

KLIMAT X DEVELOPMENTS INC.

AND

FOREST AND MANGROVE PROTECTION LTD

PROJECT RIGHTS ASSIGNMENT AGREEMENT

AUGUST 12, 2022

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THIS PROJECT RIGHTS ASSIGNMENT AGREEMENT dated as of August 12, 2022

AMONG:

KLIMAT X DEVELOPMENTS INC., incorporated and registered in Canada whose registered address is at 390, 1050 Homer Street, Vancouver, BC, V6B 2W9 Canada, a company existing under the laws of the Province of British Columbia ("**Klimat X**")

AND:

FOREST AND MANGROVE PROTECTION LTD, incorporated and registered in Sierra Leone whose registered office is at 16 Adelaide Street, Freetown, Sierra Leone ("**FMP**")

RECITALS:

- A. FMP is in the process of acquiring rights in and to the lands for the Projects (as defined herein), and, among other matters, once such lands have been secured will commence the development of the Projects such that, in time, it will become an originator of accredited voluntary carbon credits (collectively the "**Carbon Credits**") and is also expected to generate revenues through (i) the sale of timber developed in conjunction with rewilding and reforestation activities (the "**Timber Rights and Revenues**") and (ii) through or in connection with biological assets associated with the Project (the "**Biological Asset Rights and Revenues**");
- B. Subject to the Reimbursement Condition and the Retained Amounts, FMP has agreed to assign and transfer to Klimat X one hundred percent (100%) of all: (a) Carbon Credits produced from or in connection with the Project (the "**Assigned Carbon Credits**"), (b) Timber Rights and Revenues produced or generated from or in connection with the Project (the "**Assigned Timber Rights and Revenues**"), and (c) Biological Asset Rights and Revenues produced or generated from or in connection with the Project (the "**Assigned Biological Rights and Revenues**" and together with the Assigned Carbon Credits and Assigned Timber Rights and Revenues, the "**Assigned Project Rights**"), all in consideration for the Advance Payments (as defined herein) and subject to and in accordance with the terms of this Agreement;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties mutually agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings given to them, as set out below, and grammatical variations of such terms shall have corresponding meanings:

"**Advance Payments**" means, collectively, the Initial Advance and, to the extent permitted and disbursed, the Subsequent Advance.

"**Advance Payments Funding Conditions**" has the meaning set out in Section 3.3.

“**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly, through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person.

“**Agreed Price**” means the higher of (a) the average Market Price for voluntary Carbon Credits for the applicable calendar year; or (b) the average Realized Price by Klimat X on the sale of the Assigned Carbon Credits in any applicable calendar year.

“**Agreement**” means this production agreement, including the recitals hereto and attached schedules, in each case as the same may be amended, restated, supplemented, modified or superseded from time to time in accordance with the terms hereof.

“**AML Laws**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the USA Patriot Act and other applicable anti-money laundering, anti-terrorist financing, government sanction, financial record-keeping and “know your client” Applicable Law, whether in Canada, the United States or, to the extent applicable to any Party, elsewhere, including any regulations, guidelines or orders thereunder.

“**Annual Report**” means a written report, to be prepared by or on behalf of FMP, which report shall include all material information pertaining to the development or operation of the Project as required pursuant to Section 5.1.

“**Anti-Bribery Laws**” means the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act* (United States), the *Bribery Act 2010* in the UK and any other anti-bribery, anti-corruption or public official conflict of interest law applicable to FMP.

“**Applicable Law**” means any law, statute, ordinance, by-law, rule, regulation, code, order, judgment, injunction or decree of any Governmental Authority, binding on the Person referred to in the context in which the term is used or binding on the property of that Person (including AML Laws, Anti-Bribery Laws, and Environmental and Social Laws).

“**Applicable Standard**” means the published, voluntary, Governmental Authority-imposed or Paris Agreement-eligible compliance standard under which the Project Protocol will be promulgated, and includes all rules, requirements and guidance for the validation of eligible projects, and the measurement, monitoring, quantification, Registration, Verification, issuance and transfer of Carbon Credits.

“**Applicable Standard Body**” means the governing body making final and binding determinations under an Applicable Standard selected by FMP with the prior consent of Klimat X (acting reasonably and without undue delay).

“**Article 6, paragraph 4, emission reduction**” has the meaning given to it in the Article 6.4 Rulebook and is referred to herein as “**A6.4ER**”.

“**Article 6 Authorization**” means, in respect of the Carbon Credits any authorization for use or exemption from authorization pursuant to Article 6 of the Paris Agreement.

“**Article 6.4 Rulebook**” means the Annex to CMA3 - Agenda item 12(b) of the *Draft CMA decision on the rules, modalities and procedure or the mechanism established by Article 6, paragraph 4, of the Paris Agreement*.

“**Assigned Biological Rights and Revenues**” has the meaning set out in the recitals.

“**Assigned Carbon Credits**” has the meaning set out in the recitals.

“**Assigned Project Rights**” has the meaning set out in the recitals.

“**Assigned Timber Rights and Revenues**” has the meaning set out in the recitals.

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters, but excludes an Article 6 Authorization.

“**Biological Asset Rights and Revenues**” has the meaning set out in the recitals.

“**Business Day**” means any day, other than a Saturday, Sunday or any day on which commercial banks in Vancouver, British Columbia, London, England or Freetown, Sierra Leone are generally not open for business.

“**Capital Lease Obligation**” means, for any Person, any payment obligation of such Person under an agreement for the lease, license or rental of, or providing such Person with the right to use, property that, in accordance with IFRS, is required to be capitalized.

“**Carbon Credits**” has the meaning set out in the recitals.

“**Change of Control**” of a Person (the “**Subject Person**”) means the consummation of any transaction, including any consolidation, arrangement, amalgamation or merger or acquisition or any issue, Transfer or acquisition of securities, or other occurrence, the result of which is that any other Person or group of other Persons acting jointly or in concert for purposes of such transaction: (a) acquires Control, directly or indirectly, of the Subject Person; or (b) becomes the beneficial owner, directly or indirectly, of more than 50% of the votes attached to the voting securities of the Subject Person.

“**Contract**” means any agreement, contract, lease, licence, concession, option, indenture, mortgage, deed of trust, debenture, note or other written instrument.

“**Control**” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, the composition of the board of directors of such Person, by Contract or otherwise.

“**Default Interest**” has the meaning set out in Section 3.1(c)

“**Delivery**” means the process of transferring the Assigned Project Rights from FMP to Klimat X, with successful completion being evidenced by a receipt (whether by delivery of revenue or Carbon Credits, as applicable), in a form and substance satisfactory to Klimat X, acting reasonably (and “**Deliver**” shall have a corresponding meaning).

“**Development Budget**” means the budget for the development of each of the Projects as approved by the board of directors of FMP and provided to Klimat X as provided by Section 5.3, as the same may be amended, revised, supplemented or replaced from time to time (and such amendments being provided to Klimat X in accordance with the terms of this Agreement).

“Dispute” means any and all claims, controversies, or disputes among the Parties arising out of or relating to the validity, construction, interpretation, meaning, performance, effect or breach of this Agreement or the rights and liabilities arising hereunder.

“Drawdown Date” means the third Business Day after receipt by Klimat X of a Drawdown Notice issued in accordance with Section 3.1(b).

“Drawdown Notice” has the meaning set out in Section 3.1(b).

“Effective Date” means the date of this Agreement, as first set forth above.

“Encumbrance” means any mortgage, deed of trust, pledge, lien, assignment by way of security, charge, collateral right, option, right of first refusal, right of first option, royalty or right pursuant to a royalty, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trust, hypothec, levy, execution, seizure, attachment, garnishment, preferential right or adverse claim constituting an interest in property, or any other encumbrance of any nature and kind.

“Environmental and Social Laws” means all Applicable Law relating to the protection of the environment, natural resources, wildlife, water, Hazardous Substances, the assessment of environmental and social impacts, the rehabilitation and reclamation of lands used in connection with the Project, human health, occupational safety, indigenous peoples, cultural heritage, resettlement or economic displacement of Persons, equity, diversity or inclusion.

“EO” or **“EOs”** has the meaning set out in Section 5.4.

“EO Benefit” means, subject to any Article 6 Authorizations, all rights and benefits (present or future) related to: (a) the reporting of any units issued for the purposes of tracking EOs, including the right of a Person to report the ownership thereof in compliance with Applicable Law, or otherwise to an international, federal or sub-national agency or any other Person, including under any present or future emissions trading program, a voluntary carbon market program, the UNFCCC, and/or the Paris Agreement; (b) the sole right to any form of acknowledgement by a Governmental Authority, and the sole right to claim that actions have been taken that have resulted in a reduction, avoidance, sequestration or mitigation of EOs; (c) the sole right to register and bank such EO, in all reporting programs and registries, and the sole right to claim and receive all rights and benefits associated therewith; (d) the sole right to claim title to such EO, whether registered or banked in any reporting program or Registry or not, and the sole right to claim and receive all rights and benefits associated therewith; (e) the sole right to transfer or assign title to or trade to any Person, whether pursuant to international rules or otherwise, such EO, whether registered or banked in any reporting program or Registry or not, and the sole right to claim and receive all rights and benefits associated therewith; (f) the sole right to apply the EO, whether registered or banked in any reporting program or Registry or not, to sources of GHG emissions as a means of, in whole or in part, complying with any legal obligation to reduce GHG emissions.

