



## Carbon Credit Contract

This Carbon Credit Contract is entered into between the KAMLAPAR LAK KADAS LAND GROUP ILG of Koanagil Rural LLG of New Ireland, Papua New Guinea, an owner of an Incorporated Landowner Group (# pending) with the Lands Department of Papua New Guinea, and NI Holdings, Ltd of PNG, ("NI Holdings") a subsidiary of NIHT, Incorporated, a USA Corporation ("NIHT") in partnership to develop the timber assets owned by KAMLAPAR LAK KADAS LAND GROUP ILG for carbon credit issuance and possibly, where legally permissible, assist the clan in developing their own clan based logging company.

This contract contains the surviving terms from the Contract for Standing Timber dated 12 September 2015 and all amendments as assigned by Top Development Joint Venture to NI Holdings, effective October 21, 2018.

The Project discussed below in this Contract can only be undertaken once an evaluation of the customary lands of KAMLAPAR LAK KADAS LAND GROUP ILG has taken place for the purpose of determining the size, scope, and feasibility of a carbon offset project, and to create the final Project Design Document.

NIHT has paid for this evaluation at its own expense, and is solely responsible for picking the company to verify and validate the evaluation.

The Project Design Document written by NI Holding's chosen project designer will provide the number of carbon credits to be issued and provide the guidelines for any subsequent sustainable logging contemplated by this contract and both NI Holdings and KAMLAPAR LAK KADAS LAND GROUP ILG agree to move forward, and agree to the terms contained in this Contract.

**WHEREAS:** KAMLAPAR LAK KADAS LAND GROUP ILG has customary lands in the Koanagil LLG of New Ireland, PNG and would like to utilize their concession for an economic benefit by utilizing their standing timber;

**WHEREAS:** NIHT and NI Holdings have developed a program for providing an economic benefit through Verra.org (Verified Carbon Standard) or REDD+ to provide carbon credits and possibly sustainable logging with Forest Stewardship Certification (FSC) that KAMLAPAR LAK KADAS LAND GROUP ILG would like to participate in;



**THEREFORE:** it is agreed that KAMLAPAR LAK KADAS LAND GROUP and NI Holdings will develop their project together under the following terms and conditions;

**NI Holdings agrees to:**

1. Determine if the carbon credit program is feasible and if the carbon credit program is feasible, NI Holdings agrees to participate under the following terms:
  - a. Pay the ILG 56% of the revenue from the sale of carbon credits;
  - b. Provide training and awareness programs for management of the ILG lands so that the ILG can receive the maximum benefit from their resources;
  - c. Provide funding for the carbon credit consultants and specialists that give the carbon credit project best chance for success;
  - d. Provide guidance and management for the life of the carbon credit project;
  - e. Manage the selling of carbon credits and distributing the proceeds;
  - f. Assist the clan in developing a qualified Grievance Procedure, Distribution Program, and Free Prior Informed Consent process to maximize community impact positively;
  
2. If it is determined that a viable logging component could be established and both parties agree to participate; and only after all applicable licensing is obtained and is in place, NI holdings would:
  - a. Provide the training, expertise and funding to establish a clan-based logging company;
  - b. Pay the logging company 15% of the sales value of the square blocks upon delivery to the shipping point;
  - c. Provide initial funding for the operating budget of the clan-based logging company;
  - d. Provide all the initial equipment necessary to undertake the logging project.
  - e. Manage the logging shipping to Rabaul, warehousing, marketing and selling the square blocks, shipping the blocks to the buyer, collecting and distributing the proceeds;
  - f. Pay the logging company 18% of the sales price of the square blocks each month as payment for their logging work;
  - g. Split the logging profit 50% for the clan and 50% for NI Holdings;

**KAMLAPAR LAK KADAS LAND GROUP ILG Agrees to:**



1. Provide evidence that any and all final Contracts including the terms are discussed with all clan members with each clan with an opportunity period for comment and suggestions;
2. Acknowledge and Agree that the ILG represented in this Contract is owned free and clear by the Clan and that all maps registered with the lands department are accurate as to their property boundaries and provide proof thereof;
3. Set-up a minimum of five committees; Finance, Distribution, Membership, Grievance and Social. Each committee must have 40% of the committee seats held by women. Involve women from each of the clans in all decision-making groups or committees formed in conjunction with this contract;
4. Set up the committees for each clan needed to monitor and advise the clan as needed;
5. Provide the individuals needed for each clan to operate their logging company;
6. Agree to distribute all earnings from the project on a pro rata basis with each clan member. If the Distribution Committee determines to set aside certain fund for projects, to have an awareness program that allows for comment and discussion.
7. Keep records of all meetings, time and place and attendees where the project is discussed, what is discussed and questions and concerns that the community has, insure that all information is provided about the project, include women in all presentations.
8. Explain to all KAMLAPAR LAK KADAS LAND GROUP ILG members that no funding is forthcoming until such time as these awareness presentations have taken place and are documented;
9. Have the chairperson of the Clan sign the Contract for Standing Timber;
10. Have each of the chiefs of each Clan and Micro Clan in their ILG sign their Contract for Standing Timber as witnesses;

#### **Additional Terms**

1. Net Revenue is defined as all revenue collected from the sale of the carbon credits minus all commissions paid to sell the carbon credits paid to a third party, costs paid to Verra.org for their registry and issuance of the carbon credits, minus any unusual costs associated with the issuance of the carbon credits and minus any costs that are the direct result of any ILG issues (An example of such, but not limited to, is the use of the property by the ILG in ways that are detrimental to the issuance of carbon credits that would require more investigation and expense in support of the carbon credit program).
2. It is understood by the ILG that this is a 30-year program that will provide carbon credit revenue to the clan for that time period. It also binds the ILG to the contract for 30 years.
3. All of the ILG's in the area will be considered part of the Project Area and as such, the funds will be allocated to all ILG's in the Project Area on a pro-rata basis based on the number of people in each of the ILG's in the Project Area based on the membership roll of the ILG's and then distributed based on the distribution committees decision for each ILG.

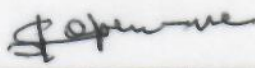


4. All clan members must participate on a pro-rata basis on the income derived from the sale of the carbon credits and if logging occurs from the logging profits. All children under the age of 18 will receive their pro-rata share in trust until their 18<sup>th</sup> birthday under guidelines and rules that the clan will establish. The Distribution Committee may allocate funds from the distributions for projects that are for the benefit of the clan.
5. NI Holdings / NIHT and it's employees shall have access to the area at all reasonable times and seasons for the purpose of carrying out the terms of this contract. All data collected and paid for by NI Holdings / NIHT is the property of NI Holdings / NIHT and any interference by KAMLAPAR LAK KADAS LAND GROUP ILG or its members will be cause for breach of this contract.

This Carbon Credit Contract is entered between NI Holdings, and KAMLAPAR LAK KADAS LAND GROUP ILG on the 12th of February 2020.

**AGREED TO BY:**

**Kamlapar Lak Kadas Land Group ILG (# pending)**

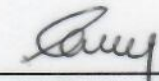
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**NI Holdings:**

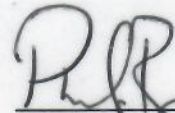
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**Witness:**

Signature:   
 Printed Name and Title: HENRY SECRETARY  
HENRY TOMINALOM

**Witness:**

Signature:   
 Printed Name and Title: Phil Baguie, CEO NIHT

