

EUCALYPTUS PLANTATION MANAGEMENT AGREEMENT

This **EUCALYPTUS PLANTATION MANAGEMENT AGREEMENT** (this "Agreement") dated this ___ day of ____ (the "Effective Date") is made and entered into by the parties:

1) **Management Company LTDA** a corporation organized and existing under the laws of Brazil which principal place of business is at _____, Para, Brazil, (the "Management Company").

2) Reforestation Group, a corporation organized and existing under the ("Operator")

3) And ----- (the "Customer").

The Management Company, Operator and Customer are sometimes referred to herein individually as "Party" and collectively, the "Parties".

For plantation and exploitation of Eucalyptus trees by the Management Company on the Plot(s) on which the Customer holds beneficial rights. The Plot(s), as of the Effective Date, contains the number of acres and the type of crop/vegetation, as follows:

| <u>ACRES</u> | <u>CROP/VEGETATION</u> |
|--------------|------------------------|
| _____ | <u>Raw land</u> |

1 Definition under this Agreement

The definitions apply to this Agreement, except insofar as is otherwise specified or where the context requires otherwise:

"Agreement" means this Agreement.

"AMS" means the "Associação Mineira de Silviculture"

"Base Rate" means the current rate used by the Management Company and conveyed to the Customer based on the average figures from the sale of Eucalyptus wood in the state of Para and Minas Gerais over the past 12 months and reported by AMS.

"Crop" means either Eucalyptus planted by the Management Company under the terms of this Agreement.

"Delivery" means Delivery of the Crop to an approved processor

"Dispute" means where parties engage in opposing views, claims or rights regarding the application of the Agreement.

"Domestic Market" means the markets where the plantation is located.

"Eucalyptus" means planted Eucalyptus and defined by sub species as E. Urophylla, E. Urograndis or E. Grandis.

"Effective Date" means the date of the signatories to this Agreement

"Plantation Project" means Cycles of planting, maintaining, developing and harvesting the Crop

"Services" means the growing and maintenance guidelines set out in this Agreement, supplies and stock to be used to deliver the services and harvest the Crop.

"Service Fee" means payments for the Services provided by the Management Company plus any local taxes, withholdings and charges imposed by the local or national government, itemised and presented transparently.

"Supplies" means nutritional supplements, fertilizers, weed killers, pest killers and other agents the Management Company will use in growing the Crop.

"Significant Adverse Effect" means –

(a) That the domestic demand for Eucalyptus or Crop products is substantially less than expected at the date of execution of this Agreement; or

(b) The domestic price of the Crop is (or must become in order to remain competitive with the price of imported Eucalyptus wood or Crop products) substantially less than at the date of execution of this Agreement.

(c) That the Base Rate differs at point of sale from the assumed rate due to any of the other adverse effects.

“Term” means a period of seven years from the Effective Date or until complete harvest and sale of the Crop, whichever is sooner.

Timber/wood Stumpage Sale: A price on the estimate weight associated with standing timber.

2 Relationships between the Parties

The Customer, the Operator and Management Company are independent parties. No party will make any warranties or representations or assume any obligations on the other party's behalf. Nor will either claim to be a representative, partner, joint venture, franchisee, agent or employee of the other party except as explicitly stated in this Agreement.

3 Qualifiers

In this Agreement, headings and highlighted text are for convenience only and do not affect the interpretation of this Agreement, unless the context otherwise requires:

(a) Words importing the singular include the plural and vice versa.

(b) Words importing a gender include any gender.

(c) An expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency.

(d) A reference to a clause, recital, party, annexure, exhibit or schedule is a reference to a clause of, and a recital, party, annexure, exhibit and schedule to, this Agreement and a reference to this Agreement includes any annexure, exhibit and schedule hereto.

(e) A reference to anything (including, but not limited to, any right) includes a part of that thing but this does not mean that performance of part of an obligation is performance of the obligation.

(f) A reference to a document includes all amendments or supplements to, or replacements or notations of, that document.

(g) A reference to a party to any document includes that party's heirs, administrators, successors and permitted assigns.

(h) Other parts of speech and grammatical forms of a word or phrase defined in this Agreement have a corresponding meaning.

(i) No provision of this Agreement will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this Agreement or that provision.

(j) A covenant or Agreement on the part of 2 (two) or more persons binds them jointly and severally.

(k) A reference to liquidation includes official management, appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, assignment for the benefit of creditors, scheme, arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death.

4 Operative Part of the Agreement

It is hereby agreed after careful consideration of the mutual promises contained in this Agreement.

(a) The Operator services under this Agreement will be as follows –

(i) Report annually the Management Company progress to the Customer.

(ii) Through its agent, New World Carbon Limited, liaise with the Management Company on behalf of the Customer.

(iii) Pay the monies required by the Management Company on behalf of the Customer for the services under this Agreement.

(iv) Return the proceeds of harvests received from the Management Company to the Customer under the terms of this Agreement, less specific fees and commissions.

(v) For the avoidance of doubt, the Operator obligation under this Agreement does not extend beyond the express written obligations set out in this Agreement. Failure to comply with the terms under this Agreement by either party will result in the early termination of this Agreement as understood by both parties.