“Excluded Taxes” means, with respect to any Person:

- (i) Taxes imposed on or measured by the Person’s net income or capital and franchise taxes imposed on it (in lieu of or in addition to net income taxes), by any jurisdiction (or any political subdivision thereof):
 - (A) under the laws of which the Person is organized or is resident (as determined by application of the laws of that jurisdiction) otherwise than by reason of entering into, and the transactions contemplated under, this Agreement,

- (B) in which its principal office is located, or
 - (C) with which the Person has a connection otherwise than by reason of entering into, and the transactions contemplated under, this Agreement; and
- (ii) any branch profits taxes or any similar tax imposed on the Person by any jurisdiction in which the Person is located, otherwise than by reason of entering into, and the transactions contemplated under, this Agreement.

“Expropriation Event” means either: (a) an expropriatory act or series of expropriatory acts, comprising confiscation, nationalization, requisition, sequestration and/or similar acts, by law, order, executive or administrative action or otherwise of any Governmental Authority or any corporation or other entity controlled by any Governmental Authority the result of which expropriatory act or series of expropriatory acts is that all or substantially all of the rights, privileges and benefits pertaining to or associated with all or any part of the Project, including the creation and allocation of Assigned Carbon Credits, cease being for the benefit or entitlement of FMP, whether as a result of ceasing to own such part of the Project or otherwise; or (b) any act or series of acts taken by a Governmental Authority, which make it impractical, impossible, or unlawful for any Party to perform any of its obligations under this Agreement.

“Financial Year” means the annual accounting period of FMP ending on December 31 in each year.

“FMP Event of Default” has the meaning set out in Section 8.1.

“GHG” means one or more of the atmospheric greenhouse gases responsible for causing global warming and climate change including carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) and less prevalent hydrofluorocarbons (GHG), perfluorocarbons (PFCs) sulphur hexafluoride (SF₆), nitrogen trifluoride, halogenated ethers, trifluoromethyl sulphur pentafluoride and any other halocarbons subject to the ‘2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories’ as published and updated from time to time by the IPCC.

“Good Industry Practice” means, in relation to any decision or undertaking, the exercise of that degree of diligence, skill, care, prudence, oversight, economy and stewardship which is commonly observed or would reasonably be expected to be observed by skilled and experienced professionals in environmental conservation, and carbon offset projects under the same or similar circumstances and giving consideration to local and regional conditions and circumstances and all Applicable Laws.

“Governmental Authority” means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange.

“Hazardous Substances” means any substance, material or waste defined, regulated, listed or prohibited by Environmental and Social Laws, including pollutants, contaminants, chemicals, deleterious substances, dangerous goods, hazardous or industrial toxic wastes or substances, tailings, wasterock, radioactive materials, flammable substances, explosives, petroleum and petroleum products, polychlorinated biphenyls, chlorinated solvents and asbestos.

“IFRS” means the International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time.

“Indebtedness” means, with respect to any Person, without duplication:

- (a) an obligation in respect of borrowed money or for the deferred purchase price of assets, property or services (including an obligation arising from conditional sales or other title retention agreements but excluding trade accounts payable of less than 120 days arising in the ordinary course of business) or an obligation that is evidenced by a note, bond, debenture or any other similar instrument;
- (b) all liabilities upon which interest charges are customarily paid by that Person, other than liabilities for Taxes;
- (c) all Capital Lease Obligations, synthetic lease obligations, obligations under Purchase Money Obligations and obligations under any type of sale-lease back arrangement;
- (d) a reimbursement obligation or other obligation (contingent or otherwise) in connection with a bankers' acceptance or any similar instrument, or letter of credit or letter of guarantee issued by or for the account of such Person;
- (e) a contingent liability under any guarantee to the extent that the primary obligation so guaranteed would be classified as "Indebtedness" (within the meaning of this definition) of the primary obligor;
- (f) any capital stock of that Person, or of any subsidiary of that Person, which capital stock, by its terms or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part;
- (g) accounts payable and accruals that are over 120 days past due (except to the extent being contested in good faith);
- (h) the mark-to-market amount (to the extent "underwater" from the perspective of such Person) of any hedging, swap, forward or other derivative transaction;
- (i) contingent liabilities in respect of performance bonds, surety bonds and product warranties, and any other contingent liability, in each case only to the extent that the contingent liability is required by IFRS to be treated as a liability on a balance sheet of the Person contingently liable; or
- (j) any other Indebtedness of such Person required by IFRS to be treated as debt in the financial statements of such Person.

"Indemnification Amount" has the meaning provided in Section 10.

"Initial Advance" means one or more cash advances for aggregate funds up to US\$50,000.

"Insolvency Event" means, in relation to any Person, any one or more of the following events or circumstances:

- (i) proceedings are commenced for the winding-up, liquidation or dissolution of it, unless it in good faith actively and diligently contests such proceedings resulting in a dismissal or stay thereof within 90 days of the commencement of such proceedings;
- (ii) a decree or order of a court of competent jurisdiction is entered adjudging it to be bankrupt or insolvent (unless vacated), or a petition seeking reorganization,

arrangement or adjustment of or in respect of it is approved under Applicable Law relating to bankruptcy, insolvency or relief of debtors;

- (iii) it makes an assignment for the benefit of its creditors, or petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or any substantial part of its property, or commences for itself or acquiesces in or approves or has filed or commenced against it any proceeding under any bankruptcy (whether voluntary or involuntary), insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver or trustee for itself or any substantial part of its assets or property, or has a liquidator, administrator, receiver, trustee, conservator or similar Person appointed with respect to it or any substantial portion of its property or assets, unless any of the matters referred to in this clause (iii) are dismissed within 90 days of commencement of such proceeding or appointment as applicable;
- (iv) a resolution is passed for the receivership, winding-up or liquidation of it; or
- (v) anything analogous or having a similar effect to an event listed in paragraphs (i) to (iv) above occurs in respect of that Person.

“**ISO**” means the International Organization for Standardization and any successor organization.

“**Klimat X Default Notice**” has the meaning set out in Section 8.1(b(i))

“**Klimat X Event of Default**” has the meaning set out in Section 8.1.

“**Losses**” means all losses, damages, liabilities, deficiencies, costs and expenses (including all reasonable legal and other professional fees and disbursements, interest, penalties, judgment and other amounts paid in settlement of any claim, demand, action, suit, proceeding, assessment, judgement, settlement or comprise), including any Taxes payable in respect thereof (but excluding any Excluded Taxes). For greater certainty, Losses shall not include any losses, damages, liabilities, deficiencies, costs and expenses resulting from (a) Carbon Credit hedging activities of Klimat X and its Affiliates; (b) opportunity costs relating to alternative uses of the Advance Payment; (c) any lost profits in connection with any other transaction or potential transaction; and (d) any other special, indirect or consequential damages.

“**Market Price**” means the average market price per EO of a similar quantity, quality and nature and operating in the same market as the EO for which the market price is sought, as determined by two leading, independent, reputable North American or European carbon market analysts, experienced in international carbon market transactions of the nature described in this Agreement, with Klimat X and FMP each, in good faith, selecting one such analyst on the understanding that if a Party has not selected its chosen independent market analyst within fifteen (15) Business Days of the request, then the other Party shall select both analysts and promptly notify the non-responding Party in writing of each quote obtained, and, if it is not possible to obtain two quotes, then the Parties shall proceed on the basis of one quote.

“**Material Adverse Effect**” means any event, occurrence, change or effect that, when taken individually or together with all other events, occurrences, changes or effects, does or would reasonably be expected to:

- (i) materially limit, restrict or impair the ability of FMP to Deliver the Assigned Carbon Credits under this Agreement to Klimat X, or Klimat X to sell the Assigned Carbon Credits Delivered to it under this Agreement;

- (ii) materially limit, restrict or impair the ability of FMP to develop or operate the Project substantially in accordance with the Project Plan in effect immediately prior to the occurrence of such event, occurrence, change or effect; or
- (iii) materially limit, restrict or impair the ability of Klimat X to exercise its rights, benefits, remedies or privileges under or pursuant to this Agreement; or
- (iv) cause any material decrease to expected generation of Assigned Carbon Credits from the Project based on the Project Plan in effect immediately prior to the occurrence of such event, occurrence, change or effect,

provided, in each case, that it shall not include any event, occurrence change or effect resulting exclusively from any change in the Market Prices or arrangements through which Carbon Credits are traded or regulated.

“Material Contracts” means any Contract which, if not complied with or if terminated other than at scheduled maturity, would materially impair the ability of FMP to operate the Project (including the generation and Delivery of Carbon Credits) on the scale and in the manner as provided for in the then applicable Project Plan.

“Material Permits” means any Authorization necessary for FMP to obtain and maintain for the development and operation of the Project in accordance with the Project Plan and the generation of Carbon Credits from the Project.

“Maturity Date” means 72 months from the initial Drawdown Date.

“Minimum Amount of Carbon Credit Sales” means a minimum amount of sales of Carbon Credits in the amount of US\$705,000.

“Order” means an order, directive, decree, resolution, judgment, ruling, award, injunction, direction or request of any Governmental Authority or other decision-making authority of competent jurisdiction.

“Paris Agreement” means the Paris Agreement (December 13, 2015), made under the UNFCCC, Report of the Conference of the Parties (Addendum) Decision 1/CP.21, FCCC/CP/2015/10/Add.1 (January 29, 2016), as amended from time to time.

“Parties” means Klimat X and FMP, and **“Party”** means either of them.

“Period” means the period of time between monitoring events to Verify and report EOs as specified in the applicable Project Protocol, which shall be no less than annually notwithstanding anything else contained in the Project Protocol.

“Permitted Encumbrances” means any Encumbrance constituted by the following:

- (i) inchoate or statutory liens for Taxes, assessments, rents or charges and other statutory liens for payments not at the time due or payable, or which are being contested in good faith through appropriate proceedings;
- (ii) the right reserved to or vested in any Applicable Standard Body by the terms of any Carbon Credit reserve or buffer required by the Applicable Standard;
- (iii) the right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant or permit acquired by FMP to terminate any such lease,

licence, franchise, grant or permit, or to require annual or other periodic payments as a condition to the continuance thereof;

- (iv) security given to a public utility or any Governmental Authority when required by such utility or Governmental Authority in connection with the operations of such Person when required by such utility or Governmental Authority in the ordinary course of its business;
- (v) Encumbrances securing workers compensation and employment insurance obligations, liens and claims incidental to construction, mechanics', warehousemen', carriers', suppliers, repairers, storage and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business, provided the obligations secured by such Encumbrances are not yet due and payable, or if due, are being contested in good faith through appropriate proceedings;
- (vi) Encumbrances or any rights of distress that are either (i) required by Applicable Law; or (ii) reserved in or exercisable under any lease or sublease to which FMP is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that in the case of any material lease or sublease, such rent is not then overdue and FMP is then in compliance in all material respects with such terms and provided further that any such Encumbrances are limited to property located at the premises subject to the applicable lease or sublease;
- (vii) Encumbrances created by a judgment of a court of competent jurisdiction, as long as such judgment is being contested in good faith through appropriate proceedings and any enforcement thereof against the assets of FMP is stayed;
- (viii) Encumbrances securing Purchase Money Obligations and Capital Lease Obligations necessary for the operation of the Project, provided that such Encumbrances extend only to the property clearly and individually identified as acquired or financed thereby (including the proceeds of such property) and no recourse is available to the other collateral; and
- (ix) an Encumbrance created with Klimat X's prior written consent.

“Permitted Indebtedness” means:

- (i) all Indebtedness, liabilities and other obligations owed to Klimat X hereunder, whether actual or contingent, direct or indirect, matured or not, now existing or hereafter arising;
- (ii) debt of FMP secured by Encumbrances permitted pursuant to paragraphs (viii) and (ix) of the definition of “Permitted Encumbrances”;
- (iii) deposits received from customers in the ordinary course of business;
- (iv) unsecured trade payables incurred in the ordinary course of business;
- (v) any unsecured Indebtedness created, incurred, issued or permitted to exist by FMP in favour of any Affiliate; and
- (vi) any other Indebtedness that is approved by Klimat X in writing from time to time.

“Person” means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, Governmental Authorities or any other type of organization or entity, whether or not a legal entity.

“Projects” means the two projects being pursued concurrently by FMP being:

- (i) the rewilding and reforestation project located in Bakeh Chiefdom Sierra Leone for a minimum of 32,000 hectares of land, and
- (ii) the mangrove preservation project located in Scarcies Estuary Sierra Leone for a minimum of 3,000 hectares of land,

which Projects are intended to undergo Registration and result in the creation of Assigned Carbon Credits therefrom in accordance with the Applicable Standard and the Project Protocol and Assigned Project Rights. Where a reference in this Agreement is made to a “Project” it shall refer to either Project referred to above in this definition.

“Project Assets” means all present and after-acquired real, intangible, or personal property, used or acquired for use by FMP or any of its Affiliates in connection with the development, operation, Registration, or expansion of the Project or the creation and Verification of Carbon Credits or the Assigned Project Rights.

“Project Plan” means the plan to be submitted by FMP and approved by Klimat X for the development and operation of the Project in accordance with all applicable requirements of the Applicable Standard, the Project Protocol, the Applicable Standard Body, the Registry, and Applicable Law, which project plan includes a formal plan for managing and reducing the risk that the EOs achieved by the Project will be reversed and an estimate of the potential EOs to be generated by the Project, as such plan may be amended from time to time in accordance with the terms of this Agreement.

“Project Protocol” means the protocol or methodology that is applicable to the Project under the Applicable Standard and which establishes GHG accounting rules and program requirements for monitoring, reporting, verification and certification.

“Purchase Money Obligations” means the outstanding balance of the purchase price of real and/or personal property, title to which has been acquired or will be acquired upon payment of such purchase price, or indebtedness to non-vendor third parties incurred to finance the acquisition of such new and not replacement real and/or personal property, or any refinancing of such indebtedness or outstanding balance.

“Quarterly Report” means a written report prepared by or on behalf of FMP in relation to the immediately preceding calendar quarter, which report shall include all material information pertaining to the development or operation of the Project.

“Realized Price” means, with respect to any Carbon Credit sold by Klimat X, the amount of proceeds received in cash by Klimat X upon the sale of such Carbon Credit less any broker or commission charges or transaction fees in connection with such sale, provided that for any Carbon Credits that are (i) held by Klimat X for a period of time exceeding one (1) year or (ii) retired by Klimat X, Klimat X shall be deemed to have received the amount of proceeds for each such Carbon Credit equal to the Market Price, as applicable.

“**Registration**” means the act of registering the Project and resulting quantified emission reductions on a Registry in accordance with an Applicable Standard that may permit such units to be issued as Carbon Credits (and “**Register**” shall have a corresponding meaning).

“**Registry**” means the registry associated with, and administered by, the Applicable Standard Body of the Applicable Standard, and its successors or assigns.

“**Registry Account**” means the designated account of Klimat X notified to FMP in writing where Assigned Project Rights shall have to be delivered.

“**Reimbursement Amount**” means the aggregate of (i) US\$387,912 being the amounts paid by FMP in Sierra Leone to secure certain rights in and to 32,019 hectares of distressed farmland in Bakeh, Sierra Leone as evidenced by an agreement with the Bakeh Chiefdom dated 22 February 2022 which has been provided to Klimat X, and (ii) US\$268,000 in accordance with the budget provided by FMP to Klimat X prior to the Effective Date.

“**Reimbursement Condition**” has the meaning provided in Section 4(b).

“**Reimbursement Condition Satisfaction Date**” means the date on which the Reimbursement Condition is satisfied within such 14-day period following TSXV Approval as provided for in Section 4.

“**Rejected Carbon Credits**” has the meaning provided in Section 2.2(a).

“**Restricted Person**” means any Person that:

- (a) is named, identified, described on or included on:
 - (i) any publicly available lists maintained under the *Criminal Code* (Canada), the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)*, or the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), or under any regulations promulgated under any of the foregoing;
 - (ii) the *Denied Persons List*, the *Entity List* or the *Unverified List*, compiled by the Bureau of Industry and Security, U.S. Department of Commerce;
 - (iii) the *List of Statutorily Debarred Parties* compiled by the U.S. Department of State;
 - (iv) the annex to, or is otherwise subject to the provisions of, *U.S. Executive Order No. 13324*; or
 - (v) any publicly available lists maintained under any other Applicable Law of Canada or the United States relating to anti-terrorism or anti-money laundering;
- (b) is subject to trade restrictions under United States Governmental Requirement, including:
 - (i) the *International Emergency Economic Powers Act*, 50 U.S.C.; or
 - (ii) the *Trading with the Enemy Act*, 50 U.S.C. App. 1 et seq.; or any other enabling Governmental Requirement or executive order relating thereto, including the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*, Title III of Pub. L. 107-56; or

(c) is known to be an Affiliate of a Person covered under sub-paragraphs (a) or (b).

“Retained Amounts” shall mean the amount of US\$50,000.00 (or its equivalent in any other currency) which may be maintained and replenished by FMP during the Term out of revenues that it receives from its operations.

“Subsequent Advance” means one or more cash advances for aggregate funds up to CAD\$954,600 subject to provisions set forth in Section 3.1(b)(iii).

“Tax” or **“Taxes”** means all taxes, assessments and other governmental charge, duties, and impositions, including any interest, penalties, tax instalment payments or other additions that may become payable in respect thereof, imposed by any federal, provincial, state or local government, or any agency or political subdivision of any such government, which taxes shall include all income or profits taxes (including federal, provincial, and state income taxes), resident and non-resident withholding taxes, sales and use taxes, branch profit taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business licence taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, land transfer taxes, capital taxes, extraordinary income taxes, surface area taxes, property taxes, asset transfer taxes, and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing.

“Term” has the meaning set out in Section 4.

“Timber Rights and Revenues” has the meaning set out in the recitals.

“Transfer” means to, directly or indirectly, sell, transfer, assign, convey, dispose or otherwise grant a right, title or interest (excluding Expropriation Events).

“TSXV” means the TSX Venture Exchange.

“TSXV Approval” has the meaning set out in Section 3.4;

“UNFCCC” means the United Nations Framework Convention on Climate Change, May 9, 1992, S. Treaty Doc No. 102-38 (1992), 1771 U.N.T.S. 107.

“Validate” and **“Validation”** means the independent and documented process for the evaluation of the Project Plan against the applicable requirements of the Applicable Standard, the Project Protocol and any other applicable audit criteria by a Verifier.

“Verification Report” means a written report prepared and issued by the Verifier evidencing the validation of the Project and Verification of emission reductions and/or removals in accordance with the Applicable Standard and Project Protocol.

“Verifier” means a Person accredited to complete third party validations and verifications of environmental information in accordance with the Applicable Standards and the ISO 14064-3:2019 and ISO 14065:2020 standards, as updated and amended from time to time, setting out principles and requirements for bodies performing validation and verification of environmental information statement, and which Person shall not be the same for both the Validation and Verification of the Project.

