

RAILWAY AND PORT LEASE AGREEMENT

Between

The Government of the Republic of Sierra Leone (GOSL)

And

Kingho Railway and Port Company Limited

This Lease Agreement made the 08 day of January 2021 (the "Commencement Date") BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE (GOSL) (hereinafter referred to as "THE LESSOR" which expression shall, where the context so admits, include its assigns and its successors in office) of the one part AND KINGHO RAILWAY AND PORT COMPANY LIMITED, a private Limited Liability Company incorporated under the Companies 2009 of the Laws of Sierra Leone and having its registered office at 20 Signal Hill Road Wilberforce, Freetown in the Western Area of the Republic of Sierra Leone (hereinafter referred to as "THE LESSEE", which expression shall, where the context so admits, include its successors in title and assigns) of the other part.

WHEREAS:

- A. The Lessor has acquired the approximately 200 km railway from Pepel to Tonkolili ("the Railway") and the port transshipment and loading facilities and land upon which the facilities are situated at the port at Pepel ("the Port"), in the Port Loko District in the Northern Province of the Republic of Sierra Leone, described in Schedule I.
- B. The Lessor now desires to exclusively lease the Railway and the Port to the Lessee for a term of certain years for the Lessee's continued occupation, use, management, operation, maintenance and rehabilitation under the terms and conditions satisfactory to the Lessor and Lessee as hereinafter defined.
- C. The Lessee desires to occupy, use, manage, maintain and rehabilitate the Railway and Port and to operate rail freight service thereon, in accordance with the terms and conditions of this Agreement.
- D. In consideration of the foregoing and other good and valuable consideration, intending to be legally bound, the parties hereto enter into this Agreement setting forth the terms and conditions for the Lessee's occupation, use, management, operation, maintenance and rehabilitation of the Railway and the Port.



SECTION ONE

LEASED PROPERTIES

Section 1.01: Upon the Commencement Date, the Lessor agrees to exclusively let and demise to the Lessee the Railway and the Port, consisting of all track structures and necessary rights-of-way and all appurtenances thereof and including but not necessarily limited to rail and fastenings, switches and frogs, ties, ballast, roadbed, embankment, other structures or things necessary for support of and entering into construction and operations thereof ("Tracks"), and any ancillary facilities at the Port ("Demised Properties").

SECTION TWO

LEASE TERM

Section 2.01: Unless this Agreement is terminated earlier in accordance with Section 13 hereof, the Lessee shall have and hold the Demised Properties unto itself, its successors and assigns for a term beginning on the Commencement Date hereof and extending through **January, 2027** ("Initial Term"), subject to the renewal rights set out in the Section 2.02.

Section 2.02: This Agreement may be renewed for another optional term to be agreed by the parties successive subsequent to the Initial Term, if the Lessee notifies the Lessor of its desire to renew not less than six (6) months prior to the end of the Initial Term, and the Lessor is not in breach of this Agreement, and the Lessor does not reject the notice within thirty (30) days after receipt, and the parties reach mutual agreement on terms under the following procedures herein:

During the three (3) month period immediately following expiration of the thirty (30) days rejection period, the Lessor shall negotiate exclusively with the Lessee to establish contractual arrangements for the optional term. If the Lessor and the Lessee are unable to reach and enter into a new agreement during said three (3) month period, the Lessor may, at its sole option, seek agreement with other parties, including the Lessee, for lease of the Demised Properties. If the Lessor and the Lessee do not enter into a new agreement or an extension of this Agreement by the end of the Initial Term or any subsequent term, the Lessee shall vacate



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the Demised Properties in accordance with Section 13.03 hereof.

Section 2.03: The Lessor and the Lessee hereby agree that the Lessor reserves the right to engage another Railway and Port Operator to independently operate the Railway and Port after the first two years of the term herein granted, subject to a six months' notice to the Lessee after the first two years (transition period). The Lessor shall thereafter broker negotiations in good faith between the Lessee and the Third Party operator for the future operations of the Port and Railway without prejudice to the verifiable investment whether by way of extension or additional facilities, upgrade that enhances the commercial viability of the Demised premises made by the Lessee. The Lessee's investments into the Demised Properties, subject to a third party audit, shall be duly compensated or transformed into equity interest in the entity to be established to acquire the operational rights of the Demised Properties. Should the negotiations with the Third Party fail to materialise, the Lessee will have the first right of refusal for the award of the Railway and Port operations.

Section 2.04: If the Third Party Railway and Port Operator or its affiliates acquire the operational right of the Demised Properties ("**New Operator**"), the Lessor shall cause the New Operator to reserve at least 10 (ten) million dry metric tonnes (DMT) per annum, subject to the Lessee's annual mine plan, as prioritised use for the Lessee and/or its affiliates undertaking mining activities in the Republic of Sierra Leone ("**Lessee's Affiliate**") and the tariff charged by the New Operator shall be negotiated in accordance with its proposed business plan and users of the Demised Properties shall be charged on a non-discriminative basis. Provided that in the event that the Lessee fail to meet the minimum 10 (ten) million DMT per annum, the New Operator shall be compensated for the shortfall. This Section 2.04 shall survive the termination of this Lease Agreement and the Lessee's Affiliate shall be deemed as a beneficiary for the purpose of this Section.

Section 2.05: In the event production of minerals and mineral products resumes or starts in the region within the initial first two years of the Lessee's term herein granted, the Lessee shall accommodate, subject to the existing capacity, the export of minerals and mineral products from the region using the Railway and Port for a total number of dry metric tonnes to be agreed by the Lessee. The tariff charged by the Lessee shall be negotiated with the potential users in accordance with the Lessee's proposed business plan on a non-discriminative pricing basis.

SECTION THREE

LEASE RENTAL

Section 3.01: From the Commencement Date of this Agreement, the Lessee agrees to pay a fixed annual rent to the Lessor for the use of the Demised Properties at the amount of **USD 1,250,000 (one million two hundred and fifty thousand US Dollars)**. The fixed annual rent shall be considered delinquent if not paid within sixty (60) working days after the date of payment is due to the Lessor. If the Lessee fails to pay the fixed annual rent and such payment becomes delinquent, and such delinquency continues for another ten (10) days, simple interest at the rate of **10 (ten) percent (%)** per annum shall be added to any such overdue payment from the due date to the date of payment.

Section 3.02: Unless another date is agreed to in writing by the Lessor and the Lessee, the fixed rent of the first year shall be due to the Lessor on the date of execution of this Lease Agreement. Subsequent payment of the fixed annual rent shall be due to the Lessor upon each anniversary date of this Lease Agreement.

SECTION FOUR

RAILWAY AND PORT SERVICES

Section 4.01: Throughout the term of this Agreement, the Lessee agrees to operate rail freight service on the Demised Properties as necessary to accommodate the reasonable needs of its mining operations consistent with prudent business practices in the railway industry in the West Africa Sub Region. The Lessee shall operate all rail freight services on its own and with the leased locomotives and other equipment, unless otherwise agreed to in writing by the Lessor.

Section 4.02: The Lessee will obtain authority to operate on the Demised Properties for the Term of this Agreement as described in Section 16.01.



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Section 4.03: It is the intent of the parties hereto that the Lessee shall exercise its best efforts to provide competitive interline rail freight and port services on the Demised Properties. The Lessee hereby acknowledges that the Demised Properties may be made available to third party producers/traders of minerals or agricultural products on a commercial scale to be determined by the parties on the terms and conditions commercially satisfactory to the Lessee.

Section 4.04: To better serve customers served by the Demised Properties, the Lessee agrees to base a crew and a regional headquarter for the operation of the Demised Properties in or near Port Loko District in the Northern-Western Province of the Republic of Sierra Leone.

SECTION FIVE

RIGHTS OF THE LESSEE

Section 5.01: Subject to compliance with the provisions of Sections 4.01 and 4.02, the Lessee hereby acquires the exclusive right to provide and operate Railway freight and Port service on the Demised Properties.

Section 5.02: The Lessor hereby grants quiet enjoyment of the Demised Properties to the Lessee throughout the term herein without any interference by the Lessor or any person claiming under or in trust for the Lessor, provided that the Lessee complies with its covenants in this Agreement. The Lessor will not engage in any action that might frustrate, delay or stop the lawful, construction or operation of the Demised Properties, accessing the area or exercising any rights that may have been granted to the Lessee hereunder or under any licenses, permits, leases or other land tenures.

Upon the commencement of rail freight service, the Lessee hereby acquires the exclusive right to manage the Demised Properties and agrees to do so in a prudent, fair, equitable and business-like manner, considering the interests of both parties and the public's interest. All revenues and expenses therefrom shall accrue to the Lessee.

Section 5.03: Upon the commencement of Railway freight and Port services, the Lessee hereby acquires the exclusive right to promote the use of the Demised Properties for lawful purposes, consistent with the Lessor's right, title and interest and public interest in the Demised Properties of any such use which requires material construction or modification with respect to the Demised Properties.

Section 5.04: In conjunction with its transportation activities, the Lessee hereby acquires the right, subject to the Lessor's concurrence, to remove, replace or relay elements of the track or structure in the interest of cost and/or operational efficiency, provided that a continuous and useful transportation facilities are maintained.

Section 5.05: The Lessee shall be entitled to request and the Lessor shall provide assistance as reasonably practicable to enable the Lessee to fulfil its obligations set out in this Agreement in the best and most efficient manner, including but not limited to giving full disclosure of all plans, maps, information, data and advice relating to the Demised Properties and to provide all such copies and to grant any and all permits and permissions of whatsoever nature necessary for the importation into Sierra Leone of all machinery equipment and supplies necessary for conducting the operations contemplated by this Agreement.

Section 5.06: The Lessee shall be entitled to purchase the equipment, transshipment and other facilities situated in the Demised Properties ("Equipment") at a price agreed by the Parties based on the valuation on the condition the title of such Equipment being clear, definitive and free of encumbrance and dispute.

SECTION SIX

CONSTRUCTION AND MAINTENANCE

Section 6.01: The Lessee shall, during the term of this Agreement and at its sole cost and expense, maintain the Demised Properties, from the Commencement Date through the termination of this Agreement. The Lessee shall at least maintain the Demised Properties for the term herein granted.



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Section 6.02: Nothing herein shall preclude the Lessee, at its sole cost and expense, from maintaining the Demised Properties to a standard higher than the minimum herein stipulated.

SECTION SEVEN

CONTROL OF RAILWAY AND PORT OPERATIONS

Section 7.01: The Lessee shall have management and control of the operation and maintenance of the Demised Properties and shall control the admission and exit of engines and trains and the movement of the same thereover. Cars, trains, employees and visitors, while on the Demised Properties, shall be subject to the rules, timetables, regulations and orders of the Lessee then in effect. All operating personnel of the Lessee, prior to operating any locomotive or other track mounted equipment, shall be qualified in accordance with applicable international rail safety rules and regulations.

Section 7.02: All rules, timetables, regulations and orders governing operations on and along the Demised Properties shall be promulgated by the Lessee from time to time, and shall be fair, reasonable, uniform and in compliance with applicable laws of Sierra Leone, rules and regulations. If requested by the Lessor, a copy of all such rules, timetables, regulations and orders shall be provided. Rates, tariffs and other commercial arrangements shall be subject only to applicable laws, rules and regulations of Sierra Leone or entered into by the Lessor as may exist (whether or not covering the Lessee), there being no intent by this Agreement to create any unique regulations. In the event of occurrence of any change in law, the Lessee shall be released of any obligations hereunder, performance of which became impossible as a direct result of the change in law and in the event that such change in law could materially and adversely affect the performance hereof, the Parties agree to take all the necessary actions and make every possible effort in order to avoid, minimise the adverse consequences and mitigate the negative impact, including negotiations in order to agree, according to the rules of good faith and fair dealing, on the amendment to or revision of the Agreement.