(b) The Management Company liabilities under this Agreement will be as follows-

(i) The Management Company will furnish all labor and equipment necessary to perform the plantation and exploitation of Eucalyptus trees from the monies received from the Operator.

(ii) The Management Company from the monies received from the Operator will be used to furnish all labor, seedling, planting stock, other necessary goods and

services as well as conduct wood product marketing services required to perform the duties under this Agreement.

(iii) Management Company shall act as the exclusive Eucalyptus Tree grower on the Plot, and it shall devote such time, skill and efforts to the performance of its duties as required caring for the Eucalyptus Plantation operation on the Plot in accordance with accepted tree plantation practices in Para State, Brazil.

(c) The terms of this Agreement shall commence on this day and shall continue in full force and effect thereafter until the end of the Term or subject to early termination as defined in clause 14 below. All proceeds received by the Management Company from the sale of the wood within the Domestic Market will then be returned the Operator for onward transfer to the Customer minus the Service Fee and any additional fee agreed with the operator.

(d) This Agreement shall be governed by the laws of the Para State and country of Brazil and constitutes the entire Agreement between the parties regarding its subject matter and in reference to the aforementioned forestry unit numbered in this Agreement. Legal re-course from the failure of the Management Company to meet their obligations under this Agreement will be the sole responsibility of the Management Company whilst failure of the Operator to meet their obligations under this Agreement will be the sole responsibility of the Operator.

(e) The Management Company guarantees that it will perform its duties in full as stated. In the event that the Crop is damaged by any failure of the Management Company to fulfill its obligation under this Agreement, the Management Company shall repair or replace such damaged stock, unless the damages arising out of i) injury, disease or damage to any tree by a third party, or ii) damage or failure of any harvest, which is due to wind, diseases, drought fire, or any other natural cause other than the sole negligence of the Management Company.

(f) The Customer will pay the Management Company via the Operator on commencement of this Agreement.

(g) The Customer agrees to promptly notify the Management Company in writing of any dissatisfaction with the maintenance/service to ensure that maintenance is performed as agreed.

(h) The Customer shall be notified by the Management Company by written notice of a proposed Timber Sale Agreement and of the date of a proposed harvest of the produced Crop from the Plot(s) numbered 000, with the Management Company setting out the MAI and expected weight of Crop to be delivered with the expected attributed value at Base Rate. In the event the Customer doesn't pronounce about the notice for

the following 30 days, it is understood that Customer has agreed with the Timber Sale Agreement terms and conditions

(i) The Management Company shall plant and maintain the entire Crop grown within the allotted area until such time as the Management Company deems its weight meets at least 150 tones of wood.

(j) For the avoidance of doubt, the plantation crop is owned by the management company prior to planting, and thence by the Customer until Timberwood/Stumpage Sale is agreed. Failure to comply with the terms under this Agreement by either party will result in the early termination of this Agreement as understood by both parties.

5 Service Fee

The Service Fee is levied at the commencement of the contract and covers the provision of all of the Services from the period extending from initial Plot preparation to the end of the Term. The fee shall be £4,000 and shall be paid by the Operator on behalf of the Customer.

6 Supplies

The Management Company at its sole cost from the monies received from the Operator and after careful consideration between all of the parties involved will supply, maintain, harvest, market and deliver the Crop as seen reasonably necessary, and at an appropriate standard, to maintain the allotted area used in accordance with the services under this Agreement.

7 Services

The Management Company at its sole cost from the monies received from the Operator will also provide for:

(a) Fertilizers

(b) Professional assistance in the form of supervision and advice relating to the management, care and growing of the Crop.

(c) Disease prevention and pest control assistance.

(d) Employees.

(e) The purchase of seedlings.

(e) Planting.

(f) Fire prevention and fire break upkeep.

- (g) Husbandry.
- (h) General maintenance.
- (i) Marketing
- (k). The sale of the standing timber
- (l) Monitoring harvesting operations

As is reasonably necessary for the Management Company to produce the Crop in accordance with this Agreement.

8. Timber/wood Stumpage Sale

(a) On the sixth year of the plantation, subject to the minimum predicted yield of 150 tones of wood per Hectare, the Management Company shall identify purchasers who agrees to pay for the wood based on stumpage sale method, which means the estimate value associated with standing timber. Under instruction from the Customer, the Management Company will sign the Timber Sale Agreement with the purchaser who offers the best price and shows good standing and reputation in timber harvesting.

(b) The Timber Sale Agreement will clearly define conditions of the timber sale, the responsibilities for performance, the harvest terms, expenses, responsibilities, its term, the price and its payment. The harvest also shall comply with all federal, state and local regulations. For the avoidance of doubt, the purchaser identified in the Timber Sale Agreement cannot be the Customer or any entity directly controlled by the Customer.