“Verify”, **“Verified”** and **“Verification”** means the periodic and independent review, determination, and written attestation by a Verifier (which did not Validate the Project) of the veracity and quantity of EOs from the Project during a given Period that may validly be issued as Carbon Credits all in accordance with the requirements of the Applicable Standard and the Project Protocol.

1.2 Certain Rules of Interpretation

Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires:

- (a) The terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof.
- (b) References to an “Article”, “Section” or “Schedule” followed by a number or letter refer to the specified Article or Section of or Schedule to this Agreement.
- (c) Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (d) References to a Party in this Agreement mean the Party or its successors or permitted assigns.
- (e) Where the word “including” or “includes” is used in this Agreement, it means “including without limitation” or “includes without limitation”.
- (f) The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party and no ambiguity is to be resolved against the drafting Party.
- (g) Words importing the singular include the plural and vice versa and words importing gender include all genders.
- (h) A reference to an agreement includes all schedules, exhibits and other appendices attached thereto and shall include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement.
- (i) A reference to a statute includes all regulations made pursuant to and rules promulgated under such statute and, unless otherwise specified, any reference to a statute or regulation includes the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation from time to time.
- (j) In this Agreement a period of days shall be deemed to begin on the first Business Day after the event which began the period and to end at 5:00 p.m. (Pacific Standard Time) on the last Business Day of the period. Whenever any payment is required to be made, action is required to be taken or period of time to expire on a day other than a Business Day, such payment shall be made, action shall be taken or period shall expire on the next following Business Day.
- (k) Unless specified otherwise in this Agreement, all statements or references to “US\$”, “U.S. Dollars” or “dollars” in this Agreement are to United States of America dollars.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Assigned Project Credits

- (a) Subject to and in accordance with the terms of this Agreement and in consideration for the Reimbursement Condition, FMP hereby agrees to sell, assign, transfer and convey to Klimat X and Klimat X hereby agrees to accept from FMP the Assigned Project Rights, free and clear of

all Encumbrances, promptly as and when such Assigned Project Rights are generated or produced from the Projects for the duration of the Term subject to and in accordance with the terms of this Agreement.

- (b) For greater certainty, other than as provided for in this Agreement, Klimat X shall not be responsible for any operating costs, penalties, insurance, deductions, set-offs, Taxes, transportation, settlement, financing, expenses, or fees under which the Project operates, or other charges pertaining to or in respect of the Project, including any maintenance or capital expenditures, or the generation of the Assigned Project Rights purchased by it hereunder, all of which shall be for the account of FMP.
- (c) Notwithstanding the commitment to assign all of the Assigned Project Rights, FMP shall be entitled to retain and replenish on a monthly basis the Retained Amounts in order that it can continue to fund its operations (including those expenses referred to in Section 2.1(b)) and retention and replenishment of the Retained Amounts by FMP shall not be considered to be a breach of this Agreement.

2.2 Assigned Carbon Credit Verification

- (a) The Assigned Carbon Credits to be Delivered by FMP to Klimat X pursuant to this Agreement shall be Verified, conform in all respects with the standards of, and be issued by, the Applicable Standard Body and adhere to the requirements of the Registry. Klimat X shall not be required to accept Delivery of any Assigned Carbon Credit that does not meet such standards or specifications (the “**Rejected Carbon Credits**”) in which case FMP shall be entitled to deal with such Rejected Carbon Credits in any manner that it sees fit.
- (b) If the initial Applicable Standard Body ceases to exist, ceases to publish the Applicable Standard or Register Carbon Credits under the Applicable Standard, or changes to the Applicable Standard by the Applicable Standard Body result in the Project no longer being capable of creating Carbon Credits, FMP, in consultation with Klimat X, shall designate a substitute Applicable Standard Body and FMP shall take all necessary action to have the Project and the Carbon Credits generated from the Project moved to the substitute Registry and Applicable Standard Body in compliance with its applicable protocols and standards. On and after certification and Registration of the Project and the Carbon Credits generated from the Project by the substitute Registry and Applicable Standard Body, the substitute Applicable Standard Body shall become the Applicable Standard Body for purposes of this Agreement.

2.3 Delivery Obligations

- (a) FMP shall promptly (after their generation or sale) Deliver to Klimat X the Assigned Project Rights from the Project and, in the case of Assigned Carbon Credits, shall use commercially reasonable efforts to ensure that the Project generates enough Carbon Credits to satisfy the Minimum Amount of Carbon Credit Sales within 72 months from the initial Drawdown Date.
- (b) For each Delivery under this Agreement, FMP shall notify Klimat X in writing at least one Business Day before any delivery and credit to the Registry Account of Klimat X of:
 - (i) the applicable amount of Assigned Project Rights to be delivered and credited; and
 - (ii) the estimated time of Delivery.
- (c) Title to, and risk of loss of, of the Assigned Project Rights shall pass from FMP to Klimat X at the time of Delivery whether or not such rights are considered to be property.

- (d) FMP hereby represents and warrants to and covenants with Klimat X that at each time of Delivery: (i) FMP will be the sole legal and beneficial owner of the Assigned Project Rights; (ii) FMP will have good, valid and marketable title to such Assigned Project Rights free and clear of all Taxes, claims and Encumbrances; (iii) FMP has not sold, transferred, assigned or disposed of any right, title or interest in, or EO Benefits associated with, such Assigned Carbon Credits or any corresponding, ancillary or related environmental attributes to any other Person; (iv) such Assigned Carbon Credits are listed only on the applicable Registry pursuant to the Applicable Standard and protocols of the Applicable Standard Body; (v) such Assigned Carbon Credits have not been transferred pursuant to a Contract filed or required to be filed with or approved by any Governmental Authority; and (vi) in respect of the Assigned Carbon Credits, the Project has been Validated and developed and operated as described in the applicable Verification Report and (viii) in respect of the Assigned Project Rights, the Project is in compliance with all Applicable Law, Material Permits, the Applicable Standard, the Project Protocol, and the requirements of the Applicable Standard Body.

ARTICLE 3 ADVANCE PAYMENTS

3.1 Advance Payments

- (a) In consideration for the respective promises and covenants of FMP contained herein, including the sale and Delivery by FMP to Klimat X of the Assigned Project Rights, Klimat X hereby agrees to pay, and FMP hereby agrees to accept, the Reimbursement Amount and the Advance Payments against, and as a prepayment for the Delivery of Assigned Project Rights.
- (b) All or any portion of the Advance Payments may be drawn down by FMP by providing written notice to Klimat X (a “**Drawdown Notice**”) after the satisfaction of the Reimbursement Condition, provided that: (i) the conditions precedent in Section 3.33 have been met by FMP and / or waived by Klimat X; (ii) the aggregate of all Drawdown Notices shall not exceed the Advance Payments, and (iii) the Subsequent Advance is only capable of being drawn once Klimat X is satisfied, in its sole discretion, that the Projects are advancing in an acceptable manner in accordance with the Project Plan. Any Drawdown Notice is irrevocable and must specify the amount of the Advance Payment to be drawn down. Klimat X shall be obliged to fund against a duly issued Drawdown Notice within 3 Business Days of its receipt.
- (c) No interest will be payable by FMP on or in respect of the Advance Payments except where an FMP Event of Default occurs, in which case interest on any outstanding Advance Payment shall accrue at a rate of 10% per annum (the “**Default Interest**”) from such date until the earlier of (i) the FMP Event of Default is remedied, or (ii) the actual date of repayment of the Advance Payment.
- (d) If FMP wishes to utilise the Subsequent Advance it shall give written notice to Klimat X. Klimat X shall respond to such written notice within 14 days of its receipt, confirming in writing whether the Subsequent Advance is available (or not). To the extent that the Subsequent Advance is to be made available, then FMP shall be entitled to issue one or more Drawdown Notice in respect thereof in accordance with Section 3.1(b).

3.2 Use of Advance Payment

FMP shall use the Advance Payments solely for development, operating and capital expenditures incurred in accordance with the Development Budget of the Project.

3.3 Conditions Precedent to Advance Payments in Favour of Klimat X

FMP shall be required to satisfy (or obtain a waiver in writing from Klimat X) the following conditions prior to issuing a Drawdown Notice (collectively, the “**Advance Payments Funding Conditions**”):

- (a) FMP shall have delivered Klimat X a certificate of status, good standing or compliance (or equivalent) for FMP issued by the relevant Governmental Authority dated not earlier than two Business Days prior to the applicable Drawdown Notice (or such earlier date as may be acceptable to Klimat X);
- (b) FMP shall have delivered to Klimat X copies, certified to be true and complete by a senior officer of FMP, of the current Project Plan and the Development Budget, and all Material Permits that have been obtained or entered into as of the applicable Drawdown Date;
- (c) FMP shall confirm in writing signed by a senior officer of FMP that (i) no Order or Applicable Law, which restrains, enjoins, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement shall be in effect; (ii) no action or proceeding, at law or in equity, shall be pending or threatened by any Governmental Authority or other Person to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement; and (iii) on and as of the applicable date of issuance of the Drawdown Notice: (x) all of the representations and warranties made by FMP pursuant to this Agreement will be true and correct in all respects as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, then as of such date), (y) FMP is in compliance with its obligations under this Agreement to be performed or complied with by FMP prior to the date of issuance of the Drawdown Notice, and (z) no FMP Event of Default (or event which with notice or lapse of time or both would become an FMP Event of Default) shall have occurred and be continuing; and
- (d) FMP shall have delivered evidence satisfactory to Klimat X regarding title to (or leased title to, as the case may be) the rewilding and reforestation project located in Bakeh Chiefdom Sierra Leone for a minimum of 32,000 hectares of land; it being acknowledged that as of the Effective Date, FMP has delivered preliminary evidence of the foregoing satisfactory to Klimat X and that FMP shall deliver all additional documentation regarding title (or leased title, as the case may be) as Klimat X may reasonably request for its diligence and as may be required by any applicable regulatory body (including the TSXV).

3.4 TSXV Condition Precedent

Notwithstanding anything in this Agreement, Klimat X shall not be obligated to make any payments under this Agreement until it has received approval of the TSXV for the transactions after completing any conditions for approval by the TSXV, including, if required by the TSXV, any shareholder approvals required for a “Related Party Transaction” (as such term is defined under TSXV policies) (the “**TSXV Approval**”).

3.5 Satisfaction of Advance Payments Funding Conditions

- (a) Subject to the satisfaction of the Reimbursement Condition, FMP shall diligently seek to satisfy and fulfil the Advance Payments Funding Conditions as promptly as reasonably practicable. The Parties will cooperate in exchanging such information and providing such assistance as may be reasonably required in connection with the foregoing.
- (b) Each of the conditions set forth in Section 3.3 is for the exclusive benefit of Klimat X and may only be waived by it in its sole discretion.

3.6 Repayment

- (a) The Advance Payments shall be repaid on or before the Maturity Date through the Delivery by FMP to Klimat X of the Assigned Project Rights in such number that is equal in value to the Advance Payments, to be made either through (i) registration of the Assigned Carbon Credits in the name of Klimat X with the applicable exchange or (ii) by an agreement making Klimat X the beneficiary of sales of the Assigned Carbon Credits, and for delivery of any other Assigned Project Rights by the delivery of sale proceeds to Klimat X in respect of such other Assigned Project Rights.
- (b) Upon delivery of the Assigned Project Rights, Klimat X shall reduce the Advance Payments by: (i) in the case of Assigned Carbon Credits, an amount that is equal to the Agreed Price, multiplied by the number of Assigned Carbon Credits; and (ii) in the case of Assigned Project Rights that are not Assigned Carbon Credits, by the amount of actual funds transferred to Klimat X. The Advance Payments shall continue to be reduced as provided for in this Section 3.7 until such time as the aggregate reductions (based on the delivery of the Assigned Project Rights) is equal to the amount of the Advance Payments.
- (c) Within 30 days of the end of each calendar year, Klimat X shall notify FMP of the Agreed Price and therefore provide a calculation as to the amount of the Advance Payments repaid pursuant to this Section 3.6 (and the balance of the outstanding Advance Payments). Klimat X shall provide FMP with such detail as FMP may reasonably require in order to support the calculation of the Agreed Price (i.e., all relevant calculations shall be shared with FMP).
- (d) Once the amount of the Advance Payments (including any Default Interest earned thereon) has been reduced to zero (through the mechanisms provided for in this Section 3.6), then the Advance Payments shall be deemed to be repaid in full.

ARTICLE 4 TERM

- (a) The term of this Agreement shall commence on the Reimbursement Condition Satisfaction Date and, subject to any earlier termination pursuant to Section 8, shall continue until the earlier of (a) the date that is thirty-five (35) years after the Effective Date, or (b) the date that the Project permanently ceases to produce Assigned Carbon Credits (the “**Term**”).
- (b) It is a condition to the commencement of the Term, that within fourteen (14) days of receipt of the TSXV Approval, that Klimat X shall have paid FMP (or its designee) the Reimbursement Amount (the “**Reimbursement Condition**”).
- (c) If the Reimbursement Condition is not satisfied within such fourteen (14) day period, then either Klimat X or FMP shall be entitled to give notice to the other party to terminate this Agreement in which case (i) FMP shall be entitled to pursue the Projects independently of Klimat X, and (ii) the Term shall not be deemed to have commenced and accordingly no assignments shall have been made pursuant to this Agreement.

ARTICLE 5
REPORTING; BOOKS AND RECORDS; INSPECTIONS

5.1 Quarterly and Annual Reports

- (a) On or before the 15th day after the end of each calendar quarter during the Term, FMP shall provide to Klimat X a Quarterly Report in respect of such quarter including any and all Verification Reports completed in that quarter.
- (b) On or before January 30 each year during the Term, FMP shall provide to Klimat X an Annual Report in respect of the immediately preceding and upcoming calendar year including any and all Verification Reports completed in respect of the prior calendar year.

5.2 Financial Reports

Within ninety (90) days after the end of its Financial Year (using its best efforts), and in any event within one hundred and five (105) days after the end of its Financial Year, its financial statements for that Financial Year.

5.3 Copies of Project Documents

Subject to observing any restrictions or procedures as to confidentiality (where there is a contract counterparty) and related undertakings from Klimat X, FMP shall deliver or furnish, or cause to be delivered or furnished, to Klimat X a copy of:

- (a) any new Material Contract or any amendment or revision to any existing Material Contract;
- (b) any new Material Permit, or amendment, revision, reissuance or replacement of any existing Material Permit;
- (c) the Development Budget and any amendment, revision or supplement thereto;
- (d) the Project Plan, the Validation of the Project Plan and any amendment, revision or supplement to or replacement thereto;
- (e) any material reports, certificates, documents and notices relating to the Project or the generation of Assigned Project Rights; and
- (f) any material reports, documents and notices relating to the Project or the generation of the Assigned Project Rights that are delivered to the Applicable Standard Body or the any Governmental Authority.

5.4 Notice of Verification

FMP shall promptly, and in any event within five Business Days of receipt, provide Klimat X with (i) the Verifier's report on the Validation of the Project Plan, (ii) the report prepared by the Verifier with respect to the operation of the Project in accordance with the Applicable Standard, protocols of the Applicable Standard Body and Applicable Law ("EOs" or, individually an "EO") giving rise to Carbon Credits created during the Period; and (iii) all material written communications with the Verifier relating to the Project and the Carbon Credits generated therefrom.

5.5 Notice of Adverse Impact

During the Term, FMP shall provide Klimat X with written notice of each of the following events promptly upon FMP becoming aware of or having knowledge of such event:

- (a) the occurrence of any FMP Event of Default, or any event or circumstance which with notice or lapse of time or both would become an FMP Event of Default or is reasonably expected to result in an FMP Event of Default;
- (b) the loss of, or material non-compliance with the terms of, or any threat (whether or not in writing) by the Applicable Standard Body to revoke or suspend, the Registration of the Project or any Verified or issued Carbon Credits;
- (c) any termination or threatened termination of any Material Contract;
- (d) the loss of, or material non-compliance with the terms of, or any threat (whether or not in writing) by a Governmental Authority to revoke or suspend, any Material Permit;
- (e) any event or circumstance that has a Material Adverse Effect on the development or operation of the Project in accordance with the Project Plan and the Development Budget;
- (f) all material Disputes pending, or to the knowledge of either of FMP, threatened, against or directly affecting FMP, or the Project, including any actions, suits, claims, notices of violation, hearings, investigations or proceedings pending, or to the knowledge of FMP, threatened, against or affecting FMP, or with respect to the Registration, certification, issuance development or operation of the Project or the Assigned Carbon Credits, as applicable;
- (g) any violation or suspected violation of any Applicable Law by FMP in any material respect;
- (h) any material damage suffered to the Project, and any, or plans to make any, insurance claim;
- (i) any material Disputes involving local communities and FMP;
- (j) any material labour disruption involving the workforce at the Project;
- (k) any event, circumstance or fact that could reasonably be expected to give rise to any acceleration of any other Indebtedness of FMP without giving effect to any amendments or waivers from the creditor party thereunder; and
- (l) any other condition or event which has resulted, or that could reasonably be expected to result, in a Material Adverse Effect on the Project,

in each case signed by a senior officer of FMP setting forth details of the occurrence referred to therein.

5.6 Books and Records

- (a) FMP shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Project and this Agreement, including the development of the Project, all operating and capital costs and the generation of Assigned Project Rights from the Project.
- (b) FMP shall permit Klimat X and its authorized representatives and agents to perform audits or other reviews and examinations of its books and records and other information relevant to the

production, Delivery and determination of Assigned Project Rights under this Agreement and compliance with this Agreement from time to time at reasonable times at Klimat X's sole risk and expense and upon not less than three Business Days' notice. Klimat X shall use its commercially reasonable efforts to diligently complete any audit or other examination permitted hereunder without impacting the operations of FMP.

5.7 Inspections

Upon no less than three Business Days' notice to FMP and subject at all times to the workplace rules and supervision of FMP, FMP shall grant, or cause to be granted, to Klimat X and its representatives and agents, at reasonable times and at Klimat X's sole risk and expense (except for FMP's negligence or willful misconduct of FMP or any of its Affiliates), the right to access and physically inspect the Project to monitor the development and operation of the Project, to confirm compliance with the terms and conditions of this Agreement, and to comply with its continuous disclosure obligations under Applicable Law.