Section 7.03: With respect to the Railway and the Port to be operated hereunder, the Lessee acknowledges that the Lessor shall provide copies of all available track and signal maps, structural, bridge and other drawings and plans, files related to maintenance history, customer data, survey maps and bathymetric data, and any other data related to and required for the continued operation and maintenance of the Demised Properties.

SECTION EIGHT

INSURANCE AND INDEMNIFICATION

Section 8.01: The Lessee shall secure and maintain in effect at all times during the term of operation of Railway freight and Port service insurance policy or policies which is customary to the similar projects in the railway and port industries in the West Africa Sub Region. The Lessee shall use reasonable endeavour to procure that the Lessor be named as an additional insured under all such policies.

Section 8.02: The Lessee agrees, and shall require all persons entering upon or performing work on the Demised Properties under any agreement with the Lessee ("contractors") to agree to hold harmless and indemnify the Lessor, its officers, agents, servants and employees from and against any liability, loss, claim or expense for bodily injury or death to any persons or damage to any property (including property of or under the control of the Lessor) arising out of any act of omission of such contractor on or in connection with the Demised Properties, except for the fault, failure or negligence of the Lessor.

Section 8.03: The Lessee shall hold harmless and indemnify the Lessor, its officers, agents, servants, and employees, against any liability, loss, claim or expense for damage to the Lessor's property under Lessee's control or for personal injury or death if such property damage, personal injury or death shall arise out of any act of omission of the Lessee in its performance of its rights, responsibilities and duties under this Agreement, or of the rights, responsibilities duties of the freight, except for the fault, failure or negligence of the Lessor in the performance of its rights, responsibilities and duties under this Agreement or for solely meeting any requirement requested by the Lessor without default by the Lessee. This Section 8.03 is



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intended solely to define the rights and duties of the Parties as between themselves for the occurrences described in this Section, and the Lessee shall not by reason of this Section, become liable to any other party.

Section 8.04: The Lessor shall indemnify and hold harmless the Lessee, its officers, contractors, agents, servants and employees against any claim or action in law or in equity for any losses, expenses, or damages arising during the Term of this Agreement, including but not limited to any claims to occupy, use or enjoy other rights over the Demised Properties made by owners or occupiers or other entitled person in respect of the Demised Properties.

SECTION NINE

EASEMENTS

Section 9.01: Effective upon the Commencement Date hereof, the rights and easements as specified in Schedule 3 shall be granted to the Lessee.

SECTION TEN

EVENTS OF DEFAULT

Section 10.01: The following shall be Events of Default:

- (a) Fixed annual rent became delinquent under Section 3.1 and such delinquency continues for another ten (10) days following written demand thereof.
- (b) Failure by the Lessee to maintain the Demised Properties as required hereunder with proof issued by a qualified independent railway and port expert of international standing mutually agreed by the Parties to be engaged, and such failure continues for thirty (30) days following written demand thereof.
- (c) The filing of a petition for bankruptcy, liquidation, reorganization or arrangement of the Lessee pursuant to the Companies Act 2009 or any similar proceeding, and such petition is not dismissed within thirty (30) working days.
- (d) Either party breaches any provisions of the Agreement and fails to act to cure such breach within ninety (90) working days after written notice of such breach from the other party.
- (e) Upon the expiration of ninety (90) working days written notice that either party has been prevented from fulfilling its obligations under this Agreement as a result of legislative, judicial or other governmental action.

SECTION ELEVEN

TERMINATION

Section 11.01: This Agreement shall terminate upon the occurrence of the following:

- (a) Upon the expiration of the Initial or renewal term, or
- (b) Upon the expiration of ten (10) days written notice given by the non-defaulting Party upon any occurrence of default as provided for in Section 10 hereof, or
- (c) At any time by written mutual agreement of the parties hereto.



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Section 11.02: In the event of termination as provided in Section 11.01, each Party retains any rights it has against the other Party in connection with any right or claim which arises before termination.

Section 11.03: Subject to the requirements of law, in the event of any termination of this Agreement, the Lessee shall vacate the Demised Properties in an orderly manner, and shall deliver/return (and assign as necessary) to the Lessor all occupation agreements, track and signal maps, structural, bridges and other drawings and plans, files related to maintenance history, customer data and any other data related to the continued operation and maintenance of the Demised Properties. Upon any termination resulting from an Event of Default by the Lessee, the Lessor at any time thereafter may re-enter and take possession of the Demised Properties by affording written notice in a timely manner to the Lessee specifying such Event of Default and that this Agreement has terminated. The Lessee hereby expressly waives, so far as permitted by law, the service of any notice of intention to enter or re-enter provided for in any statute, or of the institution of legal proceedings to that end.

Section 11.04: In the event of any termination of this Agreement, at its sole cost and expense, the Lessee will promptly seek any necessary authority to discontinue the Railway and Port services. If the Lessee fails to do so, the Lessor may seek such authority on behalf of the Lessee, and the Lessee shall reimburse the Lessor for all costs (including filing fees and attorneys' fees) incurred by the Lessor. The Lessee shall not oppose the efforts of any rail carrier designated by the Lessor to operate the Demised Properties to obtain authority from Government to provide service over the Demised Properties.

Section 11.05: All accrued obligations shall survive the termination of this Agreement. Further, the indemnifications set forth in Section 8 shall survive termination of this Agreement.