(c) Management Company, by a forester, shall designate the harvest area, provide the measurement and volume estimation of trees to be harvested which shall not be less than 150 tones of wood per Hectare for the first cycle, the layout of skid trails, landing sites, permitting, and supervision on all harvest process.

d) During the harvest the wood crop shall be weighted by a certified weighbridge or scale to weigh, gross or tare the vehicle that will be used to collect the Crop.

(e) Immediately following the harvest and or processing of the Crop, the Management Company shall provide the Customer with a record of the numbers and weights of the harvested Crop, and the difference on the price received or deducted based on the estimated value established in the Sale Agreement and the real weight of the crop.

Management Company shall not be liable for any Significant Adverse Effect on the Base Rate.

(f) The Timber Buyer shall be liable for any damage to the Plot(s) incurred during harvesting due negligence and imprudence.

10 Acceptance of Crop

(a) The Customer shall be deemed to have accepted all harvested Crop collected at the time the buyer has entered into the Timber Sale Agreement with the Company Management.

11 Record keeping

At the completion of each harvesting operation the Management Company shall provide to the Customer an end of operation summary, as soon as possible after the completion of the harvesting operation, and in any event within 30 (thirty) days of that event. The end of operation summary shall include the breakdown of each component of the completion of the harvesting operation delivered under the Timber Sale Agreement.

12 Facilities and Operating Standards

(a) The Management Company shall provide plantation facilities for the planting and maintenance of the crop and will maintain the plantation facilities in accordance with acceptable industry operating standards within the parameters of all applicable state and federal legislation, including without limiting the generality of any Environmental legislation, during the Term of this Agreement.

(b) The Management Company will use reasonable care and skill to plant, raise and maintain the Crop in accordance with this Agreement including the provision of labor, other supplies and management services, and act in accordance with the Laws of the Para State, Brazil. Prior to effecting any change to these operating standards, the Management Company covenants with the Customer to discuss such changes and to provide the Customers written notice of any change to the operating standards.

(c) The Customer shall carry out any other activities and take necessary action where needed to plant and maintain the Crop.

13 Plot(s) Access

(a) The Management Company shall permit an agent or employee of the Customer to access the Plot(s), upon reasonable advance notice for the purpose of inspecting the Eucalyptus and complying with the obligations under this Agreement.

(b) It shall be a condition of access to the Plot(s) that any employees and/or other representative of the Customer comply with the then current Workers Compensation Act, the Employment Standards Act, the Producers Operating Standards and the directions of the Operator and Management Company representatives.

14 Dispute Resolution

(a) If a Dispute arises out of/ or relates to this Agreement (including any Dispute as to breach or termination of the Agreement or as to any claim in tort, in equity or pursuant to any statute) a party to the Agreement may not commence any court or arbitration proceedings relating to the Dispute unless it has complied with the following paragraphs of this clause except where the party seeks urgent interlocutory relief.

(b) A party to this Agreement claiming that a Dispute ('the Dispute') has arisen under or in relation to this Agreement must-

(i) Give written notice to the all parties to this Agreement specifying the nature of the Dispute.

(ii) On receipt of that notice ('the Notice') by that other party, the parties to this Agreement ('the parties') must endeavor in good faith to resolve the Dispute expeditiously by negotiation between persons who have authority to settle the dispute and who are at a higher level of management than persons with direct responsibility for the administration of the operative effects of this Agreement.

(c) If, for any reason whatsoever, after fourteen (14) days of the receipt of the Notice, the Dispute has not been resolved-

(i) Either party may notify the other that it desires the assistance of an independent person, or persons, to assist in the resolution of the Dispute.

(ii) The parties must endeavor in good faith to resolve the Dispute expeditiously by using assisted informal Dispute resolution techniques such as mediation, conciliation, neutral evaluation or binding or non binding expert determination or similar techniques agreed by them.

(iii) If the parties do not agree within fourteen (14) days of receipt of the Notice (or such further period as agreed in writing by them) as to the Dispute resolution technique and procedures to be adopted, the timetable for all steps in those procedures and the selection and compensation of the independent person or

persons required for such technique, the parties must mediate the Dispute in accordance with the rules set down by the independent person and the parties, and determine their remuneration. The parties agree that any independent person in such Dispute resolution acts as an expert and not as an arbitrator. All communications concerning negotiations made by the parties arising out of and in connection with this clause are confidential, and, to the extent possible shall be treated as 'without prejudice' compromise and settlement negotiations for the purpose of applicable rules of evidence.

(d) In the event that the Dispute is not resolved either party has the right to insist upon a further mediation and/or arbitration process under state law.

(e) If the Dispute is still not resolved after the application of clauses (a) - (d) above, and only then, the parties may each:

Terminate the Agreement and Dispute resolution process by giving the other notice in writing

And/or commence legal proceedings

The obligations under this clause survive the expiry or termination of this Agreement.

IN WITNESS HEREOF the said parties have hereunto set their hand and seal the day and year first written above.

SIGNED SEALED AND DELIVERED

_____ - PA,

DATE: ___/___/2012.

Signed by:
In behalf of the Management Company

Signed by:
In behalf of the Operator

Signed by:
Customer

WITNESS 1

WITNESS 2

Name:
ID:
CPF:

Name:
ID:
CPF: