

DABA-LOQUI ENERGY LTD.

SHAREHOLDERS AGREEMENT

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THIS AGREEMENT is made on the 14th day of July, 2005,
in the city of Dili, TIMOR LESTE.

BETWEEN:

- (1) **THE COMPANY**, being DABA-LOQUI ENERGY LIMITED, a company incorporated in Timor Leste, whose registered office is at Akadiruhun - Dili Timor Leste; and
- (2) Julio Da Costa (**Founding Shareholder 1**); and
- (3) Rui Castro (**Founding Shareholder 2**); and
- (4) **ENVIROENERGY DEVELOPMENTS AUSTRALIA PTY. LIMITED**, a company incorporated in the State of New South Wales, Australia (ACN 100 016 788), whose principal place of business is at Unit 2, 33 Ryde Road, Pymble 2073, in the State of New South Wales, Australia (**EDA**).

WHEREAS:

- a) Whilst the parties agree to submit to the jurisdiction specified in Clause 28, the parties intend to transfer this Agreement to the jurisdiction of Timor Leste at the commencement of the sixth year of this Agreement.
- b) The Company has agreed to issue 20% of the full ordinary stock in the Company to FDA;
- c) Both Founding Shareholders have agreed for the Company to issue 20% of the full ordinary stock in the Company to EDA
- d) EDA has agreed to acquire 20% of the full ordinary stock in the Company;
- e) The parties have agreed to enter into the various Ancillary Agreements incorporated in this Agreement: and
- f) The parties wish to enter into this Agreement to regulate their responsibilities to each other and in respect to certain matters relating to the proposed business and the affairs of the Company.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement

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|------------------------|--|
| “Accountants” | means the accountants of the Company as appointed by the Board of Directors. |
| “Ancillary Agreements” | means any and all of the following: <ol style="list-style-type: none">1) Oil Supply Agreement;2) Oil Extraction Plant Operating Agreement |
| “Biodiesel” | means Fatty Acid Methyl Ester (FAME). |
| “Board” | means the Board of Directors of the Company |

“Business Day”	means any day (other than a Saturday) on which clearing banks in the City of Sydney are open for the transaction of normal banking business.
“Business Plan”	means the initial business plan for the Company in the form set out in Schedule 3.
“Business”	means the business described in Clause 4 of this Agreement.
“Constitution”	means the Constitution of the Company, in the form set and as amended, from time to time, in accordance with this Agreement.
“Effective Date”	means 1 July, 2005
“Founding Shareholder”	means Rui Castro and/or Julio Da Costa.
“Parties”	means any and all of: EDA; and the Company
“Share”	means any share in the capital of the Company of whatever class.
“Shareholder”	means any person registered in the books of the Company as the holder of a Share for the time being.

1.2 In this Agreement, a reference to:

1.2.1 Persons includes a reference to any body corporate, unincorporated association or partnership;

1.2.2 A person includes a reference to that the person's legal personal representatives or successors; and

1.2.3 A Clause or Schedule, unless the context otherwise requires, is a reference to a clause of or schedule to this Agreement.

1.3 Words importing the singular number include the plural number and words imploring the plural number include the singular.

1.4 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and references to this Agreement include the Schedules.

1.5 The Ancillary Agreements form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and references to this Agreement include the Ancillary Agreements.

1.6 The headings in this Agreement shall not affect its interpretation.

1.7 A reference to a Clause includes all subordinate clauses.

2. BUSINESS

2.1 The business of the Company shall be to carry on:

2.1.1 The business of the acquisition, development, operation and maintenance of energy crop supplies (with *Jatropha Curcas* the preferred energy crop);

2.1.2 The processing of energy crop supplies to obtain vegetable oils suitable for the production of biodiesel;

2.1.3 Such other businesses or activities as may from time to time be agreed by the Directors of the Company.

3. TERRITORY AND MARKETS

3.1 The parties agree that the Company shall carry out its Business only and exclusively within the Territory as defined in this Agreement.

3.2 Territory is agreed to be:

3.2.1 The nation of the Democratic Republic of Timor Leste;

3.2.2 The nation of Indonesia, including West Timor.

4. SHARE SUBSCRIPTION AND COMPANY BUSINESS

4.1 On or prior to the Effective Date, EDA shall subscribe for, and against provision of the relative consideration, the parties shall procure the allotment of the following Shares:

Applicant	% and Description of Shares	Consideration
EDA	20 % of stock, being the same class of shares as the Foundation Shareholders	1) Execution of this Agreement 2) Execution of the Ancillary Agreements and 3) The provision of Services as specified in Schedule 5.

4.2 Also on or prior to the Effective Date, the parties shall procure that the necessary meetings of the Board and Annual General Meeting of the Company are held to transact the following business:

4.2.1 The appointment of Chairman. who shall be a Director of the Company, pursuant to Clause 5:

4.2.2 The Board shall appoint the Bankers to the Company; and

4.2.3 The Board shall appoint Accountants to the Company.

4.3 The parties also agree to enter into the Ancillary Agreements.

5. DIRECTORS

5.1 Notwithstanding anything contained in the Articles of the Company:

5.1.1 Each shareholder shall be entitled to appoint one (1) Director to the Board for the purpose of this Agreement; and

5.1.2 Each Shareholder who appoints a Director, shall notify the Company of such appointment by a Notice of Appointment of Director set out in Schedule 6; and

5.1.3 Each Shareholder shall be entitled to remove any Director appointed by the Shareholder by issuing a-Notice of Removal of Director, in accordance with Schedule 7, fourteen (14) days prior to the removal of such Director and, at the discretion of such Shareholder, appoint a replacement Director, by issuing a Notice Appointment of Director set out in Schedule 6 fourteen (14) days prior to appointment of a replacement Director.

