

SIGNED this 16th day of July, 1975.

SIAKA STEVENS,  
*President*

LS

No. 4



1975

Sierra Leone

**The Sierra Rutile Supplementary Agreement (1975) Short title.**  
**(Ratification) Act, 1975**

Being an Act to ratify and confirm an Agreement Supplementary to an Agreement made for and on behalf of the Government of Sierra Leone of the one part and by Sierra Rutile Limited of the other part

[17th July, 1975] Date of Commencement.

WHEREAS AN AGREEMENT (hereinafter referred to as the Principal Agreement) was made on the 4th day of February 1972 between the Honourable Sheku Bockari Kawusu Konte, Esquire, Minister of Mines acting for and on behalf of the Government of Sierra Leone of the one part and Sierra Rutile Limited a Company incorporated and existing under the Laws of Sierra Leone of the other part:

No. 1  
1972

AND WHEREAS the Principal Agreement was ratified and confirmed by an Act shortly entitled the Sierra Rutile Agreement 1972 (Ratification) Act, 1972:

AND WHEREAS it is desirable that an Agreement supplementary to the Principal Agreement should be made between the parties as aforesaid and that the said Supplementary Agreement should be ratified and confirmed:

AND WHEREAS the said Supplementary Agreement was made on the 23rd day of May, 1975, and which Supplementary Agreement is set out in the Schedule hereto:

NOW, THEREFORE BE IT ENACTED by the President and Members of Parliament in this present Parliament assembled, as follows:—

Confirmation  
Agreement.

1. The Supplementary Agreement set out in the Schedule hereto is hereby ratified and confirmed and all rights and obligations purported to be conferred or imposed thereby are hereby valid any law to the contrary notwithstanding and notwithstanding anything in any law contained the Minister assigned with responsibility for matters relating to Mines or any other person shall have power to do on behalf of the Government of Sierra Leone any act which the aforesaid Supplementary Agreement may require or allow in the name of the said Minister or of the Government of Sierra Leone.

## THE SCHEDULE

AN AGREEMENT made the 23rd day of May One Thousand Nine Hundred and Seventy Five BETWEEN The Honourable Sheku Bockari Kawusu Konte, Esquire, Minister of Mines acting for and on behalf of the Government of the Republic of Sierra Leone (hereinafter referred to as "The Government") of the one part and Sierra Rutile Limited, a Company incorporated and existing under the Laws of Sierra Leone whose registered office is at 12 Lamina Sankoh Street, Freetown (hereinafter referred to as "the Company") of the other part.

Whereas

- (i) The Government and the Company have conducted negotiations with a view to improving the terms of the existing Agreement.
- (ii) This Agreement is supplemental to the Sierra Rutile Agreement of 1972 between the Government and the Company hereto which except as hereinafter provided shall remain in full force and effect.

Now therefore it is hereby agreed as follows:

- (1) The Production Day of the Company shall be 1st November 1977 or such earlier or later day that commercial shipments commence. If Production Day is later than 1st November 1977, this shall be communicated in writing to Government prior to 1st November 1977 and written approval obtained, which approval shall not be unreasonably withheld.
- (2) The Tax Holiday period of the Company shall be three years commencing from the Production Day.
- (3) Withholding taxes shall be imposed upon the shareholders of the Company on dividends received by them during the Tax Holiday period. Such taxes shall be withheld by Sierra Rutile Limited and remitted to The Government for the account of the shareholders at a rate of tax equivalent to that which otherwise would have applied to the profits of the Company during the Tax Holiday had there not been such a Tax Holiday. Similarly, any dividends paid out of the special reserve account before the end of the five year period after the Tax Holiday period shall also be subject to tax in like manner as dividends paid out of the special reserve account during the Tax Holiday period.
- (4) Subsequent to the eighth anniversary of the Production Day of the Company, The Government may, at its option, acquire 47 per cent of the shares of the Company. Notwithstanding the fact that the declared Mining Policy of the Sierra Leone Government remains on a 51/49% basis in favour of Government, at the same time, Government has given the most careful consideration to the special circumstances appertaining to the proposed mining operations by the Company in Sierra Leone and Government agrees to the Company operating on a 53/47% basis in favour of the Company.
- (5) The purchase price of any shares so acquired shall be the certified book value thereof on the date of purchase as determined in accordance with generally accepted accounting principles and practices by a firm of internationally reputable independent auditors agreed to by The Government and by the Company and shall be paid on the date of purchase in leones freely convertible to freely repatriable U.S. Dollars. The applicable exchange rate for that portion of the purchase price attributable to the capital stock and capital surplus of the Company shall be the actual rate prevailing at the time or times the capital investment was paid into the Company, and the applicable exchange rate for that portion of the purchase price attributable to the undistributed earnings of the Company shall be the actual rate prevailing on the date of payment.

- (6) Beginning with the fiscal year of the Company following the eighth anniversary of the Production Day of the Company and continuing through and including the fiscal year of the Company in which the Government shall have acquired 47 per cent of the shares of the Company, the Government shall have the right to impose on the shareholders of the Company a special withholding tax of 10 per cent on dividends paid to such shareholders. Such special withholding tax shall be withheld by the Company and remitted to The Government.
- (7) The Company for a period of 5 years subsequent to its tax holiday period, shall pay to the Government an amount equal to 50 per cent of all import or customs duties or charges imposed by the Government on fuel other than petrol and kerosene purchased in or imported into Sierra Leone by the Company, up to a maximum of Le100,000 in any of the Company's relevant five fiscal years in satisfaction of such duties and charges. Without prejudice to Clause 8 (d) of the Schedule to the Sierra Rutile Agreement, 1972 Ratification Act, 1972 the parties agree that, at the end of the referred to 5 year period, they shall consult together for the purpose of considering the customs duties or charges that shall be with effect thereafter.
- (8) The Company shall have the right, during the period of 8 years following its Production Day, freely to receive, hold in banks of its own selection wherever located and dispose of funds in any country. Thereafter the Government will, in accordance with Exchange Control Regulations grant to the Company the right to hold or transfer funds abroad to meet the Company's foreign exchange requirements.

The Company shall, during the period of this Agreement undertake to pay in freely convertible foreign currency to a Bank nominated by the Bank of Sierra Leone, all dividends and taxes due to the Government of Sierra Leone. The Company shall also meet all its operating costs in Sierra Leone by remittance of funds from abroad.

- (9) The Government shall have the right to nominate two Directors to the Board of the Company following the Production Day.
- (10) This Agreement shall only be of effect if ratified by the Sierra Leone Parliament within three months of the date hereof.

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

FOR THE GOVERNMENT OF SIERRA LEONE

Signed S. B. Kawusu Konte

Signed Sealed and Delivered by the said  
SHEKU BOCKARI KAWUSU-KONTE,  
Minister of Mines, in the presence of:

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LEONORA D. DEIGH

.....  
FOR SIERRA RUTILE LIMITED

Signed Edward Peter Leach

Signed Sealed and Delivered by  
EDWARD PETER LEACH  
in the presence of:—

LS

DAVID JOSEPHUS S. FRASER

.....  
Passed in Parliament this 3rd day of July, in the year of our Lord  
one thousand nine hundred and seventy-five.

M. MUNU,  
Clerk of Parliament.

THIS PRINTED IMPRESSION has been carefully compared by me with the  
Bill which has passed Parliament and found by me to be a true and correctly  
printed copy of the said Bill.

M. MUNU,  
Clerk of Parliament