

MEMORANDUM OF UNDERSTANDING

Moscow

September 28, 2017

Far East Investment and Export Agency, a company incorporated and registered in accordance with the Russian Federation regulations and having its registered office at 8 str. 1 Presnenskaya naberezhnaya, Moscow, 123112, Russian Federation, OGRN (Principle State Registration Number) 1167700054917, represented by Leonid Gennadyevich Petukhov, acting under the charter (the **Agency**) as CEO; and

Sustainable Organic Solutions Pty Ltd incorporated and registered in accordance with the regulations of Australia, having its registered offices at: bld. 1015, 80-120 Meiers Road, Indooroopilly, 4068, QLD, ABN (Australian Business Number 56612413402, represented by Nikolai Kinaev, acting under the Company Constitution as CEO (the **Company**).

The Agency and the Company are hereinafter collectively referred to as the **Parties**, and individually as a **Party**. have signed the memorandum of understanding (the **Agreement**) as follows:

1. Definitions

The terms set forth below shall have the following meanings:

Affiliate (in respect of any of the Parties) means individuals and legal entities may influence the activities of legal entities and (or) individuals engaged in the entrepreneurial activities. Determination of the individuals' affiliation is carried out within the framework of the recognition of a "group of persons" pursuant to Art. 9 of the Federal Law as of 26.07.2006 number 135-FZ "On Protection of Competition";

Confidential Information means the information and documents of any nature in oral, written, electronic or other form, transferred by the Disclosing Party to the Receiving Party and containing information (1) on the Disclosing Party, (2) relating to information provided by the Agency for the purpose of this Agreement, (3) on the Affiliates, activities and transactions of any Parties specified in the previous items and (4) any other information in respect of which the Disclosing Party has explicitly emphasized its confidential nature, except for publicly available information and information that cannot be confidential in accordance with Russian law;

Receiving Party means a Party receiving the Confidential Information;

Disclosing Party means a Party disclosing the Confidential Information;

Representatives means:

- (i) with respect to either Party, its affiliates, and other profile federal and regional public authorities;
- (ii) with respect to each Party and each other person specified in paragraph (i) above, its directors, members of the managing and control bodies, officers, employees, financial, legal and other consultants, appraisers and advisers.

The Project Locomotive means a company or an individual person (the "owner" of the project), who is most interested in the successful Project implementation. The Project Locomotive is the key element in the investment process and is responsible for the management process of the Project implementation. The most important function of the Project Locomotive is to take the project from the pre-investment phase to the investment phase;

The potential Project Locomotive typically has:

- ✓ a track record of successful project implementation within the industry;
- ✓ financial capital necessary to take the Project to the investment phase;
- ✓ a management team with expertise in the technical, financial, and commercial areas of the Project;
- ✓ part of the assets required for the Project implementation (land, technology, resolutions, etc.).

The Project has the meaning given in item 2.1 hereof.

2. Subject matter of Agreement

- 2.1 The Parties intend to cooperate on the Company's Project to establish a modern facility in the city of Vladivostok to manufacture a liquid organic fertilizer for greenhouse hydroponics. The total investment is expected to be 42,0 million USD. The expected annual capacity of the facility is 3120 metric tons of the fertilizer. The Project is expected to create 300 local jobs. (hereinafter — the **Project**).
- 2.2 With the assistance of the Agency, the Company intends to arrange the application of the Project company to JSC Far East Development Far East Corporation within 3 months from the date of signature of this Agreement to secure the residency status in the relevant Advanced Special Economic Zone (or Free Port), if applicable.
- 2.3 In assistance to the Project implementation the Agency renders services as follows:
- 2.3.1 Assistance in the project concept development so as to account for the needs and potential of the region where the Project is to be implemented;
 - 2.3.2 Assistance in identifying the Project Locomotive for entering the investment stage, if the Project is lacking in the Project Locomotive;
 - 2.3.3 The site selection;
 - 2.3.4 Assistance in securing the state support necessary for the successful implementation of the Project;
 - 2.3.5 Assistance in reaching the finance close;
 - 2.3.6 Providing upon request from the Company the extract from the Information System on the current measures of state support provided to the Project and on the status of the services provision carried out by the Agency and (or) regional Agency, including the Company's profile information approved by the initiator of the Project and prepared by the Agency and (or) Regional Agency during the adequate verification of the Project's initiator's fairness, which includes the information provided by the initiator as disclosure of information about politically exposed people involved in the Project Implementation;