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- 5.2 Upon receipt by the Company of a Notice of Removal and Appointment, the Company and Shareholders shall;
- 5.2.1 Where the Notice requires a Director to be removed, take all necessary steps for the removal of the Director so scheduled in the Notice; and
- 5.2.2 Where the Notice requires a Director to be appointed, take all necessary steps for the appointment of the Director so scheduled in the Notice.
- 5.3 Questions arising at any meeting of the Board shall be decided by a simple majority vote of the Directors. All Directors shall have one equal vote. However, in the event of an equality of votes, the Chairman of the Board shall have one additional vote.
- 5.4 At the time of the completion of any sale, assignment, transfer or other disposition of all of the Shares held by a Shareholder, the Shareholder shall procure the resignation of each and all Director appointed by it.
- 5.5 Any Shareholder removing a Director shall be responsible for and agrees with the other Shareholders (contracting for itself and as trustee for the Company) to indemnify the other Shareholders and the Company against all losses, liabilities and costs which the other Shareholders or the Company may incur arising out of, or in connection with, any claim by the director for wrongful or unfair dismissal or redundancy or other compensation arising out of the Director's removal or loss of office.
- 5.6 Meetings of the Board shall be properly convened and held at such times as may be determined by the Board and in any event not less than 6 times annually at the Registered Address of the Company or such other place as the Board of Directors may, from time to time, determine.
- 5.7 The Board shall appoint
- 5.7.1 The Managing Director;
- 5.7.2 The Company Secretary; and
- 5.7.3 Any and all other senior executive positions that, from time to time, the Board wishes to exercise control over such appointments.
- 5.8 The Board of Directors may appoint one or more of their number to any other executive office, and may enter into an agreement with any Director for his employment by the Company on terms approved by the Shareholders.
- 5.9 Each shareholder shall be solely responsible for the cost of all travel and accommodation for its appointed Director to attend any and all meetings of the Board, until the company receives payment for its first Invoice. Subsequent to the receipt of payment for the first invoice issued by the Company, the Company shall pay the travel and accommodation for Directors.

6. DUTIES OF DIRECTORS

- 6.1 Each Shareholder appointing a Director (the "Appointing Shareholder") warrants to the other Shareholders and to the Company, that each Director appointed by the Appointing Shareholder shall;
- 6.1.1 Discharge their duties, at all times, in accordance with all applicable laws, Acts and regulations;
- 6.1.2 Discharge their duties, both as Directors of the Company and as representatives of the Appointing Shareholder, in accordance with this Agreement;
- 6.1.3 Negotiate on behalf of the Appointing Shareholder in good faith at all times; and

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- 6.1.4 Act always in a manner so as to maximise the value of the Company for all shareholders.

7. QUORUM

- 7.1 The parties to this Agreement agree that a Quorum at a meeting of the Board shall exist if and only if; two (2) or more Directors are present at the opening of the meeting, provided that.
- 7.1.1 One of the Directors present was appointed by EDA, and
- 7.1.2 Not less than three (3) weeks written notice of the meeting of the Board was given to all shareholders.
- 7.2 No decision of the Board shall be binding, unless the minutes of the meeting, at which the decision was reached, confirm that:
- 7.2.1 A quorum existed at the time a decision was reached;
- 7.2.2 Not less than three (3) weeks written notice of the meeting of the Board was given to all shareholders.
- 7.3 In the event that a Quorum is not achieved at a meeting of the Board, provided that the meeting was arranged and organised in accordance with the Articles of the Company, the meeting shall be adjourned for not less than fourteen (14) days and not more than twenty-eight (28) days.
- 7.4 If a Quorum is not achieved at the re-commencement of the adjourned meeting, the meeting shall be abandoned and an Extraordinary General Meeting of Shareholders shall be called. The Extraordinary General Meeting shall be held not before fourteen (14) days after and not more than twenty-eight (28) days after the abandonment of the meeting.
- 7.5 Each and every unresolved matter at the previous adjourned meeting of the Board shall be the subject of a resolution, to be voted on by shareholders, at the Extraordinary General Meeting and such resolutions, if passed by the shareholders at the Extraordinary General Meeting, shall have effect as if they had been agreed to unanimously by the Board.

8. APPOINTMENT OF CHAIRMAN

- 8.1 The Chairman of the Board shall be appointed by special resolution at each Annual General Meeting of the Company, by a simple majority of shares.

9. PROVISION OF SERVICES

- 9.1 Each Party agrees with the other party to perform its obligations under the Ancillary Agreements of which it is a party.
- 9.2 Each of the parties agrees to perform or provide the services set out against their respective names in Schedule 5 for the period of eighteen (18) calendar months from the Effective Date, at no cost to the Company.
- 9.3 Where the Company requires any of the services in Schedule 5 to be provided to it by the Shareholders, after eighteen (18) calendar months from the Effective Date, the Company and the Shareholder shall enter into an agreement for such services on mutually agreeable terms and in accordance with this Agreement.
- 9.4 Whilst ever a Shareholder is providing services to the Company at no cost to the Company, the Shareholder shall:
- 9.4.1 Pay the salary, allowances, travelling and accommodation expenses, and any other benefits and the employer's pension and any required insurance contributions of each person appointed by the Shareholder to provide the scheduled services,

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- 9.4.2 Indemnify the Company from all losses, liabilities and costs which the Company may incur arising out of the personal injury or death of any employee of the Shareholder or of an associated company of the Shareholder, including, without limitation, all losses, liabilities and costs incurred as a result of defending or settling any claim alleging any such liability.

10. FINANCING

- 10.1 The Company shall seek to arrange a facility for its initial working capital (the "Bank Facility") with a bank as the Board may select which offers favourable terms (the "Bank") as soon as reasonably practicable after the Effective Date. The amount of the Bank Facility shall be the amount agreed to by the Board or such smaller amount as the Bank will lend without requiring any recourse to either Shareholder. The Bank Facility shall be on the basis that the Bank will not acquire the right to participate in the share capital of the Company or otherwise in the Business.
- 10.2 The Company may borrow additional sums from third parties on the most favourable terms available as to interest, repayment and security compatible with its needs, but shall not allow any prospective lender the right to participate in the share capital of the Company or otherwise in the Business as a condition or term of any loan or advance.
- 10.3 Except with the written consent of each Shareholder, no Shareholder shall be obliged to guarantee or provide security for any indebtedness of the Company
- 10.4 Except as otherwise provided in this Agreement, no Shareholder shall be obliged to provide any capital to the Company by way of subscription for further Shares, or by way of loans or subscription of loan notes.
- 10.5 Where the Shareholders give a joint and several guarantee or indemnity to a third Shareholder in respect of any obligations of the Company, the following provisions shall apply:
- 10.5.1 Subject to Clause 10.5.2, the aggregate liability of a Shareholder under the guarantee or indemnity shall be in the same proportion as its holding of Shares at the time the guarantee or indemnity is given,
- 10.5.2 A Shareholder shall be responsible for the whole of any liability pursuant to the guarantee or indemnity which is solely attributable to its act or default; and
- 10.5.3 Each Shareholder shall indemnify the other for all amounts payable by the first-named Shareholder pursuant to Clauses 10.5.1 and 10.5.2.