SECTION TWELVE

AUDITS

Section 12.01: The Lessee understands and agrees that its financial and other records pertaining to the Lessee's use, management and occupation of the Demised Properties are subject to audits by the Lessor and that all such records are to be prepared in accordance with International Financial Reporting Standards (IFRS) and maintained in auditable condition for a period of not less than three (3) years after preparation of the records. The Lessee warrants and agrees to make all such records available to the Lessor, at the offices of the Lessee within fifteen (15) working days after the Lessee's receipt of the Lessor's request to audit such records. The Lessor's right to audit the Lessee's records shall survive termination of this Agreement for a period of one (1) year.

SECTION THIRTEEN

TAXES

Section 13.01: Properties, including right-of-way and other lands and improvements thereto, the Lessee shall bear the burden of such taxes as described in Section 13.01 (a) to (o) below:

a) Income Tax

- (i) In the conduct of their activities in Sierra Leone pursuant to this agreement, the Lessee shall be liable for income tax upon its chargeable income derived from such activities as well as upon any other income of the Lessee from a Sierra Leonean source at a reduced rate of 15%.
- (ii) If at any time the Income Tax Act provides for a tax rate that is more favourable than the rates set forth in this sub-Section, the Lessee shall be entitled to apply such lower rate in calculating its income tax.
- (iii) The Lessee in the conduct of their activities in Sierra Leone, pursuant to this Agreement, shall not be liable for any minimum taxation on turnover.

- (iv) Foreign exchange gains and losses arising as a result of the change in exchange rates between the date of the underlying transaction and the date of settlement of that transaction will only be assessable or deductible for income tax purposes once the gain or loss is realized. Unrealized foreign exchange gains and losses will not be assessable or deductible for income tax purposes.

b) Withholding Tax

The Lessee shall pay withholding taxes on interest payments, dividend payments and management fees payments, including payments to nominated contractors and Affiliates in accordance with Section 117 to Section 123 of the Income Tax Act 2000(As amended).

c) Capital Expenditure Allowances

- (i) Capital expenditure allowance or deductions shall be in accordance with Section 39 of the Income Tax Act 2009(As amended)
- (ii) Where an asset which falls within the definition of qualifying capital expenditure is scrapped, destroyed or sold for less than the balance obtained by deducting from the cost thereof the aggregate of the initial allowance and the annual allowances previously granted in respect of that asset, then such balance shall be fully deductible against chargeable income in the form of a scrapping allowance in the year in which such disposal, destruction or sale occurs.
- (iii) qualifying capital expenditure shall comprise the following (whether the expenditure is made in cash or in kind, in one or in several instalments, or otherwise):
 - (1) Capital expenditure as set out either under Section 39 of the Income Tax Act, 2000.
 - (2) Capital expenditure on all machinery plant and equipment described in Sub-Section (j) of this Agreement whether imported or purchased in Sierra Leone, as well as all capital expenditure on vehicles, medical equipment, computers and ancillary equipment, construction and expansion on residential and non-residential buildings construction and expansion of clinics and all other equipment ancillary to the operations of the Lessee as well as the cost of acquiring or procuring the transfer of the Lease in respect of the operational Area.
 - (3) Capital expenditure on haul roads, environmental bunds, creek diversions and other similar assets.

- (4) Capital expenditure on assets related to the construction, development or improvement of the community such as schools, clinics, hospitals, training centres and other similar assets.
- (iv) The cost of restoring qualifying capital expenditure to its original condition, where such restoration does not result in an increase in the productive capacity of that asset, shall be deemed to be a repair of such asset and shall be allowable in full as a deduction against chargeable income in the year in which that cost is incurred.
- (v) The Lessee may, in respect of the whole or any part of their qualifying or deductible expenditures whatsoever incurred, elect to defer claiming deductions in respect of any financial year or capital expenditure allowances thereon and to claim the initial and/or annual allowance thereon in subsequent financial years (whether or not consecutive) without limit in time until the whole of the expenditure shall have been claimed.

d) Treatment of Losses for Income Tax Purpose.

Treatment of losses for income tax purpose shall be for a period of 10 years consistent with Section 32 of the Income Tax Act, 2000 (As amended).

e) Specific Deductions for Income Tax Purposes

- (i) Treatment of specific deductions for income tax purpose shall be in accordance with Section 32-38 of the Income Tax Act, 2000 (As amended). The Lessee may claim deduction against chargeable income in an amount equal to 100% (one hundred percent) of the following expenditure:
- (1) Actual expenses incurred in respect of environmental and social impact mitigation and/or environmental protection and/or restoration.
 - (2) Costs of educating and or training those persons who are citizens of Sierra Leone and who are:
 - ① full time employees of the Lessee;
 - ② Not full-time employees of the Lessee but bonded to the Lessee on completion of such education and/or training.Provided that such education and/or training shall:
 - ① not include primary or secondary education and shall be relevant to employment of the trainee concerned;
 - ② be conducted at an approved educational/training institution, including training facilities established or to be established by the Lessee (details of which shall be agreed between the Lessee and the Lessor);
 - ③ include on-the-job training and shall include 100% (one hundred percent)

of the wages of an employee serving an apprenticeship course approved by the Lessor.

