

(DRAFT) Term Sheet for  
Joint Development Agreement

by and between

Energia Verde Cactus Projecto e Participações Ltda. (“CPS”) and Strategic Investment Partner (“SIP”) on February 8, 2023

This term sheet (the “Agreement”) sets forth the general terms and conditions of the joint efforts of the named co-developers to develop the hydrogen production facility further described herein. This Agreement, to be signed in good faith by the co-developers on date mentioned above, is intended to be, and is, (non)binding on each of the co-developers named herein (together, the “Co-Developers”), subject only to the good faith negotiation and execution of the definitive transaction documents or "Joint Development Agreement" (JDA), and the Co-Developers agree to expeditiously prepare and execute such definitive transaction documents no later than March 10, 2023.

**Cactus RH2 SPV - Joint Development Term Sheet (draft v1)**

<b>Co-Developer</b>	Energia Verde Cactus Projecto e Participações Ltda. (“CPS”)
<b>Co-Developer</b>	Strategic Investment Partner (“SIP”)
<b>Project</b>	The renewable hydrogen production facility denominated as the Cactus Hydrogen Project Phase I (“SPV”). The first phase of the project is designated to be ~1.12 GW of hydrogen (H2) water electrolysis (~161k ton/ano H2) with a ~852k ton/anno ammonia production capacity. The SPV project is to be developed and constructed at a site or sites at the Complexo Industrial de Porto de Pecém, and can potentially have capacity for further subsequent development of additional phases of the SPV. This "Project" further described in an exhibit hereto and, where context dictates, collectively the “Projects”.

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**Further Development**

CPS and its executive team with several decades of accumulated market experience, have invested months of pre-project analysis on: the Brazilian energy grid (ANEEL), the Brazilian Hydrogen Strategy, the European renewable energy directive as well as other global hydrogen initiatives for Carbon mitigation and the development of the global hydrogen economy to advance SPV.

CPS has meticulously scoped H2 and NH3 production and distribution facilities together with renewable generation identifying the most physical & financially viable locations in Brazil based on a set of strict parameters.

These parameters include but are not limited to: ANEEL connection process and queue, power transmission congestion risk, gas blending capabilities, best marginal pricing, H2 production facilities, NH3 offloading and export capabilities (specifically at the Pecém ZPE), avoidance of complex mineral rights issues, water availability / licenses, affordable land related issues, Brazilian & global ammonia markets. These and many other confidential parameters have led to the identification of financially viable project sites.

Under this Term Sheet CPS shall render all documents pertaining to the SPV, including but not limited to: LOI's, NDA's, MOU's, technical & financial analysis and agreements.

CPS and SIP hereby agree to jointly develop SPV in Pecém ZPE, Ceará. During the development of the project CPS will also procure and secure off-take agreements for the H2, NH3 (& potentially O2) production. The SPV is formed by CPS to encompass the items of this term sheet.

This term sheet applies only to this SPV, though can be used as basis for development of subsequent phases of the project and / or corporate platform. This agreement may form the intent of both CPS and SIP to jointly develop H2 projects beyond SPV. Those will be addressed in separate agreements and based upon project specific independent economic analysis.

**Ownership**

In all instances, CPS intends to exit the SPV at or before final investment decision (FID). SIP may determine the intent it has to be long-term owner/operator of the SPV and all aspects of the definitive agreement will support these efforts to provide the best outcome for both parties within the above mentioned objective and include both parties abilities to consolidate the SPV into financial statements in accordance with International Financial Reporting Standards (IFRS).

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<b>CPS Responsibilities</b>	Establish the project as an independent SPV ( special purpose vehicle ) serving the corporate fiscal responsibilities of the parties.
	Provide site control of the land under consideration for development free of any encumbrances and ready for permitting.
	Conduct detailed financial, technical, commercial and contractual feasibility analysis of the SPV.
	Provide information on all grants of mineral rights for the land considered for development and ensure such grants pose no conflict for development of the Project.
	Provide all technical (power market, H2 market, NH3 market, meteorological) data to assist in market and system analysis and due diligence of the SPV.
	Assist in identifying the appropriate contacts with whom to negotiate and assist in resolution of real estate entitlements, zoning, regulatory and permitting issues.
	Manage local relationships with city, county and local government/political officials.
	Provide access to lands for environmental, water supply, civil engineering and interconnection studies to ensure a timely development of the Project.
	Complete pre-FEED and FEED studies and negotiate initial terms necessary to interconnect with the Project to the ANEEL electricity transmission and distribution system.
	Identify, prepare, expedite and submit applications for permits as necessary or desirable for construction, ownership and operation of the Project, except for those Permits generally provided under a separate construction contract.