11. DIVIDENDS

- 11.1 Each Shareholder shall procure that the full amount of profits of the Company, available for distribution in respect of each financial year during the term of this Agreement, is distributed by the Company to the Shareholders by way of dividends, within six months of the end of the financial year after:
- 11.1.1 The provision of working capital,
- 11.1.2 Transfers to reserves, and
- 11.1.3 Other provisions, including provisions to fund the growth of the Company and related enterprises, as in the opinion of the Board ought reasonably to be made.

12. ENFORCEMENT OF COMPANY'S RIGHTS

Any right of action which the Company may have in respect of a breach of the Ancillary Agreements or of any other obligation owed to the Company shall be prosecuted by the Directors of the Company appointed by the Shareholder which is not, or whose associated company is not, responsible for the breach. Those Directors shall have full authority on behalf of the Company to negotiate, litigate and settle any claim arising out of the breach or exercise any right of termination arising out of the breach and the Shareholders shall take all steps within their power to give effect to the provisions of this Clause.

13. BUDGETS AND FINANCIAL INFORMATION

- 13.1 The Shareholders shall procure that the Company will prepare and deliver to them in the agreed form and format:
 - 13.1.1 Within fourteen (14) days of the end of each calendar month a financial statement and un-audited management accounts for the Company made up to and as at the end of the calendar month;
 - 13.1.2 A report from the Board on the financial position and affairs of the Company within fourteen (14) days after the end of each calendar quarter;
 - 13.1.3 Annual audited accounts of the Company within four months of the end of the financial year to which they relate, and
 - 13.1.4 As soon as they are available, full details of any actual or prospective material change in the Business or the financial position or affairs of the Company.
- 13.2 The Shareholders shall procure that not later than thirty (30) days before the beginning of each financial year for the Company, the Board will prepare and deliver to them a proposed annual budget and cash flow forecast for the next financial year and such other information relating to the financial position and affairs of the Company as each Shareholder may from time to time reasonably require.
- 13.3 Within the thirty (30) day period referred to in Clause 13.2, the Shareholders shall approve subject to any amendments which they deem appropriate the annual budget for the Company's financial year and communicate the annual budget to the Board.
- 13.4 The Shareholders shall procure that the Board will review the annual budget during the course of each financial year of the Company. The Board may propose changes to the Shareholders to which the Shareholders shall respond within thirty (30) days of receipt of each proposal.

14. INTELLECTUAL PROPERTY RIGHTS

- 14.1 Any intellectual property rights, including, without limitation, patents, trade marks, service marks, registered designs, copyright, rights in designs, inventions and confidential information which arise in the course of the Company's activities shall belong to the Company.

15. SPECIAL MATTERS

- 15.1 The parties shall use their respective powers to procure, so far as they are legally able to procure, that none of the actions listed in Schedule 4 shall be taken in relation to the Company or, insofar as the provisions of this Clause 15 or Schedule 4 are expressed to relate thereto, any of the Company's Subsidiaries (whether such action is to be taken by the Shareholders, the Board or any of its members, or any of the officers or managers of any Subsidiary of the Company) unless prior approval has been given as contemplated by Clause 15.2 and Clause 15.3.

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- 15.2 Each of the matters referred to in Part 1 of Schedule 4 shall require unanimous agreement of all Directors attending a meeting of the Board, provided always that the meeting of the Board constitutes a Quorum in accordance with Clause 7.
 - 15.3 Each of the matters referred to in Part 2 of Schedule 4 shall require the prior approval of the parties either in writing or by their representatives at a general meeting of the Shareholders of the Company.
 - 15.4 If the parties are unable to reach agreement in relation to a matter of material importance to the future conduct of the Company's business, the matter shall be referred to the respective Chairmen of the Company and EDA. Each Shareholder shall endeavour to resolve any disagreement in the best interests of the Company.
 - 15.5 If the respective Chairmen of the Company and EDA are unable to resolve the disagreement, the Company shall revert to status quo, as existed immediately prior to the matter being referred to the respective chairmen of the Company and EDA.

16. DEALING IN SHARES

- 16.1 No Shareholder shall, except with the prior written consent of the other Shareholder:
 - 16.1.1 Pledge, mortgage, charge or otherwise encumber any Share or any interest in any Share,
 - 16.1.2 Grant an option over any Share or any interest in any Share, or
 - 16.1.3 Enter into any agreement in respect of the votes attached to any Share.
- 16.2 No Shareholder shall transfer or dispose of any Share or any interest in any Share after the Effective Date other than:
 - 16.2.1 In accordance with this Agreement and the Articles, or
 - 16.2.2 With the prior written consent of the other Shareholder.
- 16.3 A transfer of any Share shall be on the following conditions
 - 16.3.1 The Shareholder to which shares are transferred (the "Transferee"), shall execute a deed confirming to the other Shareholder that it shall be bound by this Agreement as a Shareholder in respect of each Share transferred,
 - 16.3.2 The transferring Shareholder (which expression shall not include a second or subsequent transferor in a series of transfers) shall be jointly and severally liable with the Transferee for the obligations as a Shareholder under this Agreement in respect of each Share transferred, and
 - 16.3.3 Where the transfer is of less than all of the Shares held by the transferring Shareholder (which expression shall not include a second or subsequent transferor in a series of transfers):
 - a) it shall be a condition of the transfer that the transferring Shareholder be granted the exclusive right to exercise votes in respect of each Share transferred on behalf of the transferee;
 - b) this Agreement and the Articles shall apply as if the transferring Shareholder and the transferee are one Shareholder;
 - c) all the rights of the transferee under the Agreement and the Articles shall be exercised exclusively by the transferring Shareholder;
 - d) any notice given by the transferring Shareholder under the Agreement or the Articles shall be deemed to be given by the transferee; and

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- e) any notice required to be given to the transferee shall be given also to the transferring Shareholder.
- 16.4 Each Shareholder shall procure that the Board only approves for registration a transfer of Shares carried out in accordance with this Agreement and the Articles.
- 16.5 The Company shall procure that each share certificate issued by it will carry the following Statement:

"Any disposal, transfer, charge of or dealing any other manner in the Shares by certificate is restricted Shareholders Agreement made Daba-Loqui Energy Limited, Julio Da Costa, Rui Castro and Enviroenergy Developments Australia Pty. Limited".

