
And so on in the same scale.

But— If the net average realised price per ton f.o.b. Pepel shall be 8*s.* 9¼*d.* the royalty payable shall be 3¼*d.* per ton and not 3½*d.* per ton.

If the net average realised price per ton f.o.b. Pepel shall be 9*s.* 9½*d.* the royalty payable shall be 4½*d.* per ton and not 4¾*d.* per ton.

3. The royalties mentioned in Clauses 1 and 2 of this Schedule shall be paid to the Government without deduction of British income tax.

4. Net average realised price per ton f.o.b. Pepel in any year shall be calculated as follows—

(a) Take the total gross proceeds including payments in respect of cargoes lost at sea (if any) received by the Company in respect of all ore shipped from the demised areas and/or from the Marampa Concession during the year under review before deduction of any charges.

(b) Deduct from such total proceeds the following total expenses of the Company for such year—

(i) All transport charges from f.o.b. Pepel to point or points at which delivery is effected to buyers. Such transport charges shall include ocean freight cost of discharging where this is not included in ocean freight demurrage on steamers (if any) light harbour or dock dues (including canal dues) where these are not included in the ocean freight cost of lighter and/or rail freight (including cost of loading and/or discharging into and from lighters and/or railway trucks where such costs are not included in lighter

and/or rail freights) stocking and relifting charges and any other charges of similar nature.

(ii) All selling charges including selling agents' commission brokerage sampling and analysis checkweighing insurance (including credit insurance) bill stamps and discounting charges on bills receivable advertising and any other charges of similar nature.

(iii) Head office charges including fees paid to directors and/or technical consultants managerial and/or secretarial fees legal and arbitration expenses audit fees salaries and pensions of staff save those for the time being on the payroll of the Company in Sierra Leone financial charges on remittances to Sierra Leone travelling expenses office rents in United Kingdom (including local rates and taxes) postages (including telegrams cables and telephone charges) stationery and similar charges and expenses and any sums paid by the Company whether in the form of damages or otherwise on sales and freight contracts the Company bringing into account any similar sums received by it. Provided that deductions shall only be made on account of such charges mentioned in subparagraphs (ii) and (iii) of paragraph (b) of this clause as are fair and reasonable charges incurred in the course of the Company's normal business. The Auditors of the Company shall with each of the statements prepared in accordance with clause 8 of this Schedule give a certificate stating that the said charges are fair and reasonable as aforesaid. In certifying as aforesaid the Auditors shall have and shall state that they have had due regard to the allocation of a fair proportion of the total head office and selling charges to the activities if any of the Company other than activities relating to the production transport and sale of Sierra Leone iron ore.

(iv) A charge in respect of allocation to sinking fund in respect of the capital originally invested in the development of the Tonkolili Mineral Areas and of any further capital therein invested after these areas have been brought into production. Such charge shall be the amount which it is necessary to allocate annually to a sinking fund accumulating at three per cent. per annum compound interest in order that the amount to the credit of sinking fund shall at the end of 30 years be equivalent to the capital sum which it is required to amortise.

(v) A sum equivalent to the amount which the Company will require to pay as income tax to the British Inland Revenue and as Profits Tax to the Government in respect of the net sums allocated to sinking fund as in (iv) immediately preceding.

(vi) Any tax duty or imposition on the product paid or payable by the Company whether in the form of import duty sales tax or otherwise howsoever.

(vii) Any other charge of whatsoever nature which shall be a legitimate deduction from gross proceeds in computing the net realised price f.o.b. Pevel and shall be so certified by the Company's auditors.

(c) To arrive at net average realised price per ton divide total net amount arrived at by making aforesaid deductions from said total gross proceeds by number of tons of iron ore shipped from Pevel during year under review.

5. It is expressly declared and agreed—

(a) That the Company shall not make from the total gross proceeds any of the deductions specified in Clause 4 (b) (i) (ii) (iii) (vi) and (vii) of this Schedule unless the sums so deducted represent expenses which have actually been incurred by the Company.

(b) That the deductions to be made from gross proceeds in respect of allocation to sinking fund in accordance with Clause 4 (b) (iv) and (v) of this Schedule shall cease when the amount to the credit of sinking fund is equivalent to the total capital invested in the Tonkolili undertaking.

(c) That the Company shall not be entitled to charge against gross proceeds any sum in respect of sinking fund for the amortisation of the capital of the Marampa railway port and shipping installation save that any capital sums expended in adapting extending altering or renewing the said railway and shipping installation or any part or parts thereof (including rolling stock) with a view to the more convenient handling stocking and shipment of Tonkolili Minerals shall be deemed to be part of the capital expenditure upon the Tonkolili undertaking.