- (3) The cost of any scholarships provided by the Lessee to citizens of Sierra Leone;
- (4) The costs of opening or making donations of funds, equipment or goods (including medicines and drugs) to any clinic, health facility or primary, secondary or tertiary education institution situated in Sierra Leone, whether solely for the benefit of the employees of the Lessee or not.
- (ii) The amount of interest expense that is deductible in any year in respect of any debt obligation incurred by the Lessee or their nominated contractors to produce assessable income will be subject to Section 35 of the Income Tax Act 2000.
- (iii) Dividends, interest and management fees paid from one resident group company of the Lessee to another are not deductible or assessable in the paying or receiving company respectively.
- (iv) Operating expenditure in relation to assets associated with the improvement of the community such as schools, clinics, hospitals, training centres and other similar assets is deductible in full in the year incurred.
- (v) There shall be no limitation on the amount that is deductible for the cost of air tickets in respect of the Lessee and its nominated contractors' employees who leave Sierra Leone on their scheduled fly-in fly-out rostered breaks.
- (vi) Where assets that are included in the definition of qualifying capital expenditure are transferred between the companies of the Lessee the value at which they are transferred shall be deemed to be their adjusted cost base.

n Currency Issues

- (i) The balance sheets, statements of earnings, and cash flow and other financial statements and books of account of the Lessee shall be stated, maintained and expressed in United States Dollars.
- (ii) All capital expenditure incurred by the Lessee shall be stated, maintained and/or expressed in United States Dollars.

g) Basis of Assessing and Paying Income Tax

Chargeable income and Income Tax payable by the Lessee in respect of each year shall be assessed in United States Dollars and shall also be payable in United States dollars.

h) Application of Duties and Charges on Imports

For the duration of this Agreement, the Lessor shall exempt the Lessee and their nominated contractors from all duties and taxes in respect of imports of all machinery, plant and equipment, infrastructure and consumable stores, in accordance with Section 11 of the Finance Act, 2011 (As amended).

i) Duties and Taxes on Fuel and Lubricants for Mining and Infrastructure Operations

All imports of fuel and lubricants and usage of fuel and lubricants by the Lessee and their nominated contractors shall be free of any import, customs and excise duties, taxes or other levies or charges or inspection fees (except as specified in (I)(iii) below) and the Lessee and nominated contractor shall not be liable for any Goods and Services Taxes or any other similar taxes on consumption or the importation or usage of fuel and lubricants.

j) Inspection Fees

(i) With effect from the commencement of the Lease Agreement the Lessee shall appoint an internationally reputable inspection company acceptable to the Lessor, at the Lessee own expense, for the purposes of inspection of all goods exported by or on behalf of the Lessee from Sierra Leone.

(ii) The Lessee shall provide inspection reports to the Lessor on a timely basis.

(iii) The Lessee shall, with effect from the commencement of the Lease Agreement, be liable for the payment of inspection fees in respect of all goods imported by or on behalf of it into Sierra Leone at the prevailing rate.

k) Other Taxes or Fiscal Imports

(i) For the duration of this Agreement, no taxes (including, but without limitation, income tax, additional profits tax, surtax, minor taxes, profits tax, turnover tax, sales tax, export tax, import tax, value added tax, withholding tax and employment related tax), royalties, duties, excise, charges, levies, fees, dues, contribution, payments or imposition of any kind whatsoever payable to the central, regional or local



Governments authorities or agents or to any Chiefdom or tribal authority or to any other agency of the Lessor shall apply to the Lessee or any affiliate company or Agent of the Lessee or the employees of the Lessee or any affiliate company of the Lessee, either direct or indirect, other than:

- (1) Those expressly assumed by the Lessee pursuant to the provisions of the Lease Agreement;
- (2) the payment of Payroll Taxes at the applicable rate or if lower, that rate paid by another company;
- (3) Payment of Immigration Fees at the applicable rate or if lower, that rate paid by another company;
- (4) Minor Taxes, which includes all taxes that are generally applicable to all corporations on a non-discretionary, non-discriminatory basis, and which do not exceed:

- (1) The equivalent of US\$25,000 in any financial year;
- (2) The equivalent of US\$ 100,000 over any five-year period.

- (ii) If notwithstanding these provisions the Lessee or its shareholders as a result of either the activities of the Lessee or as the result of distributions or the other payments made by the Lessee to its shareholder or either of them becomes liable to pay any taxes pursuant to the laws of Sierra Leone, except for those expressly assumed by the Lessee pursuant to the Lease Agreement, then the Lessor will, upon demand hold the Lessee harmless in respect of any payment or taxes made by the Lessee, including for this purpose any penalties or interest paid or payable by it in connection therewith, whether for late payment or otherwise.
- (iii) The Lessee may, as an alternative to exercising its rights under paragraph (ii) above, elect to offset any sum otherwise payable to it under that provision against any monies then or subsequently due to the Lessor, under the provisions of this Lease Agreement.
- (iv) The Lessee's expatriate staff will be exempt from any Income Tax which may become due to in respect of such of their salaries as are chargeable therewith under the laws of Sierra Leone upon the termination of Lease Agreement.

l) Repatriation, Holding and Introduction of Funds

The Lessee and its nominated contractors shall have the right, during the term of this Agreement, to freely receive, hold in banks or their own choice, wherever located, and dispose of in any country all revenues, receipts and other foreign currency funds held by them under or in connection with their operations.

- (i) The Lessee and its nominated contractors shall have the right, during the term of this Agreement to hold foreign currency in designated foreign currency bank accounts in their names in Sierra Leone.
- (ii) The Lessee and its nominated contractors shall be exempt from any commission, charge or levy payable on the introduction or investment of funds from a foreign source into Sierra Leone.

m) Road User Charge

The Lessee and their nominated contractors shall pay all a reduced Road User Charges at the rate of 50% of applicable rate specified time to time.

n) Good and Services Tax (GST)

Notwithstanding the provisions of the Goods and Services Act 2009, the Lessee and its nominated contractors shall be exempt from goods and services taxes as provided for in the Goods and Services Act 2009, including but not limited to those as levied on taxable supplies within Sierra Leone and on all imported capital goods, plant, vehicles and equipment, spare and replacement parts for any plant, vehicles and equipment, fuel and lubricants for Lessee and subcontractor use.

o) Port, Harbour Dues or Fee and Stevedoring Charges

(i) Notwithstanding the provisions of the various Sierra Leone Ports Authority (SLPA) Acts and Sierra Leone Maritime Administration (SLMA) Acts, the Lessee shall be exempt from all port, harbour, loading and unloading dues or fees and stevedoring charges that may be levied by either the SLPA or the SLMA in relation to the operation of the Lessee built and operated Ports/Jetties (whether at Lungi and/or Pepel or elsewhere in Sierra Leone) and the Offshore Loading facility, including operations of the Lessee, with the exception of the following:

- (1) Pilotage fees or Charges for movements of vessels within the SLPA controlled navigation areas.
- (2) Safety and Inspection Fees.
- (3) Charges levied at the Ports owned and operated by the SLPA for loading and unloading Cargo or goods in the normal course of their business operations.
- (4) Provided that in all instances the Lessee shall not be subject to any fees, costs, levies or other forms of payment under this clause where such is not in use by the Lessee.