17. COVENANTS NOT TO COMPETE

- 17.1 Whilst ever a Shareholder or any associated company of the Shareholder is the holder of any Share, neither shall without the prior written consent of the other Shareholder either alone or jointly with, through (which includes by ownership of any Share direct or indirect control) or on behalf of (whether as director, partner, consultant, manager, employee, agent or otherwise) any person, directly or indirectly:
- 17.1.1 Carry on or be engaged or concerned or interested in any business which is in competition with the Business as carried on at any time during the term of this Agreement in any territory in which the Business is carried on;
- 17.1.2 Seek in competition with the Business during the term of this Agreement to
- a) procure orders from any person who is or has been a customer of the Company at any time during the term of this Agreement;
 - b) do business with any person who is or has been a customer of the Company at any time during the term of this Agreement; or
 - c) procure directly or indirectly any other person to procure orders from or do business with any person who is or has been a customer of the Company at any time during the term of this Agreement;
- 17.1.3 In connection with any business competing with the Business carried on during the term of this Agreement engage or employ, or solicit or contact with a view to the engagement or employment by any person, any employee, officer or manager of or any person who has been an employee, officer or manager of the Company at any time during the term of this Agreement,
- 17.1.4 Do or say anything which is harmful to the reputation of the Company or which may lead any person to cease to deal with the Company on substantially equivalent terms to those previously offered or at all, or
- 17.1.5 Seek to contract with or engage in such a way as to adversely affect the Company any person who has been contracted with or engaged to manufacture, assemble, supply or deliver products, goods, materials or services to the Company during the term of this Agreement,
- 17.2 Each of the restrictions in Clause 17.1 shall constitute an entirely separate and independent restriction on the Shareholder and any associated company.
- 17.3 The restrictions in Clause 17.1 shall continue to apply for a period of five years from the date on which a Shareholder or any associated company ceases to be beneficially interested in any Share (the "Cessation Date") in all cases by references to either the Business at the Cessation Date, or customers, employees officers, managers or contracting parties of the Company during the twelve (12) months before the Cessation Date, as the context may require.

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- 17.4 Nothing contained in Clause 17 shall preclude or restrict the Shareholder or associated company of the Shareholder from holding not more than three per cent of the issued share capital of any corporation that is in any business which is in competition with the Business, as carried on at any time during the term of this Agreement, in any territory in which the Business is carried on.

18. COMPLIANCE WITH THIS AGREEMENT AND THE ARTICLES

- 18.1 Each Shareholder undertakes to the other that it shall take all practicable steps including, without limitation, the exercise of votes it directly or indirectly controls at meetings of the Board and general meetings of the Company to ensure that the terms of this Agreement are complied with and to procure that the Board and the Company complies with its obligations and that it shall do all such other acts and things as may be necessary or desirable to implement this Agreement.
- 18.2 Each Shareholder undertakes to the other to comply fully and promptly with the provisions of the Articles so that each and every provision of the Articles (subject to Clause 23.1) shall be enforceable by the Shareholders as between themselves in whatever capacity..

19. TERMINATION AND SUSPENSION

- 19.1 This Agreement shall, unless terminated in accordance with this Clause, continue in force whilstever the Company has more than one Shareholder.
- 19.2 This Agreement may only be Terminated or Suspended in accordance to this Clause 19.
- 19.3 This Agreement shall terminate automatically on the occurrence of any of the following:
- 19.3.1 One Shareholder becomes the only shareholder.
 - 19.3.2 The Company becomes insolvent, is wound-up, dissolved or liquidated;
 - 19.3.3 All Shareholders agree by Mutual Consent to terminate this Agreement,
 - 19.3.4 The Company is listed on a Stock Exchange and,
 - 19.3.5 The Company is sold to a third party.
- 19.4 If this Agreement is Terminated,
- 19.4.1 All warranties under this Agreement shall survive, as if this Agreement had not been terminated,
 - 19.4.2 All Indemnities under this Agreement shall survive, as if this Agreement had not been terminated,
 - 19.4.3 The rights and liabilities of the Shareholders to this Agreement shall be the same as they would have been at common law had the defaulting Shareholder repudiated the Contract and the other Shareholder had elected to treat the Agreement as at an end and recover damages.
- 19.5 Termination by Mutual Consent shall require the joint signing by authorised representatives of each Shareholder to this Agreement, of a document confirming Termination of this Agreement by Mutual Consent.

20. DISPUTE RESOLUTION

- 20.1 If a dispute and the like, (a "Dispute") between the parties to this Agreement arises in connection with this Agreement, the Dispute may only be resolved in accordance with this Clause 20.
- 20.2 Either Shareholder, (the "Issuing Party") shall, by registered post, give the other Shareholder, (the "Receiving Party"), a written Notice to Show Cause.

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- 20.3 A Notice to Show Cause shall;
- 20.3.1 Be issued by Registered Post, requiring the Receiving Party to acknowledge receipt, and
 - 20.3.2 State it is a notice given under this Clause 20, and
 - 20.3.3 Specify the reason under this Agreement for a Dispute with reasonable details; and
 - 20.3.4 Specify if the Shareholder issuing the Notice to Show Cause intends to Proceed to Mediation, in accordance with this Agreement: and
 - 20.3.5 Require the Receiving Party to show cause in writing why the Issuing Party should not exercise its intention as specified in the Notice to Show Cause.
 - 20.3.6 Specify the date by which the Receiving Party must show cause, which date shall be not less than twenty-eight (28) calendar days after the Notice to Show Cause is received by Registered Post by the Receiving Party.
- 20.4 If by the time specified in the Notice to Show Cause, the Receiving Party fails to respond in accordance with this Clause 20, the Issuing Party may, by further written notice exercise its intention as specified in the Notice to Show Cause
- 20.5 If the Receiving Party responds to the Notice to Show Cause by refuting the claims made within the Notice and the parties fail to agree within twenty-eight (28) days of the date that the Receiving Party responds to the Notice to Show Cause, a Dispute shall exist and be subject to resolution in accordance this Clause 20.
- 20.6 Notwithstanding the existence of a Dispute, the parties shall continue to act and be governed by, this Agreement.
- 20.7 If, under this Agreement, a Dispute exists, the Issuing Party shall issue, by registered mail, a Notice of Dispute, hereinafter referred to as a Notice of Dispute, to the Receiving Party.
- 20.8 A Notice of Dispute shall:
- 20.8.1 State it is a notice given under this Clause 20 and,
 - 20.8.2 Specify the reason under this Agreement for a Dispute with reasonable details.
- 20.9 Within twenty-one (21) days after receiving a Notice of Dispute, the parties to this shall confer at least once to resolve the Dispute and to agree on methods of doing so. At every such conference each Shareholder to this Agreement shall be represented by a person having authority to agree to such resolution and methods of resolution. All aspects of every such conference except the fact of occurrence shall be privileged.
- 20.10 If the Dispute has not been resolved within twenty-eight (28) days of service of the Notice of Dispute, then the parties to this Agreement agree to attempt in good faith to settle the dispute by mediation administered by a Mediator, selected by the Chairman of the Australian Branch of the Chartered Institute of Arbitrators, before resorting to arbitration, litigation and any other dispute resolution procedure. Any and all mediation conferences between the parties to this Agreement shall be in the city of Dili, Timor Leste, unless both parties agree in writing to a different location.
- 20.11 If the parties to this Agreement do not resolve the dispute by Mediation, the parties agree that the Dispute shall be settled by arbitration, administered by an Arbitrator, selected by the Chairman of the Australian Branch of the Chartered Institute of Arbitrators and judgement rendered by the Arbitrator may be entered in any court having jurisdiction thereof. Any and all arbitration conferences between the parties to this Agreement shall be in the city of Dili, Timor Leste, unless both parties agree in writing to a different location.