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	Identify, structure, apply and negotiate with taxing authorities at the municipal, state and federal levels to secure all available credits, abatements, deductions, depreciation allowances, limits on appraised value, incentives or other benefits available to at the municipal, provincial and federal levels for renewable energy projects.
	Initiate terms of negotiation for multi-year NH3 contracts with credit-worthy off-taker(s).
<b>SIP Responsibilities</b>	Provide development capital to be used according to a mutually agreed upon schedule of project development milestones. These funds shall be used solely to develop the Project covered hereunder.
	Support CPS to build and manage relationships with key utility and offtake contacts.
	Provide information and corporate credit documents as needed to secure interconnection of the Project to the grid(s) regulated by ANEEL.
	Provide CPS information and assistance as necessary to secure all available credits, abatements, deductions, depreciation allowances, limits on appraised value, incentives, rebates or other benefits available for renewable energy projects at the municipal, provincial and federal levels.
	Initiate terms of negotiation for multi-year H2, NH3, O2 offtake contracts with credit-worthy off-taker(s).
<b>Joint Responsibilities</b>	Work to secure off-take agreements of the SPV production, H2, NH3, O2 from credit worthy parties.
	Engage an engineering, procurement and construction ("EPC") firm to build the project and engage supporting professional firms including engineering, surveying, environmental assessment, accounting, and similar firms necessary or desirable to support the Project development
	Complete pre-FEED and FEED studies and negotiate initial terms necessary to interconnect with the Project to the ANEEL electricity transmission and distribution system.
	Structure all information and assistance as necessary to secure all available credits, abatements, deductions, depreciation allowances, limits on appraised value, incentives, rebates or other benefits available for renewable energy projects at the municipal, provincial and federal levels.

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	<p>Establish an (proportionally representative as per the SPV) Administrative Council that has the governance and fiscal responsibilities over the development expenditures (devex) of the SPV forward to FID.</p>
	<p>Work to secure construction and long term financing for the Project.</p>
	<p>Work to secure the best possible pricing for key equipment including: electrolyzers, BoP equipment, racking systems and, potentially, energy storage solutions.</p>
<b>Duration</b>	<p>A definitive JDA will be executed pursuant hereto and shall remain in full force and effect until such time as the SPV has reached final investment decision (“FID”), including the exhibits hereto and is completed or abandoned or is otherwise terminated by mutual agreement of the Co-Developers.</p>
<b>Project Due Diligence</b>	<p>Upon commencement of a due diligence process conducted by SIP and lasting no more than 60 days from the date hereof, SIP shall evaluate the Project included in the Memorial Descriptivo (“Exhibit A”) hereto and determine, in its sole and absolute discretion, the feasibility and desirability to build, own and operate the Project.</p>
<b>Project Development Agreement</b>	<p>Upon completion of due diligence on the SPV included in Exhibit A hereto, the Co-Developers will enter into the separate JDA executed pursuant hereto which shall remain in full force and effect for a period of time necessary to complete the Project (the "Term").</p>
<b>Exclusivity</b>	<p>Each Co-Developer agrees to work exclusively with the other Co-Developer to develop and bring the project forward to FID. (the date of which is the date the Project reaches FID to be identified in exhibit A hereto.)</p>
<b>Development Expenses</b>	<p>The Co-Developers shall work together to effectively manage and limit the devex associated with the Project. The development budget shall be reviewed and agreed by the Administrative Council upon a monthly basis and prior to any project and site development efforts commencing. Progress against such approved budgets will be tracked and reported on a quarterly basis to the Administrative Council. All devex up to and including FID will be governed by the Administrative Council.</p>

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**Invoicing,  
Collection and  
Distribution of  
Revenue**

Eventual revenue generation prior to FID, will be monitored by the Administrative Council to establish an agreeable project expense tracking and payment system. All accounting and payment related activities will be transparent to each of the Co-Developers, and the Administrative Council will conduct a monthly accounting reviews to which the Co-Developer will have open information on all costs and revenue related to all Projects undertaken

**Confidentiality**

Each Co-Developer acknowledges a duty of confidentiality owed to the other. Except as may be specifically authorized in advance by the non-disclosing Co-Developer in writing or as agreed in furtherance of the joint development effort, or as required by law or regulation, the disclosing Co-Developer shall not, at any time during, or for a period of five years after the expiration or termination of this Agreement, retain in writing, use, divulge, furnish, publish or make accessible to anyone or use for his/her own benefit or for the benefit of others, any confidential information as defined below in any form obtained or received by it under or in connection with this Agreement, relating to the other Co-Developer or its affiliates or to its or their actual or proposed technology, products, services, customers, markets, plans, strategies or businesses generally. This section shall survive any termination of this Agreement.

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**Confidential Information**

Each Co-Developer agrees that “Confidential Information” shall mean any oral, written, graphic or machine-readable information including, but not limited to, that which relates to patents, patent applications, research, product plans, products, developments, inventions, processes, designs, drawings, engineering, formulae, markets, software (including source and object code), hardware configuration, computer programs, algorithms, business plans, agreements with third parties, services, customers, marketing or finances of the disclosing party, which either party designates as confidential or proprietary when disclosed or which is, by the contents or context of its delivery, confidential in nature.

Confidential Information shall not include any information that (a) was known to the disclosing Co-Developer prior to its disclosure by the non-disclosing Co-Developer, (b) was in the public domain at the time of disclosure, or subsequently becomes part of the public domain without fault or act of the Co-Developer, (c) is disclosed to the disclosing Party by a third party in good faith, which third party was not subject to an obligation of confidentiality with regard to such information, (d) is developed independently of any Confidential Information, or (e) is specifically released from confidential status by the disclosing Co-Developer. Confidential Information shall also specifically exclude this Agreement and any and all agreements stemming from the execution hereof.

**Release of Confidential Information**

In the event that a Co-Developer is required by applicable law, rules or regulation (including stock exchange rules, oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, the Co-Developers agree the disclosing Co-Developer shall provide the non-disclosing Co-Developer prompt notice of such request prior to complying therewith so that the non-disclosing Co-Developer may seek an appropriate protective order and/or waive the disclosing Co-Developer's compliance with this Agreement. If, in the absence of a protective order or the receipt of a waiver hereunder, counsel nonetheless advises the disclosing Co-Developer that it is legally compelled or required to disclose such information, the disclosing Co-Developer may disclose such information without liability.



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<b>Return of Information</b>	In the event this Agreement terminates with respect to a Project prior to the expiration of the Term, then each Co-Developer shall return Confidential Information to the Co-Developer from whom it was received with certification that all copies thereof have been destroyed, except to the extent that a Co-Developer is required to maintain certain Confidential Information for legal or accounting compliance. A Co-Developer that retains Confidential Information for legal or accounting purposes shall identify in writing the other Co-Developer the specific information retained and the reason for its retention.
<b>Indemnification of CPS</b>	SIP shall indemnify, defend and hold harmless the CPS and its affiliates, and its respective directors, officers, partners, employees, consultants, agents, advisors, successors and assigns, from and against any loss, liability, claim, damage, expense, penalty or fine incurred in connection with any claim or cause of action to the extent arising from SIP's bad faith, negligence or willful misconduct in relation to the performance of its obligations under this Agreement. Upon receiving notice in a reasonable time of such claim, administrative action, or legal proceeding, SIP shall assume on behalf of CPS, and conduct with due diligence and in good faith, the defense thereof with counsel reasonably satisfactory to CPS. SIP shall pay any and all costs, damages or attorneys' fees awarded against CPS. SIP may settle the action, provided it does not agree, without the consent of CPS, to any compromise or settlement that is not an unconditional release of CPS from all liabilities other than the payment of any money that will be paid by SIP.
<b>Indemnification of SIP</b>	CPS shall indemnify, defend and hold harmless the SIP and its affiliates, and its respective directors, officers, partners, employees, consultants, agents, advisors, successors and assigns, from and against any loss, liability, claim, damage, expense, penalty or fine incurred in connection with any claim or cause of action to the extent arising from CPS's bad faith, negligence or willful misconduct in relation to the performance of its obligations under this Agreement. Upon receiving notice in a reasonable time of such claim, legal action, or legal proceeding, CPS shall assume on behalf of SIP, and conduct with due diligence and in good faith, the defense thereof with counsel reasonably satisfactory to SIP. CPS shall pay any and all costs, damages or attorneys' fees awarded against SIP. CPS may settle the action, provided it does not agree, without the consent of SIP, to any compromise or settlement that is not an unconditional release of SIP from all liabilities other than the payment of any money that will be paid by CPS.

