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

MINING LEASE AGREEMENT

between

THE GOVERNMENT OF SIERRA LEONE
and
LONDON MINING COMPANY LIMITED

THIS AGREEMENT is made this 27th day of February 2012

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

WHEREAS

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

IT IS HEREBY AGREED AS FOLLOWS:

I. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

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

YARABTU TUMALANG
KORPER HILU BUELENDIA

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

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

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

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

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

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

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

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

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

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

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

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