21. CONFIDENTIALITY

- 21.1 For the purposes of this Agreement, "**Confidential Information**" means all information of a confidential nature disclosed (whether in writing, verbally or by any other means and whether directly or indirectly) by one Shareholder (the "**Disclosing Party**") to any other Shareholder (the "**Receiving Party**") whether before or after the date of this Agreement.
- 21.2 During the term of this Agreement and after termination or expiration of this Agreement for any reason whatsoever the Receiving Party shall:-
- 21.2.1 keep the Confidential Information confidential;
- 21.2.2 not disclose the Confidential Information to any other person other than with the prior written consent of the Disclosing Party; and
- 21.2.3 not use the Confidential Information for any purpose other than the performance of its obligations under this Agreement.
- 21.3 During the term of this Agreement the Receiving Party may disclose the Confidential Information to its employees (the "**Recipient**") to the extent that it is necessary for the purposes of this Agreement.
- 21.4 The Receiving Party shall procure that each Recipient is made aware of and complies with all the Receiving Party's obligations of confidentiality under this Agreement as if the Recipient was a Shareholder to this Agreement.
- 21.5 The obligations contained in Clauses 21 shall not apply to any Confidential Information which:
- 21.5.1 is at the date of this Agreement or at any time after the date of this Agreement comes into the public domain other than through breach of this Agreement by the Receiving Party or any Recipient,
- 21.5.2 can be shown by the Receiving Party to the reasonable satisfaction of the Disclosing Party to have been known to the Receiving Party prior to it being disclosed by the Disclosing Party to the Receiving Party; or
- 21.5.3 subsequently comes lawfully into the possession of the Receiving Party from a third Shareholder.

22. COSTS

- 22.1 Except as otherwise expressly provided in this Agreement, each Shareholder shall pay its own costs and expenses of and incidental to the negotiation: preparation, execution and implementation by it of this Agreement and of all other documents referred to in it.

23. GENERAL

- 23.1 If there is any conflict or inconsistency between the provisions of this Agreement and the Articles, this Agreement shall prevail, and the parties shall exercise all powers and rights available to them to procure the amendment of the Articles to the extent necessary to permit the Company and its affairs to be regulated as provided in this Agreement. Nothing in this Agreement shall be deemed to constitute an amendment of the Articles or any previous articles of association of the Company.
- 23.2 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.
- 23.3 The failure to exercise or delay in exercising a right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this Agreement shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

-
- 23.4 The rights and remedies contained in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 23.5 A person who is not a Shareholder to this Agreement shall have no rights under this Agreement to enforce any term of this Agreement.

24. WHOLE AGREEMENT

- 24.1 This Agreement, including all Ancillary Agreements, contains the entire understanding and agreement between the parties to this Agreement as to the subject matter of this Agreement.
- 24.2 All previous negotiations, understandings, representations, warranties, memoranda or commitments in relation to, or in any way affecting the subject matter of this Agreement are superseded by this Agreement and shall be of no force or effect whatsoever and no Shareholder shall be liable to any other Shareholder of such matters.
- 24.3 No oral or written explanation of information provided by any Shareholder to another shall affect the meaning or interpretation of this Agreement or constitute any collateral agreement, warranty or understating between any of the parties.
- 24.4 Each of the parties acknowledges and agrees that, in agreeing to enter into this Agreement, it has not relied on any representation, warranty, collateral contract or other assurance (except those set out in this Agreement and the documents referred to in it) made by or on behalf of any other Shareholder before the signature of this Agreement. Each of the parties waives all rights and remedies which, but for this sub-clause, might otherwise be available to it in respect of any such representation, warranty, collateral contract or otherwise assurance, provided that nothing in this clause shall limit or exclude any liability for fraud.
- 24.5 Each obligation, representation or warranty under this Agreement (excluding any obligation fully performed at Completion) shall continue in full force and effect after Completion.

25. NO PARTNERSHIP

- 25.1 Nothing in this Agreement shall be deemed to constitute a partnership between any of the parties.

26. ASSIGNMENT

- 26.1 No Party to this Agreement shall assign or transfer or purport to assign or transfer any of its rights or obligations under this Agreement without the written consent of all the parties.

27. NOTICES

- 27.1 Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first class post pre-paid recorded delivery (and air mail if overseas), to the Shareholder due to receive the notice at its address set out in this Agreement or such other address as any Shareholder may specify by notice in writing to the others.
- 27.2 In the absence of evidence of earlier receipt, any notice or other communications shall be deemed to have been duly given:
- 27.2.1 if delivered personally, when left at the address referred to in this Agreement,
- 27.2.2 if sent by mail other than air mail, two days after posting it, and
- 27.2.3 if sent by air mail, six days after posting it.

28. GOVERNING LAW AND JURISDICTION

- 28.1 This Agreement is governed by, and shall be construed in accordance with, the law of the State of New South Wales, Australia.

28.2 The courts of the State of New South Wales, Australia shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement, (respectively, "**Proceedings**" and "**Disputes**") after the requirements of Clause 20 have been satisfied and, for such purposes, irrevocably submits to the jurisdiction of the courts of the State of New South Wales, Australia.

28.3 Each Shareholder irrevocably waives any objection which it might at any time have to the courts of the State of New South Wales, Australia being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that the courts of the State of New South Wales, Australia are not a convenient or appropriate forum.

29. SEVERABILITY

29.1 If any provision of this Agreement is illegal, void, invalid and unenforceable for any reason, all other provisions which are self-sustaining and capable of separate enforcement shall, to the maximum extent permitted by law, be and continue to be valid and enforceable.