(ii) The liability of the Lessee under the provisions of this Clause is in substitution for and not in addition to any liability that might otherwise be imposed, either hereto before or hereafter, on its carriers or agents and whether by the Sierra Leone Ports Authority or any other public body in respect of the aforementioned matters.

(iii) In the event that SLPA or any other responsible public body fails to provide any of the services for which the Lessee and its nominated contractors are required to pay port charges, harbour dues and any other amounts pursuant to this Clause, including, but not limited to, positioning and lighting of buoys,



and the Lessee and its nominated contractors thereby incurs any cost or expenses in providing or obtaining such services, the Lessee and its nominated contractors shall be entitled to deduct such cost and expenses from any amounts that are otherwise payable to the Sierra Leone Port Authority or any other public body pursuant to this clause.

SECTION FOURTEEN

COMPLIANCE WITH THE LAW

Section 14.01: The Lessee agrees to secure all necessary governmental authority, including from the, Ministry of Mines and Mineral Resources and National Mineral Agency (NMA), for its operation on the Demised Properties during the Term of this Agreement and the Lessor shall cooperate and provide assistance to procure such governmental approval. The Lessee will provide copies of all filings to the Lessor for review and comment, and will coordinate all filings with any filings to be made by the Lessor.

Section 14.02: The Lessee agrees to comply with all provisions of the law and regulations applicable to it and to the Demised Properties, including without limitation regulations promulgated by local customs and traditions, and the Lessee will not knowingly do, or permit to be done, upon or about the Demised Properties, anything forbidden by such law, regulations, customs and traditions.

SECTION FIFTEEN

FORCE MAJEURE

Section 15.01: The Lessee shall have no obligation to operate over any portion of the Demised Properties during any period when it is prevented or hindered from operation by without limitation, acts of God, peril of air, land or sea navigation, action of the elements, storm, flood, earthquake, ground cave-in, subsurface pollution (natural gas etc.), explosion, fire, terrorist activity or other hostilities, war (declared and undeclared), blockade, insurrection, civil commotion, medical emergency, revolution, embargoes, expropriation of installations, fixed assets or goods, epidemic, pandemic, public authority, strikes, riots,

labour disputes, or any other cause or consequence beyond its reasonable control. The Lessor and the Lessee shall have a duty to mitigate the consequences of the Force Majeure at their commercially reasonable effort.

SECTION SIXTEEN

DEFEASANCE

Section 16.01: The Lessee shall not make any use of the Demised Properties inconsistent with Lessor's right, title and interest therein and which may cause the right to use and occupy the Demised Properties to revert to any party other than the Lessor. So long as the Demised Properties are sufficient to permit the Lessee to operate between the termini described in Section 1.01, this Agreement shall not be affected by any determination, whether by judicial order, decree or otherwise, that ownership of any portion of the Demised Properties is vested in a person other than the Lessor, and there shall be no abatement of the fixed annual rent on account of such determination.

SECTION SEVENTEEN

REPRESENTATIONS AND WARRANTIES

Section 17.01: The Lessor represents and warrants that:

- (a) It has full statutory power and authority to enter into this Agreement and to carry out the obligations of the Lessor hereunder.
- (b) Its execution of and performance under this Agreement does not knowingly violate any law, rule, regulation, order, writ, injunction or decree of any court, administrative agency or governmental body.
- (c) It has sole and exclusive title to all the estate and interest in the Demised Properties to grant the Lease hereunder, free of any liens, encumbrances, security interests, claims of any party or disputes (pending or threatened).

Section 17.02: The Lessee represents and warrants that:

- (a) It is a corporation duly organized, validly existing, and in good standing under the laws Sierra Leone and China.
- (b) It has the full power and authority to enter into this Agreement and to carry out its obligations hereunder.

SECTION EIGHTEEN

MISCELLANEOUS PROVISIONS

Section 18.0: Entire Agreement. This Agreement expressed the entire agreement between the Parties and supersedes all prior oral or written agreements, commitments, or understandings with respect to the matters provided for herein, and no modification, amendment of this Agreement shall be binding upon the Party affected unless set forth in writing and duly executed by the affected Party.

Section 18.02: Notices. All notices, demands, requests or other communications which may be or are required to be given, served or sent by either Party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given or sent:

- (a) If intended for the Lessor, by mailing registered or certified mail or email, return receipt requested, with postage prepared, addressed to the Lessor at:

Ministry of Mines and Mineral Resources

Fifth Floor, Youyi Building

Brookfields, Freetown, Sierra Leone

- (b) If intended for the Lessee, by mailing registered or certified mail or email, return receipt requested, with postage prepared, addressed to the Lessee at:

Kingho Railway and Port Company Ltd

20 Signal Hill Road, Freetown, Sierra Leone

Each notice, demand, request or communication which shall be mailed by registered or certified mail to

either Party in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes at the time such notice, demand, request or communication shall be either received by the addressee or refused by the addressee upon presentation.

Section 18.03: Binding Effect. This Agreement shall be binding upon and insure to the benefit of the Lessor and the Lessee, and shall be binding upon the successors and assigns of the Lessee, subject to the limitations hereinafter set forth. The Lessee may not assign its rights under this Agreement or any interest therein, or attempt to have any other person, firm or corporation assume its rights or obligations under this Agreement, without the prior written consent of the Lessor.

Section 18.04: Severability. If any provision, clause or paragraph of this Agreement or any document incorporated by reference shall be determined invalid by a court of competent jurisdiction, such determination shall not affect the other provisions, clauses or paragraphs of this Agreement which are not affected by the determination. The provisions, clauses or paragraphs of this Agreement and any documents incorporated by reference are declared severable.

Section 18.05: Cumulative Remedies; No Waiver. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and concurrent to the extent permitted by law, and shall be in addition to any other remedy referred to above or otherwise available to the Lessor at law or in equity. No failure or delay on the part of the Lessor to exercise any right or remedy hereunder shall operate as a waiver thereof. No express or implied waiver by the Lessor of any default or breach shall constitute a waiver of any other or subsequent default or breach by the Lessee.

Section 18.06: Governing Law. This Agreement shall be governed and construed in accordance with the laws of Sierra Leone. The Lessee's operations under this Agreement shall also comply with the applicable provisions of the laws of Sierra Leone and the applicable rules, regulations and policies of any Agency in Sierra Leone thereof.

Section 18.07: Non-Collusion. The officer or duly authorized agent of the Lessee which has executed this



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Agreement on behalf of the Lessee warrants and affirms that he is fully aware of the facts and circumstances surrounding the making of this Agreement and has been personally and directly involved in the proceedings leading to the procurement of this Agreement, and neither the Lessee nor anyone subject to Lessee's direction or control had paid, given, donated, or agreed to pay, give or donate any money or other thing of value, either directly or indirectly, to any officer or employee of the Lessor in procuring this Agreement.

Section 18.08: Dispute Resolution. In the event that the Parties shall be unable to reach an amicable settlement within a period of 3 (three) months from a written notice by one Party to the other specifying the nature of the dispute and seeking an amicable settlement, either Party submit the matter to the exclusive jurisdiction of a Board of 3 (three) Arbitrators who shall be appointed and carry out their mission in accordance with the rules and regulations of the International Chamber of Commerce (ICC). The venue of the arbitration shall be London, England, United Kingdom. The English language shall be used in the proceedings. The award and any decision of the Arbitration Board shall be final, binding and enforceable.

Section 18.09: Solicitor's Cost. The Lessee shall bear the cost and preparation and registration of this Lease Agreement.

SCHEDULES

SCHEDULE 1: DESCRIPTION OF PORT AND RAILWAY FACILITIES

A. Part 1 - Description of Port Facilities

1. Power station
2. Unloading station
3. "New" stockyard
4. "Old" stockyard
5. Conveyors leading to the stockyards
6. Scraper buckets
7. Bunker wheel reclaimer
8. Repair shop and equipment
9. Track maintenance equipment

10. Water works, water treatment and reticulation facilities
11. Sewage reticulation facilities and infrastructure
12. Communication facilities and infrastructure
13. Boreholes and wells
14. Service vessels and barges
15. All conveyors belting, structures supporting conveyors and conveyors belting, bearings, rollings, gear boxes mechanisms integrated to or necessary for the operation of such conveyor belting or conveyors.
16. Outward conveyor
17. Quay
18. Outward conveyor belt leading to the quay
19. Ship loaders
20. Mooring capstans
21. Fuel storage facilities and pipelines
22. All buildings, temporary and permanent structures and leisure facilities within the Port of Peipel
23. All spare parts, accessories and material on-site which can be used to repair or maintain the aforementioned items

B. Part 2 - Description of Railway Facilities

1. All the railway tracks, sleepers, pandol clips and any other retaining pins and devices by means of which the sleepers are fastened to the railway track
2. All ballasts
3. All embankment and other earthworks and structures supporting the railway tracks
4. All points
5. All switchyards and marshalling yards
6. All buildings and other facilities situated in switchyards and marshalling yards
7. All bridges over which the railway tracks run
8. The whole of the reserve around the railway track and embank on which the railway is or may be situated



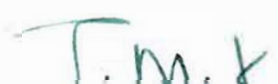
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9. All access roads and paths adjacent to the railway tracks and embankments on which the railway tracks are situated, the use of which is necessary for the performance of maintenance on railway tracks
10. Track maintenance equipment situated anywhere along railway tracks or in switchyards or marshalling yards or buildings in such switchyards or marshalling yards.
11. All signalling equipment situated along railway tracks and in switchyards and marshalling yards.
12. All spare parts, accessories and materials on-site which can be used to repair or refurbish the above items

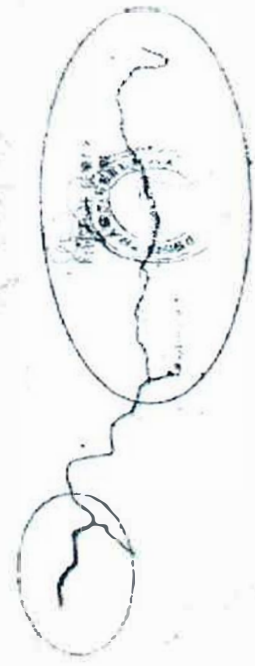
SCHEDULE 2 – REGULATION GOVERNING THE USE OF PORT

1. The office appointed by the Lessee shall subject to any limitation which may be imposed by the provisions of control of Navigation Inland and Coastal Waters Act 1964 (as amended) [any other statutory provisions] (“the purposes of that Act”) shall be deemed to be the Waterway Officer for the locality, position and method of anchoring and moving of vessels within the Port and to vary or add to any such directions given by him.
2. Whenever any light, buoy, beacon or other sign or mark is exhibited or positioned in or near a waterway at such place or in such manner as to be likely to be mistaken for a navigation mark, the Waterway Officer, with or by servants, workmen and other assistants, may remove such officer under this Section may be recovered by him from the owner of, or the person responsible for exhibiting or positioning such height, buoy, beacon, sign or mark.
3. If any vessel shall sink in the Port the master, agent or owner thereof shall forthwith report such sinking to the waterway other.
4. If any vessel shall sink or be stranded or abandoned in the port the Waterway Officer may serve a notice in writing upon the master agent or owner of the vessel requiring him to remove or destroy the same to the satisfaction of the waterway officer within a period of thirty days or within such further time as he may allow.