ARTICLE 6 COVENANTS

6.1 Development of Project and Conduct of Project Operations

- (a) Except as otherwise provided herein, all decisions regarding the Project, including (i) the methods, extent, times, procedures and techniques of the development and operation of the Project or any portion thereof; (ii) spending on operating and capital expenditures; and (iii) decisions to operate or continue to operate the Project or any portion thereof; and (iv) except as expressly provided in this Agreement, and the terms thereof, shall be made by FMP in its sole discretion.
- (b) FMP shall, design, develop and implement the Project, or cause the design, development or implementation of the Project to be, in accordance with the Project Plan and having regard to Good Industry Practice at all times throughout the Term.
- (c) FMP shall: (i) cause the Project Plan to be drafted in a manner consistent with all requirements of the Applicable Standard, the Project Protocol, and Applicable Law; (ii) retain, at their own cost, an independent Verifier to Validate the Project Plan in accordance with the Applicable Standard and Project Protocol; and (iii) take all such other actions and provide all such other documents required by the Applicable Standard Body, the Registry and any applicable Governmental Authority in order to ensure the successful Carbon Credit creation and (where applicable) Registration and Delivery of all Assigned Project Rights.
- (d) FMP shall operate the Project on a commercial basis as though it has the full economic interest in the Assigned Project Rights generated from the Project (in the absence of this Agreement) and as if they were entitled to receive the full market price for all Assigned Project Rights generated.
- (e) FMP shall perform all operations and development activities pertaining to or in respect of the Project in a commercially prudent manner and in accordance in all material respects with the Project Plan (including once it has been Validated), Applicable Standard, Applicable Law, Material Contracts, Material Permits and Good Industry Practice. Any and all Authorizations, emissions reporting obligations and other compliance obligations applicable to the Project are the responsibility of FMP.
- (f) FMP shall use all commercially reasonable efforts to obtain, as and when required, and preserve and maintain, all Authorizations and Material Contracts which are required to permit FMP to

- (i) design, develop, operate and maintain the Project in accordance with the Applicable Standard, protocols and other requirements of the Applicable Standard Body; (ii) develop, construct and operate the Project as contemplated by the Project Plan; and (iii) perform its obligations under this Agreement.
- (g) FMP shall fully and in a timely manner perform, pay and observe, or cause to be performed, observed and paid, any and all liabilities and obligations required by any Applicable Law, Material Contracts, Material Permits or by the Applicable Standard Body or any Governmental Authority, for the Registration of the Project, the certification and issuance of the Carbon Credits, and any administrative fees or charges otherwise levied by the Applicable Standard Body.
- (h) FMP shall: (i) comply with applicable AML Laws, Anti-Bribery Laws, and Environmental and Social Laws; (ii) refrain from dealing in, or otherwise engaging in any transaction related to, any property or interests in property blocked pursuant to any applicable AML Laws, or engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any applicable AML Laws; (iii) take all measures appropriate in the circumstances (in any event as required by Applicable Law) to provide reasonable assurance that FMP is and will continue to be in compliance with applicable Anti-Bribery Laws; and (iv) take all measures appropriate in the circumstances (in any event as required by Applicable Law) to provide reasonable assurance that FMP is and will continue to be in compliance with applicable Environmental and Social Laws.

6.2 Preservation of Corporate Existence; Ordinary Court

- (a) FMP shall at all times from and after the Effective Date do and cause to be done all things necessary or advisable to maintain its corporate existence.
- (b) FMP shall conduct its business in the ordinary course and shall not, without the prior written consent of Klimat X (acting reasonably and without delay):
 - (i) issue or agree to issue any shares or other equity securities of FMP, or rights to acquire common shares or other securities of FMP, except pursuant to the exercise of existing issued stock options or options that are otherwise contracted for or as otherwise agreed with Klimat X;
 - (ii) otherwise change its capital structure including (without limitation), any changes resulting from incurring, issuing, or assuming of debt, the payment of any dividends or other distributions including return of capital, or the making of any new investments;
 - (iii) acquire or sell any material assets outside of the ordinary course of business;
 - (iv) complete a Change of Control transaction;
 - (v) make or commit to any significant capital expenditures or other commitments not included in its then current annual budget; or
 - (vi) enter into any agreements or arrangements or take any other action that would reasonably be expected to be prejudicial to, or inconsistent with the rights of, Klimat X pursuant to this Agreement.

6.3 No Other Carbon Credit Interests on Project

FMP shall not enter into or agree to any carbon pre-payment or carbon credit-based financing alternative or any royalty, stream, participation production or similar interest or to enter into any agreement that is similar to a royalty, stream, participation or production interest agreement in each case in respect of or with reference to carbon offset credits generated from the Project with any person without the prior written consent of Klimat X.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of FMP

FMP acknowledges that Klimat X is entering into this Agreement in reliance upon the following representations and warranties to Klimat X:

- (a) FMP is a limited company duly incorporated and validly existing under the laws of Sierra Leone and is in good standing and is up to date in respect of all filings required by law to maintain its existence.
- (b) FMP has done and taken all requisite corporate and other acts and proceedings, including obtaining all requisite corporate and other approvals, with respect to entering into this Agreement and performing its obligations and completing the transactions hereunder and thereunder.
- (c) FMP is qualified, has made all filings or registrations required by Applicable Law and has all Authorizations required to maintain its corporate existence, as applicable, own its properties and assets and to conduct its business.
- (d) No Authorizations or filings are required to be obtained or made by FMP with any Governmental Authority in connection with the execution and delivery by FMP of this Agreement, or in respect of the performance of FMP of its obligations hereunder or completion of the transactions contemplated hereunder.
- (e) FMP has duly and validly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of FMP, enforceable against FMP in accordance with its terms, subject to the usual exceptions for bankruptcy and insolvency and general equitable principles.
- (f) FMP has not incurred an Insolvency Event and it is not now aware of any circumstance which, with notice or the passage of time, or both, would give rise to an Insolvency Event.
- (g) FMP is sophisticated and experienced in matters relating to the subject of this Agreement (and/or has been advised by Persons sophisticated and experienced in matters relating to the subject of this Agreement), is acting for its own account and not as trustee or a nominee of any other Person, has made its own independent decision to enter into this Agreement based on its own judgment that this Agreement is appropriate and proper for it, and it is not and will not be relying on any information or analyses provided by the other Party and in so doing is capable of assessing the merits of and understanding, and has assessed and understands and accepts, the terms, conditions and risks of entering into this Agreement.
- (h) FMP does not owe any Indebtedness other than Permitted Indebtedness.

- (i) There are no Encumbrances on any property or assets of FMP other than Permitted Encumbrances.
- (j) FMP owns or leases the Project Assets or otherwise in due course will hold all personal, intangible and real property rights as are reasonably necessary to develop and operate the Project in accordance with the Project Plan and Good Industry Practice, such rights are in good standing and to the extent required by any specific date, will have been properly registered and recorded in compliance with Applicable Law, the Applicable Standard and Material Permits and no Person has any adverse or competing claim in the Project or such personal, intangible or real property rights.
- (k) FMP has conducted and is conducting its business in compliance in all material respects with Applicable Law and FMP has not received notice from any Governmental Authority of any violation of, or non-compliance with, any Applicable Law with respect to operation or development of the Project.
- (l) The books and records of FMP have been maintained substantially in accordance with all Applicable Law and are complete, up to date and accurate in all material respects and respectively contain full, true and correct copies of the constating documents of FMP, copies of all minutes of all meetings and all written resolutions of the directors, committees of directors and shareholders of FMP, and all such meetings were duly called and properly held and all written resolutions were properly adopted under Applicable Law and the constating documents.
- (m) FMP owns, as applicable, licenses or otherwise has the right to use all material licenses, authorizations, patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, copyright applications, franchises and other intellectual property rights that are necessary for the operation of its business, without infringement upon or conflict with the rights of any other Person with respect thereto.
- (n) Other than pursuant to this Agreement, FMP has not granted any carbon pre-payment or carbon credit-based financing alternative or any royalty, stream, participation production or similar interest or any agreement that is similar to a royalty, stream, participation or production interest in each case in respect of or with reference to carbon offset credits generated from the Project.
- (o) There has been no event, change or effect which, individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect.
- (p) There are no actions, suits, proceedings, hearings, investigations, inquiries or claims commenced or, to the knowledge of FMP, threatened or contemplated, involving the Project of any of the property or assets of FMP, and which, individually or in the aggregate, would prevent, hinder, limit, restrict or impair in any material respect the ability of FMP to perform its obligations under this Agreement.
- (q) (i) FMP is not a party to or subject to any Order which could reasonably be expected to prohibit, restrain, materially limit or impose material adverse conditions on, the Project or the transactions contemplated by this Agreement; and (ii) no action or proceeding has been instituted or remains pending or, to the knowledge of FMP, has been threatened and not resolved, by or before any Governmental Authority to restrain, prohibit, limit or impose adverse conditions on the Project or the transactions contemplated under this Agreement.
- (r) No Authorization under any Applicable Law which is necessary, or currently relied upon, for the ongoing development or operation of the Project, has been either (i) withdrawn or threatened

to be withdrawn by any Governmental Authority; or (ii) challenged or threatened to be challenged by any Person.

- (s) Neither FMP nor its respective directors or officers nor, to the knowledge of FMP, any of its agents, employees, representatives, or other Persons acting on behalf of FMP, is aware of or has taken any action, directly or indirectly, that could result in violation or breach by such Persons of Anti-Bribery Laws and FMP has policies and procedures in place in respect thereof.
- (t) Neither FMP nor any Affiliate of FMP nor, to the knowledge of FMP or any of its respective directors, officers, employees, representatives and agents: (i) is a Restricted Person or is in violation of any AML Laws or deals in property or interests in property, or otherwise engages in any transaction, prohibited by AML Laws; (ii) has used, or authorized the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; or (iii) made, or authorized the making of, any direct or indirect unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic or foreign government official or employee from corporate funds.
- (u) The financial statements and the notes thereto, if any, of FMP provided to Klimat X and to be provided to Klimat X pursuant to this Agreement have been or will be, as the case may be, prepared in accordance with generally accepted accounting principles and each present, or will present, fairly and consistently the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of FMP as at the dates indicated and for the periods covered thereby.
- (v) There are no off-balance sheet transactions arrangements, obligations (including contingent obligations) or other relationships of FMP with unconsolidated entities or other Persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of FMP.
- (w) (i) FMP has filed or caused to be filed on a timely basis all Tax returns that were required to be filed by or with respect to it pursuant to Applicable Law; (ii) FMP has not requested an extension of time within which to file any Tax return; (iii) all Tax returns filed by FMP or with respect to FMP are complete and correct and comply with Applicable Law; (iv) FMP has paid, or made provisions for the payment of, all Taxes that were due for all periods covered by any Tax return and as required by Applicable Law; (v) FMP has withheld or collected and paid to the proper Governmental Authority all Taxes required to be withheld, collected or paid by it; (vi) no claim has been made by any Governmental Authority in a jurisdiction where FMP does not file Tax returns that FMP is subject to taxation by that jurisdiction; and (vii) no Tax return filed by FMP is the subject of an audit by any Governmental Authority, and no proceedings are pending before or threatened by any Governmental Authority with respect to Taxes owing by FMP.
- (x) FMP is in material compliance with all Applicable Law and all agreements respecting employment, wages, overtime, vacations, collective bargaining, benefits, bonuses, labour accidents and diseases, severance payments, all social security obligations and debts arising in connection with social security contributions, pension fund contributions, mandatory health care contributions, unemployment insurance contributions, welfare payments, insurance for work-related accidents and illnesses, hours of work and occupational health and safety and employment practices.
- (y) FMP maintains insurance (including property insurance and general liability insurance) with financially sound and reputable insurance companies in such amounts, with such deductibles

and covering such risks as is consistent with Good Industry Practice, and such coverage is in full force and effect, and it has not breached the terms and conditions of any policies in any material respect nor failed to promptly give any notice or present any material claim thereunder. There are no material claims by it under any such policy as to which any insurer is denying liability or defending under a reservation of rights clause.

- (z) To the knowledge of FMP, no indigenous or community groups (and no Governmental Authority on behalf of any such groups) have asserted any interest or rights or commenced or threatened any claims or proceedings affecting the Project or FMP which are or could reasonably be expected to have a Material Adverse Effect.
- (aa) FMP has complied with all applicable community and indigenous consultation and participation processes required in connection with the development and operation of the Project.
- (bb) All information (other than projections) provided, or to be provided from time to time, to Klimat X in connection with the Agreement is true and correct in all material respects as of the date furnished (or as of the date specified therein) and none of the documentation furnished to Klimat X by or on behalf of FMP omits or will omit as of the date furnished (or as of the date specified therein) a material fact necessary to make the statements contained therein not misleading, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due inquiry by FMP (and any other Person who furnished such material on behalf of FMP).
- (cc) All project plans, budgets, projections and forecasts relating to FMP or the Project and made available or delivered to, or that will be made available or delivered to, Klimat X have been or will be prepared in good faith and on the basis of assumptions that FMP believes to be reasonable at the time of preparation (it being understood that any such forecasts or projections provided are subject to significant uncertainties and contingencies, many of which are beyond the control of FMP, that actual results may vary from projected results and those variations may be material).

7.2 Representations and Warranties of Klimat X

Klimat X, acknowledging that FMP is entering into this Agreement in reliance thereon, makes, on and as of the Effective Date, the representations and warranties to FMP:

- (a) It is a corporation duly amalgamated and validly existing under the laws of the Province of British Columbia, is in good standing and is up to date in respect of all filings required by law to maintain its existence.
- (b) It has done and taken all requisite corporate acts and proceedings, including obtaining all requisite and other approvals (other than the TSXV Approval), with respect to entering into this Agreement, performing its obligations and completing the transactions hereunder.
- (c) It has the requisite corporate power, capacity and authority to enter into this Agreement and to perform its obligations hereunder.
- (d) It is qualified, has made all filings or registrations required by Applicable Law and has all Authorizations required to maintain its corporate existence, own its properties and assets and to conduct its business except where failure to be so qualified or to make such filings or registrations, in each case, individually or in the aggregate, would not materially limit, restrict or impair the ability of Klimat X to perform its obligations under this Agreement.

- (e) No Authorizations or filings are required to be obtained or made by it with any Governmental Authority in connection with the execution and delivery of this Agreement or in respect of the performance of its obligations hereunder or completion of the transactions contemplated hereunder.
- (f) The entering into of this Agreement and the exercise of its rights and performance of obligations hereunder by Klimat X do not and will not (i) conflict with, result in a default under, permit any party to amend, cancel, terminate or sue for damages or accelerate the maturity of any damages or accelerate the maturity of any Indebtedness under, any agreement, mortgage, bond or other instrument to which it is a party or which is binding on its assets, (ii) conflict with its constating or constitutive documents, (iii) conflict with or violate any Applicable Law, or (iv) contravene any Order.
- (g) This Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to the usual exceptions for bankruptcy and insolvency and general equitable principles.
- (h) It has not suffered an Insolvency Event and it is not now aware of any circumstance which, with notice or the passage of time, or both, would give rise to an Insolvency Event with respect to it.
- (i) It is entering into and performing its obligations under this Agreement on its own account and not as trustee or a nominee of any other Person.
- (j) It has immediately available funds on hand that are sufficient to satisfy and pay the Reimbursement Amount and the Advance Payments.
- (k) None of it or its directors or officers, nor, to the knowledge of Klimat X, any of their respective agents, employees, representatives, or other Persons acting on behalf of Klimat X, is aware of or has taken any action, directly or indirectly, that could result in a material violation or breach by such Persons of applicable anti bribery laws and it has policies and procedures in place in respect thereof.
- (l) None of it, its Affiliate or any of their respective directors or officers nor, to the knowledge of Klimat X, any of their employees, representatives and agents: (i) is a Restricted Person or is in violation of any AML Laws or deals in property or interests in property, or otherwise engages in any transaction, prohibited by AML Laws; (ii) has used, or authorized the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; or (iii) made, or authorized the making of, any direct or indirect unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic or foreign government official or employee from corporate funds.

7.3 Survival of Representations and Warranties

The representations and warranties set forth in this Sections 7 shall survive the execution and delivery of this Agreement.

7.4 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the “knowledge” of a Party, it shall be deemed to refer to the knowledge of management of the Party and all knowledge which such person(s) would have if such person made due enquiry into the relevant subject matter having regard to the role and responsibilities of such person as management of the Party.

ARTICLE 8
DEFAULTS AND DISPUTES

8.1 Events of Default

- (a) Each of the following events or circumstances constitutes an event of default by FMP (each, a “**FMP Event of Default**”):
- (i) FMP fails to promptly Deliver the Assigned Project Rights to Klimat X in accordance with Section 3.7;
 - (ii) FMP is in breach or default of any terms or conditions, or any of its covenants or obligations, set forth in this Agreement, which breach or default is not remedied within a period of 40 days after the earlier of (A) delivery by Klimat X to FMP of written notice of such breach or default, and (B) such Person becoming aware of such breach;
 - (iii) FMP suffers an Insolvency Event;
 - (iv) the Project (or any material portion thereof) becomes regulated and can no longer create EOs or Carbon Credits;
 - (v) the Project fails to maintain, or loses the right to, or benefit of, the Registration or Carbon Credits created by the Project are suspended for a continuous period of sixty (60) days or are permanently revoked;
 - (vi) FMP ceases to be eligible under the Applicable Standard, including but not limited to for reasons pertaining to the ownership of the Project or Project Assets;
 - (vii) FMP applies the Advance Payments for any other project or activity that is not related to the Project or a permitted purpose under this Agreement; and
 - (viii) FMP seeks to abandon, rescind or otherwise terminate this Agreement.
- (b) Each of the following events or circumstances constitutes an event of default by Klimat X (each, a “**Klimat X Event of Default**”):
- (i) Klimat X is in breach or default of any terms or conditions, or any of its covenants or obligations, set forth in this Agreement, which breach or default is not remedied within a period of 40 days after the earlier of (A) delivery by FMP to Klimat X of written notice of such breach or default (a “**Klimat X Default Notice**”), and (B) such Person becoming aware of such breach; and
 - (ii) Klimat X suffers an Insolvency Event.

8.2 Remedies

- (a) Subject to Section 8.2(b), on and at any time after the occurrence of an FMP Event of Default, Klimat X may by notice to FMP terminate this Agreement by written notice to FMP and seek to recover:
- (i) the Reimbursement Amount;

- (ii) to the extent that the Advance Payments have not been repaid in full, declare that all or part of the outstanding Advance Payment, together with accrued Default Interest, and all other amounts accrued or outstanding under this Agreement be immediately due and payable in cash, at which time such amounts shall become immediately due and payable in cash; or
 - (iii) to the extent that the Advance Payments have been repaid in full, demand all Losses suffered or incurred as a result of the occurrence of such FMP Event of Default and termination.
- (b) In respect of the monetary damages referred to in Section 8.2(a)(ii), the Parties hereby acknowledge and agree that (i) Klimat X will be damaged by an FMP Event of Default; (ii) it would be impracticable or extremely difficult to fix the actual damages resulting from an FMP Event of Default; (iii) any sums payable in accordance with such Section with respect to an FMP Event of Default are in the nature of liquidated damages, not a penalty, and are fair and reasonable; and (iv) the amount payable in accordance with such Section with respect to an FMP Event of Default represents a reasonable estimate of fair compensation for the losses that may reasonably be anticipated from such FMP Event of Default in full and final satisfaction of all amounts owed in respect of such FMP Event of Default.
- (c) If a Klimat X Event of Default occurs and is continuing, FMP shall have the right, upon written notice to Klimat X, at its option and in addition to and not in substitution for any other remedies available at law or equity, to take any or all of the following actions:
- (i) demand all amounts owing by Klimat X to FMP;
 - (ii) take any action available under law or equity to realize on the assets or shares of FMP; or
 - (iii) terminate this Agreement by written notice to Klimat X, and demand all Losses suffered or incurred as a result of the occurrence of such Klimat X Event of Default and termination.

8.3 Limitation of Liability

- (a) In respect of any termination or claim (for Losses or otherwise) under this Agreement against FMP, then the aggregate liability of FMP shall not exceed the Reimbursement Amount and the Advance Payments, save in respect of fraud.
- (b) In respect of any termination or claim (for Losses or otherwise) under this Agreement against Klimat X, then the aggregate liability of Klimat X shall not exceed the aggregate of the Reimbursement Amount and the Advance Payments, save in respect of fraud.

8.4 Disputes

If a Dispute arises between the Parties, the Parties shall promptly and in good faith attempt to resolve such Dispute through negotiations conducted in the following manner:

- (a) the disputing Party shall give written notice to the other Party, which notice shall include a statement of the disputing Party's position and a summary of the arguments supporting its position;

- (b) within fifteen (15) days after receipt of such notice, the receiving Party shall submit a written response to the disputing Party which shall also include a statement of the receiving Party's position and a summary of the arguments supporting its position;
- (c) the Chief Executive Officer, President or equivalent officer of each of the Parties to the Dispute shall meet at a mutually acceptable time and place, but in any event within fifteen (15) days after issuance of the disputing Party's written notice to attempt to resolve the Dispute; and
- (d) if the Dispute has not been resolved within five (5) days after such meeting, that Dispute shall be resolved by arbitration under Section 8.5.

8.5 Arbitration

- (a) Any Dispute not resolved in accordance with Section 8.4 shall be referred to and finally resolved by arbitration under the rules of Domestic Commercial Arbitration Rules of Procedure of the British Columbia International Commercial Arbitration Centre, which rules are deemed to be incorporated by reference into this section. The number of arbitrators shall be one (1) and the arbitrator shall have experience of carbon credits and commodities trading. The location of the arbitration shall be London and the language to be used in the arbitral proceedings shall be English.
- (b) In any arbitration, or in any court proceeding authorized to be taken under this Agreement, the arbitral tribunal or the court, as the case may be, shall, in addition to any other relief, be entitled to make an award or enter a judgment, as the case may be, for reasonable lawyers' fees and expenses, including experts' fees and any other costs of the proceeding (including the costs of the arbitrators). If no such award is made or judgment entered, then the cost of the arbitrators shall be borne equally by the Parties, and all other costs of arbitration or a court proceeding shall be borne by the Party incurring such cost.
- (c) If multiple Disputes arise, a Party may commence a single arbitration in respect of some or all of them if such Disputes arise out of or concern materially the same facts.

ARTICLE 9 ADDITIONAL PAYMENT TERMS

9.1 Payments

All payments of funds due by one Party to another under this Agreement shall be made in U.S. Dollars and shall be made by wire transfer in immediately available funds to the bank account or accounts designated by the receiving Party in writing from time to time.

9.2 Taxes

All Deliveries of Assigned Project Rights and all monetary amounts paid hereunder shall be made without any deduction, withholding, charge or levy for or on account of any Taxes (other than Excluded Taxes), all of which shall be for the account of the Party making such delivery or payment. If any such Taxes (other than Excluded Taxes) are so required to be deducted, withheld, charged or levied by the Party making such delivery or payment, then such Party shall make, in addition to such delivery or payment, such additional delivery or payment as is necessary to ensure that the net amount received by the other Party entitled to delivery or payment (free and clear and net of any such Taxes (other than Excluded Taxes), including any Taxes (other than Excluded Taxes) required to be deducted, withheld, charged or levied on any such additional amount) equals the full amount such other Party would have received had no such deduction, withholding, charge or levy been required. FMP agrees to indemnify and save harmless Klimat X and its Affiliates and directors, officers and employees from and

against any and all Losses suffered or incurred by any of the foregoing Persons in connection with the failure of FMP to pay and remit to any tax authorities any Taxes that may be required to be deducted, withheld, charged or levied on deliveries of Carbon Credits or monetary amounts paid hereunder or any other transaction contemplated within this Agreement.

ARTICLE 10 INDEMNITIES

- (a) FMP shall indemnify Klimat X and its Affiliates, shareholders, directors, officers and employees for any damages, losses, penalties, costs (including reasonable legal costs and attorneys' fees), and liabilities arising from, or related to the events underlying:
 - (i) FMP's admission of allegations made by a governmental authority concerning operations and/or activities under this Agreement that FMP or its Affiliates or its directors, officers, employees and personnel have violated Anti-Bribery Laws and obligations;
 - (ii) the final adjudication concerning operations and/or activities under this Agreement and the Project; and
 - (iii) the material inaccuracy or breach of any representations, warranties and covenants contained in this Agreement.
- (b) Such indemnity obligations shall survive termination or expiration of this Agreement for a period ending on December 31, 2028, and the maximum liability for indemnity by FMP shall be equal to the aggregate amount of the Reimbursement Amount and the Advance Payments. In the event FMP is required to indemnify Klimat X in accordance with this Section 10, such indemnification amounts (the "**Indemnification Amount**"), Klimat X may take any action available under law or equity to recover the Indemnification Amount, including any such action required to realize on the assets or shares of FMP.

ARTICLE 11 GENERAL

11.1 Further Assurances

Each Party shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the documents and transactions contemplated in this Agreement, in each case at the cost and expense of the Party requesting such further instrument, document or action, unless expressly indicated otherwise.

11.2 No Joint Venture

Nothing herein shall be construed to create, expressly or by implication, a joint venture, partnership, commercial partnership, agency relationship, fiduciary relationship, or other partnership relationship between Klimat X and FMP.

11.3 Survival

Without limiting any other provision of this Agreement, the following provisions shall survive termination of this Agreement: 8.2, 8.3, 8.4, 8.5, Article 9, and Article 10 and such other provisions of this Agreement as are required to give effect thereto.

11.4 Invalidation

If any provision of this Agreement is wholly or partially invalid, this Agreement shall be interpreted as if the invalid provision had not been a part hereof so that the invalidity shall not affect the validity of the remainder of the Agreement which shall be construed as if the Agreement had been executed without the invalid portion. It is hereby declared to be the intention of the Parties that this Agreement would have been executed without reference to any portion which may, for any reason, hereafter be declared or held invalid.

11.5 Governing Law

This Agreement shall be governed by and construed under the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to its laws relating to any conflicts of laws). Subject to Sections 8.4 and 8.5, the courts of the Province of British Columbia shall have non-exclusive jurisdiction to settle any Dispute arising out of or in connection with this Agreement.

11.6 Notices

Unless otherwise specifically provided in this Agreement, any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered by hand to an officer or other responsible employee of the addressee or transmitted by facsimile transmission or sent by electronic mail in PDF format, addressed to:

- (i) If to FMP:
[Redacted]
- (ii) If to Klimat X to:
[Redacted]

Any notice or other communication given in accordance with this section, if delivered by hand as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery is received before 4:00 pm at the place of delivery; otherwise, it shall be deemed to be validly and effectively given on the Business Day next following the date of delivery. Any notice of communication which is transmitted by facsimile transmission or electronic mail as aforesaid, shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was received before 4:00 pm at the place of receipt; otherwise it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

11.7 Press Releases

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the execution of this Agreement or the Project, and neither Party nor its Affiliates shall act in this regard without the prior approval of the other Party, such approval not to be unreasonably withheld, conditioned or delayed, unless such disclosure is required to meet timely disclosure obligations of any Party under Applicable Law in circumstances where prior consultation with the other Party is not practicable, and to the extent reasonably practicable, a copy of such disclosure is provided to the other Party at such time as it is made publicly available.

11.8 Amendments

This Agreement may not be changed, amended or modified in any manner, except pursuant to an instrument in writing signed on behalf of each of the Parties.

11.9 Beneficiaries and Enurement

This Agreement is for the sole benefit of the Parties and their successors and permitted assigns and, except as expressly contemplated herein, nothing herein is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature or kind whatsoever under or by reason of this Agreement. This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

11.10 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties and their Affiliates with respect thereto.

11.11 Waivers

Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

11.12 Severability

If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect and the Parties shall negotiate in good faith to replace any provision that is invalid, illegal or unenforceable with such other valid provision that most closely replicates the economic effect and rights and benefits of such impugned provision.

11.13 Costs and Expenses

Except as otherwise provided for in this Agreement, all costs and expenses incurred by a Party in connection with this Agreement and the transactions contemplated hereby shall be for its own account.

11.14 Counterparts

This Agreement may be executed in one or more counterparts, and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic mail in PDF format shall be effective as delivery of a manually executed counterpart of this Agreement.

11.15 Assignment

Neither Party may assign any of its rights or transfer by novation any of its rights and obligations under this Agreement without the prior written consent of the other Party.

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

KLIMAT X DEVELOPMENTS INC.

By: "Dr. James Tansey"
Name: Dr. James Tansey
Title: Chief Executive Officer

FOREST AND MANGROVE PROTECTION LTD

By: "Kevin Godlington"
Name: Kevin Godlington
Title: Director