

**DATED, OCTOBER 25, 2024**

**TARANAKI VENTURES LIMITED**

and

**MONUMENTAL ENERGY CORP NZ LIMITED**

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**CALL OPTION AGREEMENT**

**Copper Moki 1 and 2**

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**Sean Rush  
Barrister  
Sean Rush Law and Policy Limited**

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## CALL OPTION AGREEMENT

AGREEMENT made on the 25th day of October 2024

**Parties:**            **TARANAKI VENTURES LIMITED** a company organised and existing under the laws of New Zealand having its registered office at 11 Young Street, New Plymouth ("**TVL**")

and

**MONUMENTAL ENERGY CORP NZ LIMITED** a company organised and existing under the laws of New Zealand having its registered office at Level 2, 93 The Terrace, Wellington, New Zealand ("**Monumental**")

### BACKGROUND

- A. TVL is the holder of one hundred per cent (100%) interest in the Permit and wishes to undertake the Copper Moki Workover Project in order to restart production from the Copper Moki Wells.
- B. Monumental has agreed to fund the Copper Moki Workover Project and to assume the technical and commercial risk of the under performance or over performance of the Copper Moki Wells.
- C. TVL has agreed to grant an option in favour of Monumental whereby, upon exercise of the option, TVL will grant to Monumental the Royalty.

### OPERATIVE PROVISIONS

#### 1: DEFINITIONS AND INTERPRETATION

##### 1.1. Definitions

In this Agreement:

- (a) "**Act**" means the Crown Minerals Act 1991.
- (b) "**Affiliate**" means, regarding a Party, a person that Controls, is Controlled by, or is Controlled by a person that Controls, a Party;
- (c) "**Account**" means the New Zealand dollar bank account advised by TVL into which Monumental will deposit the Workover Costs;
- (d) "**Business Day**" means a day on which banks are open for normal banking business in Wellington, New Zealand.
- (e) "**Call Option**" means the option granted by TVL to Monumental under clause 4.1;

- (f) **“Call Option Exercise Price”** means NZ\$100.00;
- (g) **“Cash Call”** means an itemised request by TVL to Monumental to advance the estimated cash requirements for the next calendar month for the Preliminary Work or the Copper Moki Workover Project with such supporting evidence as Monumental may reasonably require;
- (h) **“Control”** means the power generally to exercise a majority of the voting rights in a person or to compel the decisions of a person whether by contract or otherwise, and whether directly or indirectly through one or more Affiliates;
- (i) **“Copper Moki Wells”** means the Copper Moki 1 and Copper Moki 2 wells within the Permit Area;
- (j) **“Copper Moki Workover Project”** means the work programme and budget described in Annexure A for a workover of each of the Copper Moki Wells;
- (k) **“Effective Date”** means the date of this Agreement;
- (l) **“Expert”** means the person appointed as such pursuant to clause 7.5.
- (m) **“Loss”** includes losses, costs, damages, expenses and liabilities;
- (n) **“Minister”** means the Minister as defined in the Crown Minerals Act 1991;
- (o) **“Notice of Exercise of the Call Option”** means a notice in the form set out in Annexure B;
- (p) **“Parties”** means all of the parties to this Agreement and **“Party”** means any one of them;
- (q) **“Permit”** means Petroleum Mining Permit PMP 55491;
- (r) **“Permit Area”** means the area the subject of the Permit as at the date of this Agreement;
- (s) **“Petroleum”** has the meaning given in the Act;
- (t) **“Preliminary Costs”** means costs to be incurred undertaking the Preliminary Work.
- (u) **“Preliminary Work”** means preparatory work undertaken by TVL and its contractors in updating the Annexure “A” work programme including seeking definitive costs for equipment (cranes, rigs etc) and materials, detailed project design, consents, procurement activities, safety audit and scheduling.
- (v) **“Quarter”** means a period of three consecutive calendar months ending on 31 March, 30 June, 30 September or 31 December;
- (w) **“Royalty”** means the royalty payable pursuant to the Royalty Agreement following delivery by Monumental to TVL of the Notice of Exercise of the Call Option;
- (x) **“Royalty Agreement”** means the Royalty Agreement set out in Annexure C;
- (y) **“Royalty Effective Date”** means the date on which Monumental exercises the Call Option;

- (z) **“Workover Completion Date”** means the date the Copper Moki Workover Project is completed;
- (aa) **“Workover Costs”** means the sums to be paid, from time to time, by Monumental into the Account to fully fund the Preliminary Work and the Copper Moki Workover Project as described in Annexure A;
- (bb) **“Year”** means a period of twelve (12) months commencing on 1 January and ending on the following 31 December.

## 1.2. Interpretation

In this Agreement:

- (a) headings are for convenience only and do not affect interpretation; and unless the context indicates a contrary intention;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression “person” includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any Party includes that Party’s executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to Parties, clauses, schedules, exhibits or annexures are references to Parties, clauses, schedules, exhibits and annexures to or of this Agreement (other than Annexure C where such references apply to the Royalty Agreement therein), and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) the word “includes” in any form is not a word of limitation;
- (k) a reference to writing includes any method of representing or reproducing words, figures, drawings, or symbols in a visible or tangible form;
- (l) references to any authority, association or body whether statutory or otherwise will, if that authority, association or body ceases to exist or is reconstituted, renamed, or replaced; or if the powers or functions of that authority, association or body are transferred to any other authority, association or body, be deemed to

refer respectively to the authority, association or body, which is established or constituted instead of it, or which, as nearly as may be, succeeds to the powers and functions exercised by it;

- (m) references to any office bearer of particular authority, association or body will, if that office bearer is unable or unwilling to act as contemplated for any reason, be deemed to be references to the next most senior office bearer able and willing to act;
- (n) no rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of this Agreement or any part of it;
- (o) a reference to "\$" or "dollar" is to New Zealand currency; and
- (p) a reference to a particular time is a reference to time in Auckland.

## **2: CONDITIONS PRECEDENT**

### **2.1. Conditions Precedent**

- (a) The provisions of this Agreement, other than clauses 1, 2, 5, 7 and 8 are subject to and conditional upon, and will have no force or effect until:
  - (i) the dealing described in this Agreement has received the grant of the Minister's consent as contemplated by sections 41B and 41D of the Act is approved; and
  - (ii) the receipt by Monumental of any consent or approval required by the TSX Venture Exchange in respect of the transactions contemplated by this Agreement.
- (b) The condition in clause 2.1(a)(i) can be waived by Monumental on Notice regarding each of clause 3.1(a) and clause 3.1(b).

### **2.2. Responsibility for satisfying Conditions Precedent**

- (a) TVL is responsible for ensuring the condition in clause 2.1(a)(i) is satisfied and must use all reasonable endeavours to ensure it is satisfied. Monumental must provide all reasonable assistance to TVL in satisfying the condition in clause 2.1(a)(i).
- (b) Monumental is responsible for ensuring the condition in clause 2.1(a)(ii) is satisfied and must use all reasonable endeavours to ensure it is satisfied. TVL must provide all reasonable assistance to Monumental in satisfying the condition in clause 2.1(a)(ii).

### **2.3. Failure to satisfy Conditions Precedent**

In the event the conditions in clause 2.1(a) are not satisfied or waived by, on or before, 28 February 2025 either Party may terminate this Agreement by giving written notice to the other Party.

## **3: COPPER MOKI WORKOVER PROJECT**

### **3.1. Work Commencement and Funding Obligations**

- (a) Immediately following satisfaction or waiver of the conditions set out in clause 2.1,

- (i) TVL shall issue a Cash Call to Monumental, for all Preliminary Costs expected to be incurred to complete the Preliminary Work. Payment of such Cash Call shall be made by Monumental to the Account;
  - (ii) Upon payment of the Preliminary Costs TVL shall promptly commence the Preliminary Work and work, collaboratively, with Monumental to settle upon and agree an updated version of Annexure A, being a description of the Copper Moki Workover Project including the estimated costs of implementation of the Copper Moki Workover Project;
- (b) Upon completion of the later of the Preliminary Work and satisfaction or waiver of the conditions set out in clause 2.1, and following agreement by each of TVL and Monumental as to the updated version of Annexure A, the updated version of Annexure A will be deemed to supersede the existing Annexure A and form part of this Agreement, and thereafter;
- (i) TVL shall issue a Cash Call to Monumental, for all Workover Costs expected to be incurred in regard to the Copper Moki Workover Project in the course of the following month;
  - (ii) Upon payment of the Cash Call described in clause 3.1(b)(i) TVL shall promptly commence the Copper Moki Workover Project and thereafter shall issue Cash Calls in advance for expenditure anticipated for each following month;
  - (iii) TVL shall send a Cash Call to Monumental, monthly in advance, for all Workover Costs expected to be incurred in the course of that month;
  - (iv) Within 5 Business Days of receipt of a Cash Call, Monumental will pay the full amount of such Cash Call to the Account; and
  - (v) Accompanying each Cash Call shall be an accounting of how the sums that were the subject of the previous Cash Call were expended. Unexpended funds in any month shall be applied towards the following month's cash requirements and be itemised as a credit for such month's Cash Call.
- (c) Any amounts paid into the Account shall be utilised solely for the Copper Moki Workover Project provided that, if, as of the Workover Completion Date, no further sums are to be Cash Called by TVL to Monumental in accordance with this Agreement, Monumental shall be entitled to apply any remaining amounts in the Account as it sees fit.

### 3.2. **Standard of Care**

- (a) In executing the Preliminary Work and Copper Moki Workover Project, TVL shall at all times act as a reasonable and prudent operator and in accordance with good oilfield practice.

## 4: **CALL OPTION TO ACQUIRE ROYALTY INTEREST**

### 4.1. **Grant of Call Option**

- (a) In consideration for Monumental funding the Workover Project by paying the Workover Costs, TVL grants to Monumental an option ("the Call Option") to acquire the Royalty for the Call Option Exercise Price with effect on and from the Royalty Effective Date on the terms set out in Annexure C.

- (b) The Call Option constitutes an irrevocable offer by TVL to Monumental to grant to Monumental the Royalty, with effect on and from the Royalty Effective Date.

#### 4.2. **Exercise of Call Option**

- (a) Subject to clause 4.2(b), Monumental may exercise the Call Option by:
  - (i) delivering a Notice of Exercise of Call Option to TVL; and
  - (ii) paying the Call Option Exercise Price to TVL, at the time of delivering a Notice of Exercise of Call Option to TVL.
- (b) The Call Option can only be exercised after the Workover Completion Date and after payment by Monumental to TVL of the Workover Costs.

#### 4.3. **Effect of Exercise of Call Option**

- (a) The exercise of the Call Option by Monumental in accordance with clause 4.2 constitutes the acceptance by Monumental of TVL's offer to Monumental to grant the Royalty to Monumental on the terms of the Royalty Agreement set out at Annexure C; and
- (b) Upon payment of the Call Option Exercise Price, the Royalty Agreement will be deemed executed and to have become immediately fully effective and binding on the Parties in accordance with its terms.

### 5: **CONFIDENTIALITY**

#### 5.1. **Restrictions on Disclosure**

Unless otherwise agreed by all the Parties, all information obtained by any Party orally, or in writing or in disk or electronic form relating in any way, directly or indirectly, to this Agreement which is not in the public domain (or which is in the public domain, but only as a consequence of a breach of this clause 5), must be kept confidential and must not be disclosed by the Parties otherwise than to each other or:

- (a) to an Affiliate or its officers, employees or agents, in each case to the extent required to enable such Party to perform its obligations under this Agreement (in the case of disclosure under this clause 5, the disclosing Party must use best endeavours to ensure that the person to whom disclosure is made does not do or omit to do anything which, if it were a Party, would constitute a breach of this clause 5 and must enforce any legal rights which it may have against any such person to prevent such person from doing or omitting to do any such thing);
- (b) if and to the extent required by any applicable legislation or other legal requirement or by the rules or regulations of a recognised stock exchange or regulator) authority applicable to the disclosing Party or any of its Affiliates or pursuant to any order of court or other competent authority or tribunal whether or not such obligation arises of itself or by reason of any action taken by the disclosing Party;
- (c) if and to the extent that it may be necessary or desirable to disclose it to any governmental or competent authority in connection with applications for consents, approvals, or authorities in relation to this Agreement;
- (d) to a recognised financial institution (and its professional advisers) in connection with any finance sought to be arranged by the disclosing Party;

- (e) to bona fide potential purchasers, transferees or assignees of a Party's interest under this Agreement;
- (f) to independent consultants, professional advisers, contractors and employees of a Party, whose duties reasonably require such disclosure; and
- (g) to its professional advisers who are bound to such Party by a duty of confidence which applies to any information disclosed.

Any disclosure pursuant to clauses 5.1(d), 5.1(e) or 5.1(f) may only be made subject to the person to whom disclosure is made executing a written confidentiality undertaking to keep the information contained in the disclosure confidential on terms materially consistent with this clause 5.

## 5.2. **Public Announcements and Statements**

No Party may make any public announcement or statement regarding this Agreement, except as follows:

- (a) announcements or statements to a recognised stock exchange; or
- (b) subject to clause 5.2(a), all other announcements and statements will be provided in draft to the other Parties for review and comment, and will be issued, unless the information contained therein is in the public domain, with the prior written consent of all the other Parties, such consent not to be unreasonably withheld.

## 5.3. **Continuing Effect**

The provisions of this clause 5 continue to bind a Party, notwithstanding that it may have ceased to be a Party to this Agreement, and will continue to apply for a period of three years from the date of this Agreement.

## 6: **ASSIGNMENT**

### 6.1. **Restriction on Assignment by Monumental**

- (a) Monumental may, at any time, assign its rights and interests in, and transfer its obligations and liabilities under, this Agreement to an Affiliate.
- (b) Monumental cannot otherwise assign, novate or otherwise transfer any of its legal or beneficial rights or obligations under this Agreement without the prior written consent of TVL which cannot be unreasonably withheld if the assignee or transferee (as the case requires) is financially and technically capable of meeting its obligations under this Agreement.

### 6.2. **Restriction on Assignment by TVL**

- (a) TVL cannot assign, novate or otherwise transfer any of its legal or beneficial rights or obligations under this Agreement without the prior written consent of Monumental, which consent cannot be unreasonably withheld.
- (b) If TVL wishes to assign, novate or otherwise transfer any of its legal or beneficial interest in the Permit Area to a third party, TVL must also assign, novate or otherwise transfer an equivalent interest under this Agreement to that third party and procure that third party to covenant in favour of Monumental in a form reasonably acceptable to Monumental to perform the obligations of TVL under this Agreement.

## **7: DISPUTE RESOLUTION**

### **7.1. Compliance with procedure**

If any dispute arises between the Parties in connection with or arising out of this Agreement, neither Party is to commence any court proceedings relating to the dispute (other than where a Party seeks urgent interim relief) unless and until it has complied with this clause 7.

### **7.2. Notice of dispute**

A Party who claims that a dispute has arisen under or in relation to this Agreement must, as soon as practicable, give written notice (a "Dispute Notice") to the other Party specifying in reasonable detail the nature of the dispute that has arisen.

### **7.3. Resolution by negotiation**

Any dispute which is the subject of a Dispute Notice is to be referred to the chief executive officer of the ultimate parent company of Monumental and the chief executive officer of the ultimate parent company of TVL who will meet as soon as reasonably practicable and use all reasonable endeavours, acting in good faith, to resolve the dispute within 10 Business Days of the Dispute Notice being issued.

### **7.4. Arbitration**

- (a) If the dispute is not resolved under clause 7.3 within 10 Business Days of the dispute first being notified by a Party, then a Party may give written notice to the other Parties:
  - (i) setting out the subject matter and details of the dispute and requiring that the dispute be referred to arbitration by a sole arbitrator; and
  - (ii) stating the name of the person whom the Party giving the notice nominates as an arbitrator, such nominee to be independent of both Parties and their Directors.
- (b) If the Parties fail to agree on the identity of the arbitrator within 10 Business Days of the date of receipt of the notice referring the dispute to arbitration, the Parties will procure that the arbitrator is chosen by the president of the New Zealand Law Society (or his or her nominee) within a further 10 Business Days.
- (c) The arbitration will be held in Wellington.
- (d) The arbitrator will decide the dispute in accordance with New Zealand law and conduct the arbitration in accordance with the Arbitration Act 1996 and the rules contained in the First and Second Schedules to the Arbitration Act 1996.
- (e) The arbitrator's award will be an award with reasons (which will form part of the award) and be final and binding on the Parties, except that any Party may appeal on any questions of law pursuant to Article 5 of the Second Schedule of the Arbitration Act 1996.
- (f) Subject to clause 7.4(e), no Party will bring any court proceedings relating to the dispute or any part of it.

### 7.5. **Expert determination**

If a provision of this Agreement (including Annexure C) provides that a dispute between the Parties is to be resolved by an Expert or in accordance with the independent expert dispute resolution procedure set out in this clause 7.5, then the following provisions are to apply:

- (a) The dispute is to be referred to an Expert who will be appointed by agreement between the Parties within 5 Business Days of the dispute being so referred or, if they cannot agree within that time, by the president for the time being of the New Zealand Law Society (or successor body) or his or her nominee within a further 5 Business Days of a written request of such president by any Party.
- (b) If a dispute is referred to an Expert under clause 7.5(a), then each Party will have the right to make submissions on the relevant matter to the Expert and the Expert is to consider those submissions and establish a procedure pursuant to which the relevant matter is to be resolved. Any such submissions are to be provided to the Expert within 10 Business Days of his or her appointment. After considering the submissions of each Party, the Expert is to provide each Party with his or her written determination within 10 Business Days of the Expert being appointed.
- (c) Each Party agrees that:
  - (i) any such determination made by the Expert in accordance with clause 7.5(b) will be final and binding on each of them;
  - (ii) it will take all action reasonably necessary or desirable to give full effect to such determination; and
  - (iii) it will not seek to arbitrate, review, appeal or set aside the determination made by the Expert.
- (d) Each of TVL and Monumental will bear:
  - (i) the costs and expenses that it incurs in relation to the appointment of, or any determination made by, the Expert; and
  - (ii) one half of the costs and expenses (if any) of the Expert unless the Expert determines otherwise.

### 7.6. **Ongoing performance**

Notwithstanding the fact that a dispute between the Parties is the subject of the processes and procedures set out in this clause 7 or is the subject of interim relief proceedings, the Parties shall, subject to any interim order made by a court, continue to comply with, observe and perform their respective obligations and duties under this Agreement and may exercise their respective rights hereunder, pending final resolution of the dispute.

## 8: **GENERAL**

### 8.1. **Consequential Loss**

Notwithstanding anything in this Agreement to the contrary, no Party will be liable to any other Party for any loss of profit, loss of business opportunity or goodwill, any claims for indirect, special or punitive damages, third party claims or any indirect or consequential Losses suffered by any other Party howsoever arising in respect of any circumstances under or in relation to this Agreement.

## 8.2. Notices

Any notice, demand, consent or other communication (“Notice”) given or made under this Agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be addressed and delivered to the intended recipient at the address or email address below or the address or email address last notified by the intended recipient to the sender after the date of this Agreement:

In the case of TVL:

Taranaki Ventures Limited  
 Mike Adams  
 C/- Level 2, 11 Young Street, New Plymouth  
 Email: [madams@newzealandenergy.com](mailto:madams@newzealandenergy.com)  
 Copy: [kchhima@newzealandenergy.com](mailto:kchhima@newzealandenergy.com)

In the case of Monumental:

Bill Treuren  
 C/- Level 2, 93 The Terrace Wellington 6011  
 Email: [billtreuren.exothermic@gmail.com](mailto:billtreuren.exothermic@gmail.com)  
 Copy: [max@monumental.energy](mailto:max@monumental.energy)  
 Copy: [sean@seanrush.co.nz](mailto:sean@seanrush.co.nz)

- (c) will be taken to be duly served, given or made when delivered, received or left at the above address or email address. If delivery occurs on a day which is not a Business Day in the place to which the Notice is sent or is later than 4pm at that place, it will be taken to have been duly served, given or made at the commencement of business on the next Business Day in that place.

## 8.3. Further acts

Each Party must promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that Party) required by law or reasonably requested by any other Party to give effect to this Agreement.

## 8.4. Expenses

Except as otherwise provided in this Agreement, each Party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this Agreement.

## 8.5. Amendments

This Agreement may only be varied by a document signed by or on behalf of each of the Parties.

## 8.6. Consents or approvals

Subject to any express provision of this Agreement to the contrary, if the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a Party or is within the discretion of a Party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the Party in its absolute discretion.

### 8.7. Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Agreement by any Party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Agreement.
- (b) Any waiver or consent given by any Party under this Agreement will only be effective and binding on that Party if it is given or confirmed in writing by that Party.
- (c) No waiver of a breach of any term of this Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Agreement.

### 8.8. Counterparts

This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart constitutes an original of this Agreement, all of which together constitute one Agreement.

### 8.9. Governing Law

This Agreement is governed by and will be construed according to the laws of New Zealand.

Executed as an Agreement.

EXECUTED by **TARANAKI VENTURES LIMITED**, in the presence of:

(signed) "by Witness"

(signed) "Michael Adams"

\_\_\_\_\_  
Director's signature  
Michael Adams

\_\_\_\_\_  
Director's full name

EXECUTED by **MONUMENTAL ENERGY CORP NZ LIMITED**, in the presence of:

\_\_\_\_\_

(signed) "Max Sali"

\_\_\_\_\_  
Director's signature

**Max Sali**  
\_\_\_\_\_  
Director's full name

**8.7. Waiver**

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Agreement by any Party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Agreement.
- (b) Any waiver or consent given by any Party under this Agreement will only be effective and binding on that Party if it is given or confirmed in writing by that Party.
- (c) No waiver of a breach of any term of this Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Agreement.

**8.8. Counterparts**

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**8.9. Governing Law**

This Agreement is governed by and will be construed according to the laws of New Zealand.

Executed as an Agreement.

EXECUTED by **TARANAKI VENTURES LIMITED**, in the presence of:

(signed) "Michael Adams"(signed

\_\_\_\_\_  
Director's signature  
Michael Adams

\_\_\_\_\_  
Director's full name

(signed) "by Witness"

EXECUTED by **MONUMENTAL ENERGY CORP NZ LIMITED**, in the presence of:

(signed) " William Treuren"

\_\_\_\_\_  
William Treuren  
Director's full name

(signed) "by Witness"



## **ANNEXURE A: Copper Moki Workover Project**

The preliminary work programme set out herein will be updated and superseded as part of the Preliminary Work in accordance with clause 3.1(a).

### **1. Project Purpose**

During Q2 and early Q3 of 2024 TVL attempted to repair both producing Copper Moki wells using through-tubing/rigless interventions without success.

These activities discovered there is a hole in the Copper Moki-2 tubing such that it needs replacing before a new pump can be run, and that Copper Moki-1's pump is jammed with sand and cannot be recovered despite being successfully pulled from the pump landing packer. Hence, this well also needs the tubing replaced to recover the pump and enable a new one to be set deep enough to optimise production.

### **2. Project Scope**

Restoration of oil and gas production from the Copper Moki site in PMP 55491 involves three steps.

1. Minor works required to re-activate the production equipment and process at the Copper Moki site as it has been out of service for more than 15 months
2. Copper Moki-1 return to production by;
  - a. Recovery and replacement of production tubing, pump and pump rods
  - b. Activity to include cleaning sand from the sump of the well, and
  - c. Setting of rod pump below existing perforations if possible
3. Copper Moki-2 return to production by;
  - a. Recovery and replacement of production tubing, pump and pump rods.
  - b. Activity to include cleaning sand from the sump of the well
  - c. Setting of rod pump below existing perforations if possible

It is planned that this work will be carried out as soon as possible, with the required Safety and Well Design and Integrity Standards being met.

### **3. Project Cost Framework**

There are currently three approaches that can be used to complete this scope;

- i. Conventional workover rig, e.g. Rival Energy or Drill Force Rig 1
- ii. Work Platform/crane, e.g. as recently used by Todd energy for a Kapuni well (K16)
- iii. Hydraulic Workover Unit. Todd energy have one coming in country and may make it available for 'shakedown' work at a discounted rate.

It is not intended the means of accomplishing the scope is specified, instead that such means will be selected by a combination of variables including timing, cost and operational risks to be

ascertained by TVL in consultation with Monumental and to be as described in the updated Annexure A as contemplated by Clause 3.1(a).

**ANNEXURE B : Notice of Exercise of the Call Option**

TO: Taranaki Ventures Limited (“TVL”)

RE: Call Option Notice – Copper Moki Workover Project

Capitalised terms in this Notice of Exercise of the Call Option have the same meaning as they are given in the Call Option Agreement made between TVL and Monumental Energy Corp NZ Limited (“**Monumental**”) dated *[insert date]* (“**Call Option Agreement**”).

Notice is given that Monumental hereby exercises the Call Option described in the Call Option Agreement to be granted the Royalty from TVL with effect on and from the Royalty Effective Date for the Call Option Exercise Price on the terms contained in the Call Option Agreement.

Please acknowledge receipt of this Notice by signing and returning the attached copy of this Notice to TVL *[insert address]*.

Dated:

**Executed by Monumental Energy Corp NZ Limited** by or in the presence of:

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of Secretary/other Director

\_\_\_\_\_  
Full name of Director

\_\_\_\_\_  
Full name of Secretary/other Director

**Acknowledgement of receipt of Notice of Exercise of Call Option:**

Signed for and on behalf of **Taranaki Ventures Limited** by its duly authorised representative in the presence of:

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Signature of Authorised Representative

\_\_\_\_\_  
Full name of witness

\_\_\_\_\_  
Full name of Authorised Representative

**ANNEXURE C : Royalty Agreement**

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**TERMS AND CONDITIONS OF THE ROYALTY AGREEMENT APPLYING UPON EXERCISE OF  
THE CALL OPTION**

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**THIS AGREEMENT** effective on the Royalty Effective Date between:

**TARANAKI VENTURES LIMITED** a company organised and existing under the laws of New Zealand having its registered office at 11 Young Street, New Plymouth ("**TVL**")

and

**MONUMENTAL ENERGY CORP NZ LIMITED** a company organised and existing under the laws of New Zealand having its registered office at Level 2, 93 The Terrace, Wellington, New Zealand ("**Monumental**")

The companies named above may sometimes be referred to individually as a "**Party**" and collectively as the "**Parties**".

## **BACKGROUND**

- A. TVL offered to grant the Royalty to Monumental on the terms set out herein, if Monumental funded the Workover Costs in accordance with clause 3.1 of the Call Option Agreement.
- B. Monumental funded the Copper Moki Workover Project pursuant to clause 3.1 of the Call Option Agreement and has properly exercised the Call Option in accordance with clause 4.2 of the Call Option Agreement.
- C. The terms and conditions of the Royalty are set out herein.

## **THE PARTIES AGREE AS FOLLOWS:**

### **1. DEFINITIONS**

In this Agreement (including its Recitals) unless the subject or context is inconsistent, the following words and expressions bear the meanings given to them below:

**Act** means the Crown Minerals Act 1991.

**Accounting Standards** means the generally accepted accounting principles applied from time to time in New Zealand.

**Agreement** means this Royalty Agreement, including such provisions of the Call Option Agreement that are deemed to apply and any amendment agreed in writing by the Parties.

**Business Day** means a day on which banks are open for normal banking business in Wellington, New Zealand.

**Call Option Agreement** means the Agreement between the Parties that set out the requirements by which Monumental may acquire an option to obtain the Royalty dated on the Effective Date.

**Claim** means a claim, judgment, damage, loss, cost, expense or liability however arising.

**Final Royalty** has the meaning ascribed to that term in clause 4.2.

**GST** means goods and services tax payable under the Goods and Services Tax Act 1985.

**Initial Royalty** has the meaning ascribed to that term in clause 4.2.

**Net Receipts** means, for a Quarter, the sales receipts received by TVL from the sale or other disposal of Products pursuant to the Sales Arrangements less the amounts specified in Annexure A.

**Notice** means any notice, consent, approval, demand, request, waiver or other communication authorised or required under this Agreement to be made or given by one Party to another.

**Permit** means Petroleum Mining Permit PMP 55491 granted pursuant to the Act.

**Permit Area** means the area which is subject to the Permit.

**Product** means petroleum produced from one or both of the Copper Moki Wells.

**Quarter** means a period of three consecutive months commencing on 1 January, 1 April, 1 July or 1 October in any year, other than the first Quarter which commences on the date the Initial Term commences and expires on the date immediately preceding the next to occur of 1 January, 1 April, 1 July or 1 October.

**Royalty** means the Initial Royalty or the Final Royalty, or both, as the context requires.

**Royalty Records** means the books, accounts and records maintained by or on behalf of TVL showing reasonable detail in relation to:

- (a) the quantity of Products produced in each Quarter;
- (b) the calculation of each component of the Royalty for each Quarter;
- (c) the payment of the Royalty in each Quarter; and
- (d) where there is any commingling of Products in a Quarter with production from sources other than the Copper Moki Wells, the processes for any value adjustment (if any).

**Sales Arrangements** means the sales arrangements TVL has in place for the sale of oil to OMV New Zealand Limited and natural gas to Genesis [●] or any arms-length superseding arrangements for the sale of oil and other hydrocarbons produced from the Permit Area.

**Statement** means a statement detailing:

- (a) volumes of Product for the previous Quarter;
- (b) the associated Product sales receipts from the Sales Arrangements;
- (c) the calculation of Net Receipts, including any deductions for Crown royalty and items set out in Annexure A;
- (d) the Royalty payable; and
- (e) such other information as may be reasonably requested by Monumental.

## 2. INTERPRETATION

Unless the context indicates a contrary intention, the following rules of interpretation are to be applied in the construction of this Agreement:

- (a) the singular includes the plural and vice versa;
- (b) reference to a Party to any agreement (including this Agreement) or instrument includes that Party's successors and permitted assigns;
- (c) reference to any agreement (including this Agreement) or instrument includes that agreement or instrument as amended, novated, supplemented, varied or replaced from time to time;
- (d) references to clauses, subclauses, paragraphs, recitals and annexures are references to constituent parts of this Agreement save where such reference explicitly refers to the Agreement;

- (e) reference to any legislation or to any section or provision of any legislation, includes any statutory modification, re-enactment, replacement of or substitution for that legislation, section or provision, and any subordinate legislation or statutory instrument issued pursuant to that legislation or as it may have been modified, re-enacted, replaced or substituted;
- (f) reference to a permit issued under the Act includes a renewal, extension, re-issuance or variation of that instrument and includes any other instrument issued or granted in substitution for, or pursuant or ancillary to that instrument, and any other instrument conferring the same or similar rights previously the subject of that title, authorisation or licence;
- (g) reference to “NZ\$” is a reference to an amount in the currency of New Zealand and US\$ is a reference to an amount in US dollars;
- (h) the word “including” shall be construed as being by way of illustration or emphasis and shall not limit or prejudice the generality of any of the words preceding it;
- (i) clause headings are inserted for convenience only and do not affect the interpretation or construction of this Agreement;
- (j) the word “person” includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, or any Government Agency;
- (k) derivative forms of a defined word or expression are given a corresponding meaning;
- (l) terms defined in the Call Option Agreement and not otherwise defined in this Agreement bear the same meaning where used herein;
- (m) to the extent there is any inconsistency between this Agreement and the Call Option Agreement, this Agreement will prevail to the extent of the inconsistency.

### **3. INCORPORATION OF TERMS BY REFERENCE**

Clauses 5 to 8 in the Call Option Agreement, in their entirety, shall be deemed incorporated into this Agreement by reference and be binding between the Parties.

### **4. THE ROYALTY**

#### **4.1. Royalty Obligation**

- (a) As from the Royalty Effective Date, for each Quarter in which any Product is produced and sold, TVL agrees to pay Monumental the Royalty calculated in accordance with this Agreement.
- (b) The obligation to pay the Royalty accrues upon the receipt by TVL of Product sales receipts received from the sale of Products in accordance with TVL’s Sales Arrangements.

#### **4.2. Calculation and payment of Royalty**

Within 30 days after the end of each Quarter, TVL must:

- (a) Calculate, on an open book basis, the Royalty payable for that Quarter, if any, calculated as follows:

- (i) from the Royalty Effective Date the Initial Royalty will be calculated by multiplying the Net Receipts by 75% and be payable until a sum equivalent to the Workover Costs has accrued to Monumental, and thereafter;
- (ii) the Final Royalty will commence upon the conclusion of the Initial Royalty and will be calculated by multiplying the Net Receipts by 25%;
- (b) Give to Monumental a Statement in respect of that Quarter, even if there is no Royalty payable in respect of that Quarter; and
- (c) If the Royalty is payable, pay to Monumental the Royalty due by it for that Quarter, in immediately available funds without demand, reduction or set-off (except any deduction or withholding required by law) by direct deposit to the bank account nominated by Monumental, which Monumental may, by notice to TVL, change from time to time.

#### 4.3. Interest and costs

- (a) Without limiting the rights of Monumental in relation to any breach of this Agreement by TVL, if TVL fails to pay the Royalty due under this Agreement on or before the due date for payment, then TVL must also pay to Monumental immediately on demand:
  - (i) interest on the amount due from due date up to and including the date upon which the moneys are paid, calculated on a daily basis and compounded with monthly rests; and
  - (ii) all costs and expenses (including legal costs and expenses on a full indemnity basis) incurred by Monumental which are attributable to the TVL's failure to pay by the due date.
- (b) The rate of interest to apply (the "Agreed Interest Rate") is the Secured Overnight Financing Rate (SOFR). If such rate ceases to be published, the Parties shall endeavour to establish an alternate rate of interest that gives due consideration to the then prevailing market convention for determining a rate of interest and the Parties shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable; provided, further, that, if such rate of interest shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

#### 4.4. Finality of Statement

A Statement for a Quarter and payment of the Royalty in accordance with that Statement is final and in full satisfaction of all obligations of TVL with respect to and payment of the Royalty for that Quarter unless:

- (a) Monumental does not agree with the Statement, in which case Monumental may, within 12 months of receiving the Statement or the report of an auditor appointed in accordance with this Agreement (whichever is the later), give TVL a Dispute Notice in which case the provisions of clause 7.5 (Expert Determination) of the Call Option Agreement shall apply; or
- (b) There has been any fraud, deliberate miscalculation, or reckless calculation of the Royalty by TVL.

**4.5. Royalty a continuing obligation**

Unless otherwise provided for in this Agreement, the obligation to pay the Royalty continues, with respect to the Copper Moki Wells, for the full term of the Permit, including any successor permit, and throughout the period that any Product can lawfully be extracted and recovered, unless this Agreement is previously determined in accordance with its terms.

**4.6. No interest in Permit**

Without derogating from its entitlement to the Royalty under this Agreement, Monumental has no legal or equitable interest in the Permit or in the Permit Area.

**4.7. Maintenance of Permit in good standing**

TVL acknowledges and agrees that it is responsible, at its cost, for keeping the Permit valid and in full force and effect under the Act for the duration of this Agreement, including:

- (a) Observing the provisions of the Act and all other legislation affecting the Permit operations and activities conducted by the TVL on or about the Permit Area, including lodging in good time all required reports;
- (b) Paying all fees, rates, royalties, taxes and rental payments due in respect of all of the Permit;
- (c) Making all necessary applications for renewals of the Permit; and
- (d) Discharging at its sole cost all liabilities under the Permit or to third-parties and shall indemnify Monumental in regards to all such liabilities.

**4.8. TVL to determine Permit operations**

Monumental acknowledges and agrees that TVL, as operator under the Permit:

- (a) Owes Monumental no duty to explore, develop or rework the Copper Moki Wells, but agrees to produce at rates consistent with good oilfield practice;
- (b) In the event TVL wishes to plug and abandon one or both of the Copper Moki Wells, it shall first consult with Monumental and provide Monumental with the right to fund any rework to a level it may choose on terms substantially the same as herein;
- (c) Is not liable for any commercial value lost in producing Products from the Copper Moki Wells under good oilfield practices and procedures, and no Royalty is due on any such lost value.

**5. INFORMATION AND AUDIT**

**5.1. Royalty Records**

TVL must keep, or cause to be kept, true and accurate Royalty Records in accordance with the Accounting Standards and good oilfield practice.

**5.2. Inspection and audit of Royalty Records**

- (a) Monumental may, upon reasonable notice to TVL and at reasonable times and at its own cost, within 60 days of receiving a Statement in respect of a Quarter,

appoint a registered company auditor to inspect, audit and report on the Royalty Records of TVL to Monumental in respect of that Quarter.

- (b) TVL must give the auditor appointed by Monumental full and free access to the Royalty Records at its offices, or elsewhere as agreed, in respect of the payment of the Royalty for that Quarter.

### 5.3. Access, inspection and technical audit

- (a) Monumental may, upon reasonable notice to TVL and at reasonable times but not more frequently than once in every 3 months and at its own cost and risk, inspect any operations relating to the Copper Moki Wells, provided that Monumental must ensure that it does not unduly interfere with the operations or with the general conduct by TVL of its business and complies with the reasonable requirements of TVL and their safety officers.
- (b) TVL must provide, at Monumental's cost, all reasonable access to TVL and to the petroleum engineer appointed by TVL sufficient and necessary to reasonably carry out such technical audit.
- (c) TVL must ensure that any audit undertaken by, or on behalf of, Monumental is conducted and concluded promptly and diligently.

### 5.4. Consequences of financial audit

- (a) If Monumental notifies TVL of any underpayment or overpayment of the Royalty which Monumental's auditor, in its reasonable opinion, considers exists, or the audit determines that any Royalty paid has been calculated in error, TVL must, on being provided with a copy of the report of Monumental's auditor, make a consequential adjustment of the Royalty due for the next Quarter accordingly, unless TVL gives a Dispute Notice under this Agreement in relation to the relevant Statement within 3 months of receiving the report of Monumental's auditor.
- (b) If the Royalty properly payable is established by audit to be more than 5% more or less than the Royalty set out in a Statement provided by TVL, TVL must refund to Monumental forthwith the costs of the audit.

### 5.5. Consequences of technical audit

- (a) Monumental may give TVL a copy of any technical report arising from a technical audit conducted under this clause which raises, as a matter of concern, any matter concerning the measurement, sampling, assaying or any other measuring or testing practice which is not consistent with good oilfield practice in New Zealand applied reasonably.
- (b) If TVL does not accept that there is a matter of industry practice which it is prepared to, and does, correct, either Party may give a Dispute Notice in relation to that matter within 3 months of receiving the technical report.
- (c) Any Dispute regarding the Royalty Records shall be resolved pursuant to clause 7 of the Call Option Agreement with clause 7.5 of the Call Option Agreement (Expert Determination) applying.

## 6. REPRESENTATIONS AND WARRANTIES

### 6.1. TVL's Warranties

As at the Royalty Effective Date, TVL hereby represents and warrants to Monumental:

- (a) It is a corporation duly organised and validly existing under the laws of New Zealand and is in good standing under such laws;
- (b) It is a wholly-owned subsidiary of New Zealand Energy Corp., a company incorporated under the laws of the Province of British Columbia, Canada;
- (c) It is solvent and is a corporation which has available to it sufficient funds or access to sufficient funds to enable it to meet its obligations under the Permit, this Agreement;
- (d) It has full power and authority to enter into and perform its obligations under this Agreement;
- (e) It is not engaged in any litigation or arbitration proceedings that may materially adversely affect the Permit and there are no actions, suits or other proceedings pending or threatened against them in or by any court or administrative or other tribunal which in any way may materially adversely affect the Permit or its rights to the Permit or in respect of the Permit Area;
- (f) No notice of default, termination, or breach under the Permit has been received by them;
- (g) The operations performed in the Permit Area are carried out in accordance with the methods and practices customarily used in good and prudent oil field practice and with that degree of diligence and prudence reasonably and ordinarily exercised by experienced operators engaged in similar activity under similar circumstances and conditions;
- (h) The Permit is in full force and effect and in good standing, and is not otherwise subject to surrender, relinquishment or forfeiture, and the terms and conditions of the Permit have been fully complied with; and
- (i) It is not aware of any material circumstances, including environmental or reclamation liabilities, which have not been disclosed in writing to Monumental and which might be expected to materially and adversely affect the Copper Moki Workover Project or might otherwise be material to Monumental.

## 6.2. Monumental's representations and warranties

Monumental represents and warrants to TVL that:

- (a) It is a corporation duly organised and validly existing under the laws of New Zealand and is in good standing under such laws;
- (b) It is a wholly-owned subsidiary of Monumental Energy Corp., a company incorporated under the laws of the Province of British Columbia, Canada;
- (c) It is solvent and it is a corporation which has available to it sufficient funds or access to sufficient funds to enable it to meet its obligations under this Agreement;
- (d) It has full power and authority to enter into and perform its obligations under this Agreement;
- (e) It has the financial capability to fulfil its obligations under this Agreement; and
- (f) It has relied on its own independent investigation, analysis and evaluation of the geological, geophysical and engineering interpretations and economic valuations

of the Royalty Interest and its own assessment of tax allowances and prospects for development of the Copper Moki Wells and acknowledges and affirms that in making the decision to fund the Workover Costs it has relied upon its independent investigation and those of its representatives, including professional, legal, tax, financial, business and other advisers.

### 6.3. **Monumental's acknowledgments**

Monumental acknowledges that, except for the warranties set out in clause 6.1 (the "TVL Warranties"), TVL makes no warranties or representations (express or implied) in relation to the Permit or the Disclosures and all terms, conditions, warranties and statements, whether express, implied, written, oral, collateral, statutory or otherwise, are excluded and TVL disclaims all liability in relation to these to the maximum extent permitted by law. In particular, and without limiting in any way the generality of the foregoing, Monumental expressly acknowledges that, except for TVL Warranties, no warranty is given by TVL and no representation is made by TVL and Monumental will not make any Claim in relation to:

- (a) Any geological, geophysical, engineering, economic, fiscal or other interpretations or evaluations by TVL, any of their Affiliates or any other person;
- (b) Future matters, including future or forecast costs, revenue or profits;
- (c) Reserves or life of fields;
- (d) Markets; or
- (e) The accuracy or reliability of any information or material which was created by persons other than TVL and which was provided to Monumental in connection with the Permit or the transaction contemplated by this Agreement.

### 6.4. **Limitations**

- (a) Subject to this clause 6.4 and clause 7.3, each Party shall indemnify and hold the other Party harmless against all losses, costs (including any remediation costs), causes of action, Claims, demands, fines, penalties or expenses (including reasonable legal fees) which that other Party suffers or incurs as a direct result of a breach by the indemnifying Party of any representation or warranty given under clause 6.1 and clause 6.2.
- (b) Any Claim by a Party for a breach of warranty or representation under this Agreement will be taken to be waived or withdrawn and will be barred and unenforceable on and after the date which is twelve (12) months after the Workover Completion Date unless proceedings in respect of such Claim have been commenced within the period of twelve (12) months after that date.

## 7. **RISK, INDEMNITIES AND LIABILITIES**

### 7.1. **TVL's risk and indemnity**

TVL shall retain all risk and liability of any nature connected with ownership of, and operations undertaken in connection with the Royalty Interest and agrees to indemnify Monumental and hold Monumental harmless against any and all costs, expenses, Claims and liabilities associated with such ownership or arising out of any operation, accident, act, event or circumstance.

**7.2. Default**

- (a) If Monumental commits a material breach of this Agreement then TVL may give Notice of such non-compliance to Monumental. If Monumental thereafter fails to remedy the breach or take reasonable steps to remedy the breach, to the reasonable satisfaction of TVL within 30 days of receipt of the Notice, then without limiting the remedies available to TVL (including recovering interest at the Agreed Interest Rate on any overdue amounts) TVL may terminate this Agreement.
- (b) If TVL commits a material breach of this Agreement then Monumental may give Notice of such non-compliance to TVL. If TVL fails to remedy the breach or take reasonable steps to remedy the breach, to the reasonable satisfaction of Monumental within 30 days of receipt of the Notice, then without limiting the remedies available to Monumental (including recovering interest at the Agreed Interest Rate on any overdue amounts) Monumental may terminate this Agreement.

**7.3. Consequential loss**

No Party shall be liable to any other for special, indirect or consequential damages resulting from or arising out of a breach of this Agreement, including, without limitation, loss of profit or business interruptions, howsoever same may be caused.

**THIS AGREEMENT IS DEEMED EXECUTED BY THE PARTIES WITH EFFECT ON AND FROM THE CALL OPTION EXERCISE DATE.**

**ANNEXURE A****Calculation of Net Receipts.**

Sales receipts received by TVL from the sale or other disposal of Product pursuant to the Sales Arrangements

LESS

(a) Variable Costs

- i. Trucking or otherwise transporting Product from the Permit Area to the Waihapa Production Station;
- ii. Trucking Water from Waihapa Production Station to the Waitapu well withing the Permit Area;
- iii. Storing and treating Product at the Waihapa Production Station and then transporting Product via pipeline to New Plymouth;
- iv. Amounts payable to the Product sales agent for the marketing, storage and ship loading of Product.

(b) Fixed Costs

- i. Lease of the land within the Permit Area required for operations;
- ii. On site operations within the Permit Area and at the Waihapa Production Station;
- iii. Periodic sampling and testing of Product.

(c) Any amounts payable by way of Crown Royalty on oil sales from the Copper Moki Wells.