30. SUMMARY RELIEF

30.1 Nothing herein shall prejudice the right of a Party to this Agreement to institute proceedings to enforce payment due under this Agreement and to seek injunctive and urgent declaratory relief.

31. COUNTERPARTS

31.1 This Agreement may be executed in any number of counterparts and by each Shareholder on separate counterparts, each of which when executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first above written

Signed by:

/s/

Julio D. Costa

Director

Daba-Loqui Energy Ltd.

(An authorised representative of Daba-Loqui Energy Ltd.)

Witnessed by:

/s/

Ina Varella Bradridge

Signed by:

/s/

Edvin Krsevan

Managing Director

Enviroenergy Developments Australia Pty. Limited

(An authorised representative of Enviroenergy Developments Australia Pty Limited)

Witnessed by:

/s/

Abel Guterres

Signed by:

/s/

Julio Da Costa

(for himself)

Witnessed by:

/s/

Ricardo Cardoso Nheu

Signed by:

/s/

Rui Castro

(for himself)

Witnessed by:

/s/

Natalino de J. G. Soares

SCHEDULE 1

ACCOUNTING POLICIES

- 1.1 Generally, the Company will comply with all applicable International Accounting Standards., in addition to any specific requirement for Timor Leste.
- 1.2 The Financial Year for the Company shall commence on 1 July each year and end on 30 June of the following year.
- 1.3 Accounting Method shall be accrual accounting system.
- 1.4 Depreciation schedules shall be selected, within the constraints of legal requirements, to minimise tax liabilities and maximise cash reserves.
- 1.5 The company will prepare detailed monthly management accounting reports.

SCHEDULE 2

ARTICLES

(The Constitution of the Company to be Annexed Here)

SCHEDULE 3
BUSINESS PLAN

1. STRATEGY

- 1.1 The underlying tenet of the Company's Business Plan is to be the major producer of inedible vegetable oil within the Asia-Pacific region.
- 1.2 In order to achieve the position major producer, the Company must achieve low cost operation. Therefore the Company will:
- 1.2.1 Develop cost-efficient feed-stock plantations in locations that provide an inherent competitive advantage and contract the entire output exclusively to EDA.
 - 1.2.2 Establish a large scale, cost-efficient Oil Extraction Plant, strategically located in respect to both the Territory and markets served;
 - 1.2.3 Establish seed distribution logistics that are cost efficient, by way of scale economies and proximity to the Oil Extraction Plant;
 - 1.2.4 Operate the Business so as to minimise Working Capital requirements; and
 - 1.2.5 Source low-cost capital funding, by maximising debt, within the limits of commercially prudent gearing levels.
- 1.3 The Company will also position itself as the dominant participant in respect to volume. This will be achieved by:
- 1.3.1 Acquiring exclusive rights from EDA to the agricultural technology and Intellectual Property in respect to low-cost, Jatropha Curcas plantations within the Territory:.
 - 1.3.2 Establishing long term Sales Agreements in respect to major Feedstock plantations within the Territory to EDA;
 - 1.3.3 Acquiring rights over sufficient land area at the Oil Extraction Plant location that will permit the rapid expansion of production capacity, at reduced cost.
 - 1.3.4 The development of Intellectual Property capital in respect to the operation of cost-efficient oil seed production and extraction.

2. MARKETS

- 2.1 EDA estimates that demand for its biodiesel in Australia will reach 600 ML/year by 2010.
- 2.2 During this period, demand from New Zealand and other markets is expected to grow to 400 ML/year.
- 2.3 Accordingly, total demand is expected to reach 1 Billion Litres/year by 2010.
- 2.4 EDA believes that the Timor Leste plantations have the capacity to satisfy this demand and the Carabela Oil Extraction plant has been planned to meet this demand through continuing expansion.

3. INCOME

- 3.1 Income from sales of inedible vegetable oil will be closely linked to the price of crude petroleum oil, as this is the principle substitute.
- 3.2 Crude oil prices are expected to continue to rise as supplies tighten and mineral oil refining capacity constrains production.
- 3.3 Accordingly, by 2015, it is expected that the total income from sales for the Company will be in the order of \$130 Million USD per year.

SCHEDULE 4
SPECIAL MATTERS

PART 1:

MATTERS REQUIRING UNANIMOUS AGREEMENT AT A MEETING OF THE BOARD

The matters requiring unanimity of the Board pursuant to Clause 17 of the Agreement are:

1. CAPITAL EXPENDITURE

- 1.1 Capital expenditure by the Company or any subsidiary of the Company, in respect of any item in excess of 110% of the amount for that item, in any approved Budget;

2. ACCOUNTING POLICIES

- 2.1 The adoption of, and any changes to, the accounting policies of the Company or any subsidiary of the Company.

3. DIRECTORS OF SUBSIDIARIES

- 3.1 The appointment or removal of the directors of any Subsidiary of the Company.

4. ACQUISITIONS AND DISPOSALS

- 4.1 Any disposal or acquisition by the Company or any subsidiary of the Company, of any business, or any material part of any business, or any shares in any company or (otherwise than intra-group or in the ordinary course of business) any other material assets of nature.

5. PARTNERSHIPS AND JOIN VENTURES

- 5.1 The entry into by the Company or any subsidiary of the Company of any partnership, joint venture or other profit sharing agreement.

6. INTELLECTUAL PROPERTY RIGHTS

- 6.1 Any material acquisition or disposal by the Company or any subsidiary of the Company (including any material acquisition or grant of any licence) of or relating to any intellectual property rights.

7. MATERIAL CONTRACTS

- 7.1 Except for the Oil Supply Agreement, by an Ancillary Agreement to this schedule, entry shall be precluded into any contract, liability or commitment which:
- 7.1.1 has a duration in excess of three calendar years;
 - 7.1.2 is of an unusual nature; or
 - 7.1.3 could involve an obligation for expenditure in excess of 1,000,000 USD; or
 - 7.1.4 is outside the ordinary course of business of the Company or any subsidiary of the Company;

8. TENDERS

- 8.1 Any tender by the Company or any subsidiary of the Company for any contract having a potential aggregate net invoice value in excess of 1,000,000 USD.

