



04/03/2020

Kamlapar Lak Kadas Clan
POBox Kokopo
East New Britain Province

Dear Chief Tomaite, Chairman Topen and Secretary Tominalom:

Thank you for your letter of March 3rd, 2020. I can appreciate that your clan is not ready to be a part of the project. I believe Phil Baquie our CEO was fairly clear with all of the people that attended the meetings that because of the issue with David Keseba that we were on a short timeline to get the project completed. We were on track to make a trip to visit your clan in late March for further awareness.

Quite frankly, David is continuing to speak about disrupting the validators trip and with the situation as described in your letter, not sure there is a way forward for your clan at this time. Also, all of your clan members in the actual Kamlapar ILG have had full awareness for close to 4 years.

We have been to the lands office more than once and called numerous times to the people at the office in Port Moresby and we can't find a copy of any ILG for Kamlapar, map or ILG number other than the one that is currently at the lands office for approximately 7,000 hectares. We are bound by the legal documents that are present at this time as far as a contract is concerned. We don't doubt the veracity of your claim, however, we can't include the larger area as your area because of the PNG laws that only allow a foreign company to engage in business except with an Incorporated Landowner Group. We met with Verra today in Washington DC (the group that issues the carbon credits sanctioned by the United Nations) and they confirmed that we need to work only with clans that have a legal basis in their lands. Currently that is the 7,000 ha area at the lands office. Your letter disputes that.

Here are the individuals and the organizations that they represent that your attorney can call to ensure that we have the rights and the authorization for the carbon credit program, although Jordan Bulu from the CCDA mentioned that your people have already been told that we are the authorized party for carbon credits.

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We have requested the verifiers hold their trip for another month, delaying the first payment for another 30-60 days, however, we aren't in a position to solve all of the issues that your clan has and know with any confidence that there won't be issues with the validators when they visit.

Everyone that is a part of the project (the other 13 official ILG's with documentation) have been invited to participate. The terms are in the contract and the facts speak for themselves. Each clan has to have 5 committees to oversee the management of the project, all individuals share equally in the project, those under 18 (16 in this first payout) will be set aside until they turn 18, the money goes directly to the individuals unless the distribution committee agrees to utilize up to 50% of the funds for a community based project that is signed off on by the community committee and the finance committee, the funds are placed in a project account that NIHT monitors to ensure that the funds are used as directed and the program lasts for 30 years. We will have over 24m credits over the 30-year term. The clans as a group get 56% of the revenue.

We have been asked to provide additional plot points in the Kamlapar area for reference (less than 30). We willing to cancel our contract with Kamlapar and have the timber cruise on one of the other 13 ILG's and have them be the lead clan. If however, you choose to keep the contract in force and you disrupt the project by claiming no prior informed consent, then that becomes a very challenging issue as we are willing to release you from your contract for all of the issues that you state in your letter. The reason your clan doesn't have more time is that your clan members (the 1588 that live where the ILG is) didn't say anything to your leadership.

This is your choice, as this is time sensitive, so please let us know by Friday in writing if you choose to still participate at this time with no issues with the program.

If you choose not to participate, that doesn't mean you can't change your mind at a later date, or if you get the ILG issued and have land registered at the Land Office in Kokopo and want to address the project at that time. There is no pressure on your clan to make a decision now, either you are part of the project at this time or you are not.

Peace

Steve Strauss
Chairman – NIHT Incorporated
Managing Director NI Holdings, Ltd.



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