6. Within three months after 30th June and 31st December in each year commencing 31st December 1943 the Company to deliver to Government a statement certified by the Company's Auditors of the quantities of iron ore shipped at Pepel from the demised areas and/or the Marampa Concession during the six months preceding such 30th June or 31st December as the case may be save that the first statement to be delivered after 31st December 1943 shall be for the period from 1st October 1943 to 31st December 1943.

7. (a) Each such half-yearly statement to be accompanied by a provisional payment in respect of royalties and/or dead rent the amount of which shall be calculated as in sub-paragraph (b) below.

(b) (i) For the period from 1st October 1943 to 31st December 1943 and for each half-year thereafter up to and including the half-year during which the first shipment of iron ore is made from the demised areas the provisional payment shall be a sum equal to Two Pence multiplied by the number of tons shipped during the half-year or other period covered by the account.

(ii) From the half-year following that during which the first shipment of iron ore is made from the demised areas the provisional payment shall be a sum equal to Three Pence multiplied by the number of tons shipped during the half-year.

(iii) If at the end of any year commencing with the year ending 31st December 1943 the Government shall be entitled to dead rent in accordance with Clause 8 (g) hereof and the provisional payments to be made under sub-paragraphs (i) and (ii) of this clause in respect of that year are together less than the dead rent due to Government then the second provisional payment in respect of any such year shall be increased to such an amount as will together with that of the first provisional payment equal the dead rent due to Government.

(iv) In order to co-ordinate the dates on which dead rent shall be payable under Clause 8 (g) with the date of termination of the Company's financial year on 31st December in each year a pro rata calculation as to the amount of dead rent accrued shall be made as at the 31st December

immediately succeeding the date on which dead rent commences to accrue under Clause 8 (g).

8. (a) Within six months after the end of the Company's financial year on 31st December in each year commencing with the year during which the first shipment is made from the demised areas the Company shall prepare and deliver to the Government a final statement certified by the Company's Auditors in respect of all iron ore shipped from the demised areas and/or the Marampa Concession during the year under review. Such statement shall show the gross proceeds received by the Company in respect of such shipments the amounts deducted therefrom for expenses in accordance with Clause 4 (b) of this Schedule the net average realised price per ton f.o.b. Pepel and the total royalties due to the Government on such shipments. It shall also show the Company's cost per ton of placing the ore from the demised areas f.o.b. Pepel. In computing such cost the Company shall be allowed to include all charges or expenses actually incurred in connection with the exploitation of the iron ore deposits in the demised areas and/or the Marampa Concession other than such charges or expenses as may in accordance with Clause 4 (b) of this Schedule be deducted from gross proceeds when ascertaining the net average realised price f.o.b. Pepel.

(b) Together with such final statement the Company shall remit to Government an amount being the total royalties due to Government in respect of the year under review less the amount of any provisional payments made in respect thereof in accordance with Clause 7 of this Schedule.

(c) The final computation of royalties due to the Government made in accordance with paragraph (a) of this clause shall be based upon the tonnage of ore shipped in the year under review as invoiced by the Company to receiving works save that the weights of cargoes lost at sea (if any) shall be taken as being the bill of lading weights of such cargoes.

9. (a) If at the end of the year immediately following that during which the first commercial shipment is made from the demised areas the cost to the Company of placing the ore from the demised areas f.o.b. Pepel as shown by the final statement rendered in accordance with Clause 8 (a) of this Schedule is materially less than 6s. 2d. per ton f.o.b. or materially in excess of that figure either the Government or the Company may request a revision in the basic royalty of 3d. per ton.

(b) If at the end of the sixth eleventh or sixteenth years following that during which the first commercial shipment is made from the demised areas or at the end of any further five-year period thereafter the average cost to the Company of placing the ore from the demised areas f.o.b. Pepel during any such five-year period is materially less or materially in excess of the average cost during the period preceding that under review either the Government or the Company may request a revision in the basic royalty current during such five-year period whether or not such basic royalty has previously been revised under the provisions of this clause.

(c) It is declared that the general object of any revision contemplated under paragraphs (a) and (b) of this clause is to redress any hardship which may arise either to Government or Company either from a general change in world price levels or from an alteration in cost of working due to a change of labour or social conditions in Sierra Leone or from any other cause beyond the control of the Government or the Company.

(d) If either the Government or the Company shall request a revision under paragraphs (a) or (b) of this clause and the two parties shall be unable

to agree as to the extent of the revision the question shall be submitted to arbitration in accordance with Clause 27 of this Agreement.

(e) Any revision agreed upon or settled by arbitration shall affect only the basic royalty and the average realised price f.o.b. Pepel upon which such royalty is based. It shall not affect the sliding scale of increases for which provision is made in Clause 2 of this Schedule.

(f) Any such revision shall remain in force for a period of five years at the end of which period a further revision may take place under paragraph (b) of this clause.

10. The Company's Auditors to be Messrs. Deloitte Plender Griffiths & Company or such other Chartered Accountants or firm of Chartered Accountants as may be appointed from time to time by the shareholders of the Company and approved by Government.

11. In arriving at the net average realised price f.o.b. Pepel in accordance with Clause 4 of this Schedule the Company's Auditors or such other person as may be appointed by the Governor acting on behalf of Government may exclude from average—

(i) Any sales of iron ore made to or any charter or freight contract made with—

(a) Any person firm or company which has a direct financial interest in the Company exceeding ten per cent. of its total share capital and loan capital (if any).

(b) Any firm or company in which the Company has a financial interest exceeding ten per cent. of its share capital and loan capital (if any).

(ii) Should any such sales of iron ore or any charters or freight contracts be rejected from average the quantities of iron ore sold and/or freighted thereunder shall for the purposes of the computation required by Clause 4 of this Schedule be deemed to have realised the same price f.o.b. Pepel as that of the average disclosed by the remaining transactions of the Company during the year under average.

(iii) Provided that notwithstanding anything contained in this clause the Company may seek the prior approval of its Auditors of any sale of iron ore made to or any charter or freight contract made with any such person firm or company as is described in paragraph (i) (a) and (b) of this clause and if the Auditors shall approve any such sale or charter or freight contract it shall not thereafter be excluded from average in computing the Company's net average realised price f.o.b. Pepel.

OTHER MINERALS.

12. Any taxes payable in respect of any minerals other than iron ore won by the Company from the demised areas shall not exceed the lowest taxes payable to the Government by any other person firm or company mining the like minerals in Sierra Leone.

13. The royalty to be paid by the Company in respect of any mineral other than iron ore won by it from the demised areas shall if no other person firm or company be mining such mineral in Sierra Leone be agreed between the Company and the Government but (except in the case of gold platinum

and precious stones) shall not exceed 5 per cent. of the value of the minerals as mined such value to be calculated at the mine mouth.

14. (a) Any royalty due to the Government on crude gold exported by the Company shall be paid by the Company in accordance with Rule 5 (3) of the Minerals Rules.

(b) Payment of all royalties other than those on crude gold and on iron ore shall be payable to the Government at half-yearly intervals and within three months after the close of each half-year. Provided that if in the case of any mineral other than crude gold or iron ore the royalty payable is based on a percentage of profits or a percentage of realised selling prices the Company shall make provisional payments at the end of each half-year in respect of royalties due and shall make final payments in respect of each year within three months after the Company's accounts for that year have been prepared and certified by the Company's Auditors the procedure generally following that laid down in Clauses 6, 7 and 8 of this Schedule in regard to the method of payment of royalties on iron ore.

GENERAL.

15. The Government shall not levy or impose any export tax or royalty or other direct tax on minerals won from the demised areas other than and except royalties or taxes aforesaid.

THE THIRD SCHEDULE.

1. The following materials machinery and other articles shall as and when required by the Company be admitted into Sierra Leone free of duty. (The numbers where quoted are the relevant items of the First Schedule to the Customs Tariff (Amendment) Ordinance 1934)—

- (a) 30. Buoys, chains, anchors and sinkers for mooring vessels.
- 43. Coal, coke and patent fuel.
- 73. Instruments for surveying and prospecting.
- 78. Machinery for electric lighting and power, marine, mining, industrial, railway, water-boring and pumping purposes. Accessories for the above machinery.
(The definition of the term "machinery" is given in Section quoted.)
- 33. Motor vehicles and accessories (but not spare parts).
- 121. Boats and launches, etc.
- 123. Water tanks.

(b) All structural steel including corrugated iron sheets required for the construction of the permanent way of the railway extension or for adapting extending altering or renewing the Marampa railway shipping and port installation (including bridges, culverts and rails, steel sleepers, fishplates, bolts, stays, etc.) or for the construction of buildings or of mining plant (including light section rails and accessories used for internal transport and mining wagons of the Decauville or similar type).

All rolling stock for the railway extension, also tools used in connection with railway machinery and in machine workshops and timber of a size suitable for use as sleepers.

All telephone or telegraph equipment.

Piles and pile drivers, including timber of a size suitable for dressing and fitting as piles, derricks, wire ropes and hawsers, cement block-making machines, drains and waterpipes, shoots and apparatus in connection with the transport and loading of ore, hand trucks and barrows, signals and fittings, lighting and power plant (not including indoor domestic fittings, lightning arrestors, roses, plugs and sockets, fans, indoor flex, lamp holders, etc.).

2. (a) Unless otherwise from time to time agreed by the Governor the exemptions specified in the preceding clause hereof shall apply only to goods imported into Sierra Leone in British ships. The exemptions specified in paragraph (a) of the last preceding clause shall extend until completion of construction of the railway extension. The exemptions specified in paragraph (b) of the said clause shall extend for a period of five years or such longer period as the Government may allow for railway construction under this Agreement or otherwise from the date of first importation into Sierra Leone under such exemptions following the commencement of railway construction. Such last mentioned exemptions shall be dependent on the receipt of a certificate signed by a responsible officer of the Company to the effect that all articles in respect of which exemption is desired are necessary for the actual construction of the railway extension and/or for adapting extending altering or renewing the Marampa railway shipping and port installation and/or for establishing the mines or housing the Company's officials and/or for the construction of the telegraph or telephone system.

(b) Such officer of the Company shall sign a declaration in respect of all importations free of duty under this clause and paragraph (b) of the last preceding clause to the effect that no articles thus specially exempted from the payment of customs duty will be sold or otherwise disposed of in Sierra Leone unless and until the Comptroller of Customs has been satisfied that duty has been paid in respect thereof.

(c) The Company shall be at liberty to re-export any materials machinery or other articles imported free of duty under the provisions of this and the last preceding clause free of any duties at any time after importation and without satisfying import duties in respect of their original entry into Sierra Leone.

(d) No materials machinery or other articles imported free of duty under this clause and paragraph (b) of the last preceding clause shall be sold or otherwise disposed of in Sierra Leone unless import duty thereon is paid to the satisfaction of the Comptroller of Customs in accordance with the following terms and conditions—

(i) On a sale or disposal of any such materials machinery or other articles import duty shall be assessed and paid thereon as if the same had in its then condition then been imported for the first time.

(ii) A responsible officer of the Company duly authorised in that behalf shall certify to the Comptroller of Customs the amount realised by any such sale and in assessing the duty to be paid on the materials

machinery or other articles sold the value thereof for *ad valorem* purposes shall be taken as the amount realised by such sale.

(iii) Specific duty shall be paid on any such materials machinery or other articles which are subject thereto, unless the same before being sold or otherwise disposed of are or have been converted into scrap and passed as such by the Comptroller of Customs in which case *ad valorem* duty shall be paid on the proceeds of sale.

3. Notwithstanding the provisions aforesaid the Government shall have the right to restrict any of the aforesaid exemptions solely to plant or materials of British manufacture or origin provided that such right shall not be exercised in any case in which the Company can show that plant or materials of foreign manufacture or origin are more suited for the purpose in view than plant or materials of British manufacture or origin and produce a certificate from the Crown Agents for the Colonies to this effect.

4. No tax or duty shall be payable in Sierra Leone in respect of—

(a) Any interest payable by the Company outside Sierra Leone on any loan capital or bankers or other loans raised for the purpose of the Company.

(b) Any dividends or interest received or receivable by the Company outside Sierra Leone.

(c) The profits of the Company or dividends declared in respect thereof other than the five per centum tax or duty referred to in Clause 8 (j) of this Agreement except in so far as such profits are in respect of any trade or business of prospecting for mining producing or selling diamonds or are earned by any of the Company's operations in the Marampa Concession.

5. The import duty on dynamite and cognate substances for use by the Company shall not exceed Two Pence per pound.

6. The Company shall be exempted from the payment of harbour dues of all kinds but not including light dues on vessels expressly used for the purpose of shipping iron ore from the demised areas at the Company's loading installation at Pepel Point and for no other purpose except the embarkation and disembarkation of the Company's own officers and their personal luggage and the shipment in addition to iron ore and importation of general cargo not exceeding five tons and not being minerals other than samples.

7. The Company shall keep properly marked by buoys and beacons of a type or types approved by the Harbour-Master the channel required in connection with the passage of steamers to and from Pepel Point within the limits of Freetown Harbour. The Company shall maintain such buoys and beacons in proper condition in their present positions or in such other positions as the Harbour-Master may from time to time direct. Provided always that the Company may by three months' previous notice in writing to the Government discontinue its responsibility for the maintenance of such buoys and beacons as may be no longer required for vessels engaged in the Company's business.

All mooring buoys at Pepel Point shall belong to and remain under the absolute control of the Company.

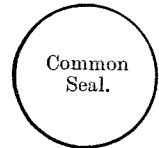
8. The provisions contained in this Schedule shall cease to be applicable in the event of the Permanent Lease being determined or cancelled within the periods aforesaid.

SIGNED SEALED AND DELIVERED
by SIR WILLIAM FREDERICK GOWERS,
K.C.M.G., one of the Crown Agents for
the Colonies in the presence of } (Sgd.) W. F. GOWERS.



N. RAE,
4, Millbank,
London, S.W.1,
Civil Servant.

THE COMMON SEAL of the Sierra
Leone Development Company Limited
was hereunto affixed in the presence of }



JAMES CAMPBELL }
J. M. CAMPBELL } *Directors.*