9. EMPLOYEE POLICIES

- 9.1 The policies from time to time of the Company or any subsidiary of the Company, regarding employees' remuneration and superannuation schemes;

10. GUARANTEES AND INDEMNITIES

- 10.1 Any arrangement under which the Company or any subsidiary of the Company would enter into any guarantee, indemnity or suretyship (whether or not legally binding), in respect of the liabilities or solvency of any third Shareholder or any similar obligation or the acceptance by the Company or any subsidiary of the Company for its benefit of any such arrangement;

PART 2:

MATTERS REQUIRING UNANIMOUS AGREEMENT AT A GENERAL MEETING OF THE SHAREHOLDERS

The matters requiring the prior approval of the parties pursuant to Clause 15 of the Agreement are:

1. BUSINESS PLAN AND BUDGETS

1.1 Adoption of the Business Plan and Budgets referred to in Clause 13 of the Agreement;

2. CHANGE IN NATURE OF BUSINESS

2.1 Any material change in the nature or scope of the Business of the Company or any subsidiary of the Company, taken as a whole.

3. CHANGE IN ORGANISATION

3.1 Any material change in the organisation of the Company or any subsidiary of the Company or its business (including, without limitation, any material closures or material redundancies);

4. APPROVAL OF STATUTORY ACCOUNTS

4.1 The approval of the statutory accounts of the Company;

5. DISTRIBUTIONS

5.1 The making of any distribution to the Shareholders other than by way of cash dividend;

6. CHARGES

6.1 The creation of any mortgage, lien (other than a lien arising by operation of law), charge, encumbrance or other security interest of whatsoever nature in respect of all or any material part of the undertaking, property or assets of the Company or any subsidiary of the Company.

7. CHANGES IN SHARE AND LOAN CAPITAL

7.1 Any change in the authorised or issued share or loan capital of the Company or the issue of any shares (or right to convert into shares) by any Subsidiary of the Company.

8. ALTERATION TO ARTICLES

8.1 Any alteration to the Articles of the Company.

9. RELATED PARTY TRANSACTIONS

9.1 Any transaction by the Company or any subsidiary of the Company with any Shareholder associated with the Company or any subsidiary of the Company, excluding sales related to the Oil Supply Agreement which is either:

9.1.1 outside the ordinary course of business; or

9.1.2 is within the ordinary course of business but has a value in excess of 1,000,000 USD; or

9.1.3 is not on commercial arm's length terms.

10. WINDING-UP

10.1 Any proposal that the Company or any subsidiary of the Company be wound-up.

11. BORROWINGS

- 11.1 Any borrowing by the Company or any subsidiary of the Company, including the entry into of any finance lease: other than by way of normal trade credit where such borrowing would result in aggregate borrowings by the Group being in excess of 1,000,000 USD or such other sum as may from time to time be agreed in writing between the Shareholders.

12. LITIGATION

- 12.1 The commencement, settlement or abandonment of litigation or admission of liability by the Company or any subsidiary of the Company involving a dispute in relation to an amount in excess of 1,000,000 USD.

SCHEDULE 5

SERVICES TO BE PROVIDED BY THE PARTIES

1. SERVICES TO BE PROVIDED BY EDA TO THE COMPANY

- 1.1 Agricultural technology advice, as required for the establishment, management and harvesting of *Jatropha Curcas* seed pods, from plantations contracted to the Company, including dispatching of advisors to plantation sites.
- 1.2 Logistics Planning
- 1.3 Development of an Oil Extraction Plant at Carabela for and on behalf of the Company
- 1.4 Design for oil expelling, treatment, storage and transport.
- 1.5 Operational Planning for the Oil Extraction Plant at Carabela
- 1.6 Transport Planning of Bulk Oil Tankers for shipping to EDA Refinery
- 1.7 Financial Modelling, Planning and Negotiations with financiers to obtain project finance

2. SERVICES TO BE PROVIDED JULIO DA COSTA AND/OR RUI CASTRO

- 2.1 Accommodation, Management and Administration services.
- 2.2 Arrange for Land Title, Survey, Approvals and Site Preparation, including filling and levelling for the Oil Extraction Plant at Carabela.
- 2.3 Representation and introductions to governmental and local organisations to publicise the Company and its objectives.
- 2.4 Governmental Management with all Government representatives, as applicable.
- 2.5 Public Relations and Governmental Affairs.
- 2.6 Project Management in respect to the establishment of *Jatropha Curcas* Plantations in Timor Leste and market territories..
- 2.7 Identification of suitable plantation land (initially about 40,000ha), plot area coordinates using GPS instrument, provide suitable contour maps
- 2.8 Establishment of *Jatropha Curcas* seed plantations
- 2.9 Establishment of *Jatropha Curcas* nurseries.
- 2.10 Establishment of *Jatropha Curcas* plantations
- 2.11 Harvesting and storage of *Jatropha Curcas* seeds.
- 2.12 Identifying water resources for use in the plantations
- 2.13 Source material for production of compost, required to establish the *Jatropha Curcas* seedlings and plantation plants.

SCHEDULE 6
NOTICE OF APPOINTMENT OF DIRECTOR

..... [Shareholder]

of

..... [Address]

.....
.....

being a registered Shareholder in the Company hereby appoint

..... [Name]

of

..... [Address]

.....
.....

as a Director to the Board of Directors of the Company.

As witnessed by my hand this day of 20

Signed by: _____

Name:

Title:

(an authorised representative of the Appointing Shareholder)

Witnessed by: _____

Name: _____

SCHEDULE 7
NOTICE OF REMOVAL OF A DIRECTOR

..... [Shareholder]
of

..... [Address]
.....
.....

being a registered Shareholder in the Company hereby revoke the appointment of

..... [Name]
of

..... [Address]
.....
.....

as a Director to the Board of Directors of the Company.

As witnessed by my hand this day of 20

Signed by: _____

Name:

Title:

(an authorised representative of the Appointing Shareholder)

Witnessed by: _____

Name: _____

ANCILLARY AGREEMENT 1: OIL SUPPLY AGREEMENT

THIS AGREEMENT is made on the 14th day of July, 2005,

in Dili, TIMOR LESTE.

IT IS AGREED as follows:

3. NATURE OF ANCILLARY AGREEMENT 1

- 3.1 EDA initially requires 100,000 metric Tonnes of vegetable Oil ("Oil") per year.
- 3.2 This will gradually expand to 1,000,000 metric Tonnes of Oil per year.
- 3.3 The Company shall supply EDA with Oil, as agreed between EDA and the Company, at the rate at which it becomes available from the Timor Leste Oil Processing Plant, at Carabela, for the Term of this Ancillary Agreement 1.