- 2.3.7 Support of the Project in the negotiations with prospective investors and potential business partners;
- 2.3.8 Ensuring the effective collaboration and communication between the Project and the development institutions and the bodies of the federal and regional authorities, which are involved in the Project implementation (including, conflict resolutions - the Agency acting as an ombudsman for investors);
- 2.3.9 Support of the export contracts by the Projects (securing and execution);
- 2.4. This Agreement shall set out the general conditions for the Parties cooperation and shall ensure the confidentiality of the Confidential information.
- 3. Transfer of the Confidential Information**
 - 3.1 Transfer of the Confidential Information under this Agreement shall be made by the Disclosing Party to the Receiving Party verbally, in writing, by email or in other form, as well as by any means agreed by the Parties, which ensures confidentiality of the transferred Confidential Information and confirms the transfer of the Confidential Information by the Disclosing Party and receipt by the Receiving Party of such Confidential Information.
 - 3.2 Confidential Information transferred verbally shall be then recorded by the Disclosing Party with provision of the copy of the prepared document to the Receiving Party.
 - 3.3 If provided by email, the information shall be marked as the Confidential Information in the cover letter to such email. The same marking shall be used if the information is provided by fax.
- 4. Protection of the Confidential Information**
 - 4.1 Each Party shall (and shall ensure that each of its Representatives shall), in relation to the Confidential Information of the other Party:
 - 4.1.1. not disclose or transfer the Confidential Information to any third party other than the Representatives in accordance with Clause 4.3 of this Agreement, without the prior approval in writing of the Disclosing Party;
 - 4.1.2. use the Confidential Information solely for the purposes of preparation and implementation of the Agreement;
 - 4.1.3. take all necessary measures to protect the Confidential Information received from the Disclosing Party using at least the same degree of care with which the Receiving Party secures the confidentiality of its own confidential information;
 - 4.1.4. notify the persons to whom the Receiving Party is disclosing the Confidential Information in accordance with this Agreement that the confidentiality of such Confidential Information must be ensured at a level at least equivalent to that set out in this Agreement; and
 - 4.1.5. promptly notify the Disclosing Party of any unauthorized disclosure of the Confidential Information that came to knowledge of the Receiving Party.
 - 4.2 The Receiving Party shall remain responsible for the protection of confidentiality of the Confidential Information for the period of two years after the receipt of such Confidential Information from the Disclosing Party.

- 4.3 Each Party undertakes that it shall only disclose Confidential Information to its Representatives if it is reasonably required for the purposes connected with this Agreement or the Project and only if the Representatives are informed of the confidential nature of the Confidential Information.
- 4.4 This Clause 4 shall not prevent disclosure by a Party or its Representatives to the extent that it can demonstrate that:
- 4.4.1 disclosure is required by law or by any stock exchange or any court or state authority (including any tax authority) having applicable jurisdiction (provided that the disclosing Party shall, to the extent possible, first inform the other Party of its intention to disclose such information and take into account the reasonable comments of that other Party);
 - 4.4.2 disclosure by the Agency is made to the companies implementing the Project or persons controlling them, regional institutions of development and/or state authorities of Russia;
 - 4.4.3 disclosure is of Confidential Information which was lawfully in the possession of that Party or any of its Representatives (in either case as evidenced by written records) without any obligation of secrecy prior to its being received or held;
 - 4.4.4 disclosure is of Confidential Information which has previously become publicly available other than through that Party's fault (or that of its Representatives);
 - 4.4.5 disclosure of Confidential Information was made upon written approval (consent) of the Disclosing Party; or
 - 4.4.6 disclosure is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement.
- 4.5 Upon the Disclosing Party's written request, the Receiving Party undertakes to return to the Disclosing Party any Confidential Information received in written or other tangible media and to destroy any Confidential Information and copies thereof in electronic form, save for the information to be kept by the Receiving Party for its mandatory reporting obligations.
- 5. Press releases and other public announcements**
- 5.1 Each Party shall agree that any press release, advertising, announcement, or public statement within the Agreement, containing a mention of the other Party, may be made only after prior written approval by the other Party.
- 5.2 Each Party shall be responsible for the accuracy and completeness of any of their statements or publications with a request for approval which it is addressed to the other Party. Other Party reserves the right, in its sole discretion to refuse to approve any such documents, advertisements or publications, and require the appellant to prevent the spread of or publication if in the reasonable opinion of the other Party, they are incomplete or in any way misleading.
- 6. Applicable Law and Dispute Resolution**
- 6.1 This Agreement is governed by Russian law.
- 6.2 This Agreement is not a preliminary contract, framework agreement, an optional agreement (agreement on granting an option to enter into a contract) and is not legally binding on the Parties with the exception of the provisions of Articles 3-7 of this Agreement
- 6.3 Any dispute, controversy or claim may arise out of or in connection with this Agreement, or the execution, breach, termination or invalidity thereof, shall be settled by the Moscow Arbitration Court.

7. Miscellaneous

- 7.1 Rights under the Agreement may not be assigned or otherwise transferred by the Parties to third parties without the prior written consent of the other Party.
- 7.2 The Agreement shall enter into force on the date of its signing and shall be valid for 5 years or until the expiration of the period specified in Article 4.2 (depending on which of these periods expires later).
- 7.3 The Agreement was concluded in Russian in two copies having equal legal force, one copy for each Party.

Signatures:

Far East Investment and Export Agency

Signature:

Name:

Position:

Leonid Petukhov

CEO



Sustainable Organic Solutions Pty Ltd

Signature:

Name:

Position:

Nikolai Kinaev

CEO