In default of the removal or destruction of the vessel within the said thirty days or such further time as aforesaid, the Waterway Officer may remove or destroy the whole or any part of such sunken, stranded or abandoned vessel. Until such sunken, stranded or abandoned vessel shall be moved or destroyed, the waterway officer may or buoy any such vessel or part thereof



1. The vessel is to be removed from the waterway as soon as possible and the removal is to be completed within the period specified in the order.
 2. The vessel is to be removed from the waterway as soon as possible and the removal is to be completed within the period specified in the order.
 3. The vessel is to be removed from the waterway as soon as possible and the removal is to be completed within the period specified in the order.



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5. Where any vessel is laid up or neglected and unfit for service or otherwise derelict within the port the waterway officer may order the removal of such vessel to such as he may think fit within such period as he may specify in the order.
6. All expenses incurred by the Waterway Officer in carrying out the provisions of section 7 and 8 of the waterways Act shall in the first instance be borne by the Government and shall be repaid to the Government by the owner of the sunken, stranded, abandoned or derelict vessel and in case of non-payment of such expenses on demand the waterway officer may sell by public auction any such vessel and out of the proceeds of the sale pay the expenses incurred, rendering the surplus, if any, to such owner on demand and any deficiency may be without any such state at once take proceedings for the recovery of such expenses.
7. Where under the provisions of the Waterways Act a vessel is authorised to be sold by public auction. 14 days prior notice of such sale shall be published in the Gazette

8. The Waterway Officer may in respect of the port, make rules;
- (a) For prescribing the place at which vessels or particular classes of vessels or vessels carrying any particular class of cargo may moor or anchor and the method of mooring or anchoring;
 - (b) For the regulation of lights to be carried and exhibited and the steering and aising rules to be observed by vessels and generally for the prevention of collisions;
 - (c) For prescribing the duties of vessels carrying explosives or other dangerous cargo;
 - (d) For the licensing, supervision and regulation of boats and boatmen plying for hire, for securing the orderly conduct of such boatmen and the safety of passengers and goods conveyed by such boats for prescribing the maximum charges of such boatmen and their obligations and for any contravention of any such rule;
 - (e) For the licensing, registration, supervision and regulation of ships not exceeding fifteen tonnes burden used or intended to be used for the carriage of passengers or goods in any waterway or part thereof for the safety of passengers and goods so conveyed and for authorising the detention of any such ships and the rest without warrant of any person for any contravention of any such rule;
 - (f) Prescribing the fees to be charged for any licences or badges required by any rule and allocation of such fees;
 - (g) Regulating the approaches or the making fast of any vessel to any other vessel or wharf;
 - (h) For securing the proper charge and control of vessels;
 - (i) For prohibiting the casting overboard of any ballast, rubbish, animal or vegetable matter or any other substance or thing;
 - (j) For securing the notification of parting or slipping of any anchor, chain or cable and the recovery or remove thereof and prescribing the precaution to be in the interest of navigation pending such recovery or removal;
 - (k) For prohibiting or regulating the maintenance or laying down of private buoys or moorings the creation of fishing stakes and the maintenance of hulks and with regard to removal of buoys, moorings, stakes and hulks maintained laid down or erected in contravention of any rule;
 - (l) For preventing the obstruction of vessels by other vessels and the interference with navigation by fishing by nets or fishing tackle;
 - (m) For prohibiting or regulating the firing of guns from vessels and for regulating the use of steam whistles or other sound signals on vessels;



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- (n) Authorising the seizure and sale of any hulk, boat, any vessel used or intended to be used for the carriage of passengers or goods between any places in any waterways, any fishing net, fishing tackle or other thing in respect of which there has been a contravention of any rule;
- (o) For the prevention and the control of outbreaks of fire on vessels;
- (p) For the prevention of trespassing on Government look-out and signals stations and Government installations for the slipping and repair vessels;
- (q) For declaring any part of any waterway to be a landing area for aircraft and regulating the traffic of vessels therein;
- (r) Prescribing the fees to be charged for any services rendered by or on behalf of a waterway officer including the laying maintenance and removal of buoys, the provision and maintenance of moorings, the slipping and repair of vessels any services performed with tugs or launches, the manner and place of payment of any such fees and allocation thereof and of the conditions under which any such services may be rendered;
- (s) For the management and control and control of any installation or equipment for which a waterway officer is responsible;
- (t) Exempting any ship or class of ships either wholly or partly from the payment of fees payable under any rule made under this schedule subject to such conditions as he may think fit;
- (u) Providing for the installation, maintenance, securing, marking and approval of navigation marks; and
- (v) Generally, for the further and better carrying out of the purposes of the Lessee's business under the term of this Lease Agreement.

IN WITNESS WHEREOF the Parties hath hereunto affixed their hands and seals the day and year first above written

SIGNED for THE LESSOR for and on behalf of the GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE by the Minister of Mines and Mineral Resources:

James Nyabon Kabba

08/01/2021

Signature of the Minister



In the Presence of

Julius Daniel Mattai, Director General, NMA

Name of Witness

[Handwritten signature]

08/01/2021

Signature of Witness

SIGNED for THE LESSEE for and on behalf of KINGHO RAILWAY AND PORT COMPANY LTD by the Chief Executive Officer:

[Handwritten signature]

08/01/2021

Signature of the Chief Executive Officer

In the Presence of

[Handwritten signature]

08/01/2021

Director

[Handwritten signature]

08/01/2021

Secretary

The Lessee's Common Seal