4. TERM

- 4.1 This Ancillary Agreement 1 shall remain in force for a period of ten (10) calendar years from the Ancillary Agreement 1 Commencement Date.
- 4.2 The Ancillary Agreement 1 Commencement Date shall be the date at which the first delivery of Vegetable Oil is received by EDA from the Company.
- 4.3 At the termination of the initial ten (10) year agreement, an option to extend the initial agreement for a further period of ten (10) years shall be exercisable by EDA. at the same price formula as provided for in this Ancillary Agreement 1.

5. AGREEMENT

- 5.1 The Company shall supply Oil to EDA at the rate at which it becomes available from the Timor Leste Oil Processing Plant.
- 5.2 This plant is expected to commence oil production in late 2008 and require three (3) years to achieve full production.
- 5.3 The Company shall supply the entire output of Oil from the Timor Leste Oil Processing Plant, on an exclusive basis to EDA.
- 5.4 All *Jatropha Curcas* fruit and seeds obtained by the Company, Julio Da Costa and Rui Castro shall be delivered to the Carabela Oil Extraction Plant and processed into oil. Both the Company and the Shareholders shall jointly and severally warrant this.
- 5.5 All oil produced at the Carabela Oil Processing Plant shall be provided to EDA. Both the Company and the Shareholders shall jointly and severally warrant this.
- 5.6 The Company shall not supply oil to any other party
- 5.7 Oil deliveries shall be at monthly intervals.

6. PRICE

- 6.1 The price of Oil provided under this Ancillary Agreement 1 shall be determined as follows:
Price of Oil per metric Tonne = 100USD x (Singapore Tapis Oil Index)/45.

Where the Tapis Oil Index is the Average Price of Crude Mineral Oil, as listed by the APCTAPI Index (Tapis Oil Index — Singapore), calculated over the Reference Period.

- 6.2 The Reference Period shall be a four (4) week period, commencing two (2) calendar weeks prior to the date of Delivery and finishing two (2) calendar weeks after the date of delivery.
- 6.3 The price of Oil in Clause 4.1 of this Ancillary Agreement 1 shall include loading the oil onto Bulk Liquids Tankers provided by EDA, at the proposed Carabela Oil Extraction Facility (FOB).

7. PAYMENTS

- 7.1 Payments for Oil shall be made in United States Dollars (USD).
- 7.2 Payments shall be made within sixty (60) calendar days of receipt of a valid Invoice.
- 7.3 The Invoice shall be correctly formulated. in accordance with the relevant regulatory requirements.
- 7.4 Payments shall be made by Direct Transfer to the Bank Account Number nominated in the Invoice.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first above written

Signed by

/s/

Julio Da Costa

Director

Daba-Loqui Energy Limited

(An authorised representative of Daba-Loqui Energy Limited)

Witnessed by:

/s/

Name: Ina Varella Bradridge

Signed by:

/s/

Edvin Krsevan

Managing Director

Enviroenergy Developments Australia Pty Ltd

(An authorised representative of Enviroenergy Developments Australia Pty Ltd)

Witnessed by:

/s/

Name: Abel Guterres

ANCILLARY AGREEMENT 2: OIL PLANT MAINTENANCE AND OPERATION AGREEMENT

THIS AGREEMENT is made on the 14th day of July, 2005,
in Dili, TIMOR LESTE.

IT IS AGREED as follows:

1. NATURE OF ANCILLARY AGREEMENT 2

- 1.1 The Company and EDA shall contract for EDA to undertake the Operation and Maintenance of the Oil Extraction Plant at Carabela.
- 1.2 In consideration of EDA undertaking the Operation and Maintenance of the Carabela Oil Extraction Plant, the Company shall pay EDA the Agreed Fee.

2. TERM

- 2.1 EDA shall undertake the Operation and Maintenance for a period of five (5) years from the first delivery of Oil.
- 2.2 At the conclusion of the first five year term, the parties may negotiate for an extension to this Ancillary Agreement 2, on agreed terms.

3. AGREEMENT

- 3.1 This Ancillary Agreement 2 is limited to the Carabela Oil Extraction Plant.
- 3.2 As part of this Ancillary Agreement 2, EDA shall:
 - 3.2.1 Recruit and employ all personnel;
 - 3.2.2 Train all personnel to operate and manage the plant, in particular to continue with these activities once the Term of this Ancillary Agreement 2 expires;
 - 3.2.3 Provide Maintenance and Operational Plant and Procedures;
 - 3.2.4 Establish operate financial accounting and reporting systems and procedures;
 - 3.2.5 Maintain all plant and equipment in good order to maximise plant performance and profitability;
 - 3.2.6 Liaise and co-ordinate with the Company in respect to receipt of raw material;
 - 3.2.7 Liaise and co-ordinate with EDA Biodiesel Plant and the shipping company in respect to loading and dispatch of crude oil.

4. FEE

- 4.1 EDA shall undertake the Operation and Maintenance of the Carabela Oil Extraction Plant on a "cost plus basis" as described herein.
- 4.2 The cost shall be the total cost attributable to:
 - 4.2.1 All employment costs for all staff employed within the Carabela Oil Extraction Plant;
 - 4.2.2 All Processing Costs, including Utilities and the like;

-
- 4.2.3 All Maintenance Costs, including equipment repair and replacement, consumables and the like;
- 4.2.4 Funding cost for working capital;
- 4.2.5 All administrative and training costs; and
- 4.2.6 Travel and accommodation costs related to the Operation and Maintenance of the Oil Extraction Plant.
- 4.3 The total amount payable to EDA shall be the sum of the costs listed in Clause 4.2, including all sub-clauses and the Operating and Maintenance Fee.
- 4.4 The Operating and Maintenance Fee shall be the greater of \$50,000 USD per annum and ten (10) per cent of the costs in Clause 4.2 including all sub-clauses, per annum.

5. PAYMENTS

- 5.1 Payments shall be made in United States Dollars (USD).
- 5.2 Payments shall be made within thirty (30) calendar days of receipt of a valid Invoice.
- 5.3 The Invoice shall be correctly formulated, in accordance with the relevant regulatory requirements.
- 5.4 Payments shall be made by Direct Transfer to the Bank Account Number nominated in the Invoice.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first above written

Signed by

/s/

Julio Da Costa

Director

Daba-Loqui Energy Limited

(An authorised representative of Daba-Loqui Energy Limited)

Witnessed by:

/s/

Name: Ina Varella Bradridge

Signed by:

/s/

Edvin Krsevan

Managing Director

Enviroenergy Developments Australia Pty Ltd

(An authorised representative of Enviroenergy Developments Australia Pty Ltd)

Witnessed by:

/s/

Name: Abel Guterres