

**MEMORANDUM OF AGREEMENT**

**FOR**

**WAROMO TRP**

**TP 10 – 3**

**BETWEEN**

**WAROMO INVESTMENT LIMITED**

**AND**

**WOODBANK PACIFIC LIMITED**

**P.O. BOX 363 GORDON**

**NATIONAL CAPITAL DISTRICT**

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## MEMORANDUM OF AGREEMENT

THIS AGREEMENT is made on the 12 day of July 2018

BETWEEN:

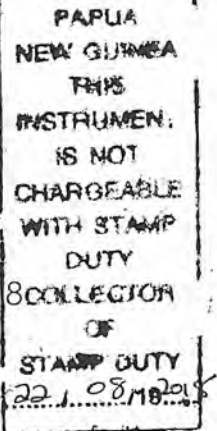
**Waromo Investment Limited** are duly appointed by the co-owners of the Madabi, Akwan, Apimo, Pedaho, Duoh, Dakene Yakobu, Pomo, Suwume, Wanebe, Amlimo Dunda, Dakene Olote, Dakene Oloe, Awamo, Narimo, Imo 1, Imo 2, and Makwan of Waromo Village in the Vanimo, West Sepik Province, Papua New Guinea (hereinafter called "THE LANDOWNER COMPANY") of the first part;

AND:

**WOODBANK PACIFIC LIMITED**, a company incorporated under the laws of Papua New Guinea and having its postal address at P.O. Box 363 Gordon National Capital District (hereinafter called the "DEVELOPER") of the second part.

WHEREAS:

- A. Waromo Investment Limited are duly appointed by the co-owners of the Waromo TRP in the West Sepik Province, Papua New Guinea to act and represent the landowner's interests to seek and secure an investor to commercially develop the said TRP areas and their decisions shall be binding and in good faith.
- B. Woodbank Pacific Limited is a foreign enterprise that has necessary financial and technical capability and expertise designated to undertake Logging and Marketing activities in Papua New Guinea (hereinafter is referred to as the Developer).
- C. The project landowners are desirous to develop the Waromo project to improve their welfare and wellbeing. However, acknowledging their lack of financial capacity and technical knowhow, through their Representatives have approached, appointed and engaged the Developer to undertake all necessary steps and at its own expense, to obtain the timber permit and to activate the said timber project.
- D. Pursuant to the appointment and engagement of the Developer by the Landowner Representatives, the Developer undertake to carry out all



necessary steps and activities to obtain the Timber Permits and the Landowner Representatives unconditionally undertake to engage the Developer as the Timber Permit Holder to develop the Waromo project for the first five (5) years, and thereafter, the timber permit is transferred to Waromo Investment Limited, the landowner company.

- E. Both parties have consented to enter into this agreement to enhance their common objective as herein envisaged and this agreement is undertaken in compliance with any revised terms and conditions of the Timber Permit.

**NOW IN CONSIDERATION** of the premises and of the mutual covenants hereinafter set forth IT IS HEREBY AGREED AND DECLARED as follows:

1. **DEFINITIONS**

In this Agreement, unless the context otherwise requires-

"Agreement" means this Agreement including the Schedules and any variations or revision thereof.

"Developer" means Woodbank Pacific Limited

"Forest Produce" has the same meaning as in the Forestry Act 1991.

"Landowners" means the people who by tradition and custom are owners of the land including their family members in the project area and are represented by the clan agents, ILG, Landowner Company or Landowner Representatives.

"Landowner Company" mean Waromo Investment Limited.

"Waromo TRP" means the TP 10 – 3 which are part of the Project and this Agreement.

"Project" means the Waromo TRP describe and referred to in this Agreement.

"Project Area" means the land areas which are subject to the Project and described in the Timber Permit.



"State" means the Independent state of Papua New Guinea including West Sepik Province Government and Bewani Wutung Local Level Government.

"TRP" means Timber Rights Purchase agreements relating to TP 10-3

## 2. GENERAL

The Landowner Representatives hereby appoints and engages the Developer and the Developer hereby undertakes and agrees to take necessary steps and works necessary to obtain the Timber Permit and to activate the project, and the Landowner Representatives hereby undertake and agree to secure the Waromo TRP in West Sepik Province, Papua New Guinea and grant the development rights to the Developer.

## 3. APPOINTMENT OF THE DEVELOPER/TIMBER PERMIT HOLDER

The Landowner Representatives hereby consents to and agrees to appoint the Developer to be the Timber Permit Holder and the Developer hereby agrees to such appointment subject to the terms and conditions as herein stipulated in this Agreement.

## 4. TERM

This Agreement shall be for the duration of the securing of the Timber Permit and the first five years of operation commencing from the approval date of the project's first Annual Logging Plan by the Managing Director of the PNG Forest Authority.

## 5. SPECIAL CONDITIONS

- (a). The engagement and appointment of the Developer as the Timber Permit Holder for the first five (5) years as agreed shall be in force and effect until the Timber Permit is transferred to Waromo Investment Limited as stipulated in this Agreement.
- (b). During the currency of project operations in the first five (5) years of this Agreement, the Timber Permit Holder agrees to pay the monetary benefits listed in Schedule 1 to this Agreement.



## 6. OBLIGATION OF THE LANDOWNER REPRESENTATIVES


The Landowner Representatives shall do the following to enhance the mutual intention of both parties:

- (a). Sign the Agreement with the Developer confirming the commitments of the parties; and
- (b). To arrange and conduct awareness of the intentions to activate the Waromo timber project and to secure the project landowner's support and consent for its continuity; and
- (c). Attend to and settle any prevailing or emerging land related issues or disputes arising that may relate to ownership or land boundaries or use and distribution of project benefits that may affect the smooth running and operation of the project.
- (d). Notwithstanding anything stated to the contrary, the Landowner Representatives undertake it will not engage or attempt to engage any other persons, firms, or contractor without the prior written consent of the Developer.

## 7. OBLIGATION OF THE DEVELOPER

During the currency of this Agreement, the Developer shall be responsible of acting for and on behalf of the Landowner Representatives and do all things necessary to renew the timber permit and re activate the project particularly covering the following areas:

- (a). Pay allowances to the Directors when required to travel to sign this Agreement and/or any other relevant documents; and
- (b). Meet all costs and out lays associated with the acquisition of the timber permit and the grant of the project to the Developer via this Agreement or a Logging and Marketing Agreement as the case maybe; and
- (c). Provide mobility support to the directors / management of the landowner company to carry out project related activities and the obligations referred to in clause 6; and
- (d). Pay all monetary benefits listed in Schedule 1 to this Agreement; and



- (e). Settle and pay legitimate legal costs or other costs incurred in respect to reactivating of this project including preparations of this Agreement.

**8. LAW AND JURISDICTION**

This Agreement is subject to, and shall be interpreted in accordance with, the laws in force from time to time in Papua New Guinea and the parties hereto submit to the jurisdiction of the National Court of Justice of Papua New Guinea.

**IN WITNESS WHEREOF** the parties hereof executed this Memorandum of Agreement on the date first above written.


The Common Seal of Woodbank Pacific Limited was hereunto affixed with the authority of its Directors in the presence of :

  
Name:  
(Witness)



)  
)  
)  
)  
) .....  
)  
) Director  
)  
)

The Signatures of the Waromo Investment Limited was hereunto affixed with the authority of its Directors in the presence of:

  
Name: (Steven Yisri)  
(Witness)



)  
)  
)  
)  
) .....  
)  
) Chairman  
)  
)

Banny Lekki  
.....  
.....  
)

## SCHEDULE 1

### PROJECT BENEFITS

#### LANDOWNERS ROYALTIES (BASED ON LOG HARVESTED)

##### 1. ROYALTIES

Species	Rates (m3)	Recipient
Kwila	K35.00	Landowner Company
Walnut & Pencil Cedar	K20.00	Landowner Company
Group 1 Species	K15.00	Landowner Company
Group 2, 3, 4 & 5 Species	K10.00	Landowner Company
Log Export Premium Levy	K10.00	Landowner Company

##### 2. LEVIES

No.	Premium & Levies	Rate (K/m3)	Recipient
1.	Log Export Development Levy	K8.00	PNG Customs
2.	Agriculture Levy	K2.00	Landowner Company
3.	Infrastructure Levy	K1.00	Landowner Company
4.	Education Levy	K1.00	Landowner Company
5.	Provincial Government Levy	K1.00	Sandaun Provincial Govt
6.	LLG Levy	K1.00	Bewani Wutung LLG
7.	Reforestation Levy	K1.00	NFS
8.	Spiritual Levy	K1.00	Landowner Company