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**Dispute Resolution**

The following dispute resolution mechanisms shall be the exclusive dispute resolution mechanisms available to the Co-Developers for resolution of disputes or claims arising under this Agreement:

Executive Consultation. The Co-Developers shall make a good faith effort to settle any dispute or claim arising under this Agreement. A Co-Developer shall raise a dispute by giving written notice to the other Co-Developer. If the Co-Developers cannot resolve a dispute amicably within 30 days after the giving of such notice, either Co-Developer may submit the dispute for resolution under *whatever other means and forums available. (arbitration)*

**Governing Law**

This (non)**Binding Term Sheet for Joint Development Agreement** and all documents created pursuant or subsequent hereto shall be governed by and construed in accordance with the laws of the the State of Ceará.

Signing page:

In advance of preparing and executing definitive documents, the parties hereto intend to be legally bound by this Agreement this ..th day of .....

Energia Verde Cactus Projecto e  
Participações Ltda.  
By: \_\_\_\_\_  
Name: Luiz Eugênio Lopes Pontes  
Chief Executive Officer

Strategic Investment Partner.  
By: \_\_\_\_\_  
Name:  
Chief Executive Officer

**Cactus RH2 SPV - Joint Development Term Sheet (draft v1) - Appendix A**

	all figures in EURO
<b>Summary</b>	CPS and SIP will team to develop SPV, a H2 production facility located at a site at Pecém ZPE, Ceará. Initial estimates indicate an opportunity to develop ~1.12 GW of water electrolysis H2 production of ~161k ton/anno and an ammonia production of ~852k ton/anno capacity.
<b>Contract Negotiations</b>	A term of 90 days is stipulated for the common interest of creating the SPA between CPS and SIP. This term can be extended by a mutual agreement.
<b>Financial Terms</b>	Unless otherwise agreed and documented in the Project-specific separate PDA, SIP will compensate CPS for SPV as follows:
<b>Diligence Fee</b>	Upon execution of a Binding Term Sheet related to the Joint Development Agreement, SIP will pay to CPS a due diligence/90-day exclusivity fee of €150,000 in cash within 30 days of the execution of a Binding Term Sheet. Upon successful acquisition the diligence fee is returned to SIP.
<b>Acquisition Fee</b>	Following completion of its due diligence, and based upon its sole and absolute discretion, SIP may acquire up to 75% of the project from the current shareholders of CPS for; €300,000.
<b>Development Capital</b>	SIP will provide the necessary project devex budgeted at ~€13,000,000 and is to be used for the sole purpose of costs and expenses incurred by the Co-Developers to develop the Project to FID (final investment decision) stage in accordance with the directives of the Administrative Council.
<b>Developer Fee (Exit Fee)</b>	At FID SIP will recognize an exit payment to CPS for successful commercial project commissioning of the SPV (including the delivery of the balance of interconnection, permits, studies, analyses and all other relevant deliverables); A: €30,000 / MW of nameplate H2 production capacity up to above 1 GW; A1: €50,000 / MW of nameplate H2 production capacity below 1 GW; At payment of developer fee to CPS, SIP assumes 100% ownership of SPV.
<b>NH3 delivery fee/royalty</b>	SIP will pay CPS €..... /tonne of produced NH3 of the SPV for xx years, payable at the end of each fiscal year.