

## MEMORANDUM OF UNDERSTANDING

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This Memorandum of Understanding (this "MOU") is made and entered into on this 1<sup>st</sup> day of July 2024 ("Effective Date") by and between:

**Transshipping World Company, S.A.** ("TWC"), residing/located at 11 calle 0-48, Zona 10 Edificio Diamond, Business Center, Interior 1004, CP 01010, Ciudad de Guatemala, Guatemala; (the "**First Party**").

and

**Nuvoil, S.A. de C.V.** ("NUVOIL"), residing/located at Framboyanes 3303, Ciudad industrial Bruno Pagliai, CP 91697, Veracruz, México; (the "**Second Party**").

both of whom are collectively known as the "**Parties**",

**WHEREAS** the First Party and the Second Party desire to enter into an agreement in which they will work together to achieve the various aims and objectives relating to the design, construction and operation of a **Hydrocarbon Storage and Distribution Facility** (the "**HSDF**") or Midstream Facility with an initial nominal capacity between 500,000 and 1,000,000 barrels in Guatemala (the "Project"), under an association model between the Parties that will see the HSDF built on land currently leased/controlled by the First Party and owned by either Instituto de Previsión Militar ("**IPM**") or Empresa Portuaria Quetzal ("**EPQ**"). More specifically, the **Project** includes a mono buoy, a pumping station and pipelines to be built on the plot of land known as Franja Este Puerto Quetzal ("**FEPQ**") and the storage tanks and tanker fillers to be built on the plot of land known as Finca Santa Rosa ("**FSR**").

**AND WHEREAS** the First Party and the Second Party are desirous to enter into a MOU between them, setting out the working arrangements that each of the two agree are necessary to complete the Project.

**1. Purpose & Scope.** The purpose of this MOU is to provide the framework, the scope of work, terms and conditions, and responsibilities of the Parties associated with their work on the Project, as attached in more detailed information for the Project that Parties have agreed upon, if applicable. The obligations of the Parties will end on 31<sup>st</sup> December 2024, for the planning phase. When the project is successfully moved into implementation phase, new or updated obligations will be defined in the corresponding contracts governing the association model between the Parties.

As further outlined below, both parties will collaborate on the following:

The main objective(s) of the Project:

- i. Confirm technical feasibility of the Project,
- ii. Confirm economic feasibility of the Project,
- iii. Confirm association model between the Parties,
- iv. Move the Project into implementation (construction) phase.

**2. The Parties Obligations.** The Parties desire and wish that this document will not create any form or manner of a formal agreement, but rather an agreement between the Parties to work together in such a manner that would promote a genuine atmosphere of collaboration in support of an effective and efficient partnership and leadership meant to maintain, safeguard, and sustain sound and optimal financial, managerial, and administrative commitment with regards to all matters related to the Project.

**3. Cooperation.** The Parties represent that they have unique, specialized expertise that they will draw upon to meet the objectives of the Project.

The First Party will use the following unique experiences and expertise to further the objectives of the Project:

- i. The First Party was able to secure long-term lease contracts for FSR and FEPQ with the objective of developing the Project. In doing so, the First Party had to elaborate basic financial projections based on



parametric construction costs, operating expenses and sales projections. The First Party went as far as obtaining construction licensees for the Project with the objective of facilitating negotiations with specialized oil & gas companies capable of executing the Project.

- ii. The First Party will use its local connections in Guatemala to further improve the market studies required to confirm expected price elasticity based on expected offer and demand which is an absolute requirement for the financial projections that will guide economic agreements between the Parties for the implementation of the Project.
- iii. The First Party will continue leading efforts with the specialized consulting firm Hallow Energy (the "Consultant") hired to build a business pipeline of international oil & gas companies (the "Off-takers") interested in securing/leasing capacity in the Project with the objective of securing interest letters to strengthen financial projections of the Project.

The Second Party will use the following unique experiences and expertise to further the objectives of the Project:

- i. The Second Party is a company with more than 25 years of experience in the design, construction and operation of specialized oil & gas infrastructure with a proven track record in projects with CAPEX requirements of more than USD 100M.
- ii. The Second Party will lead the generation of the Basic Engineering Studies along with its trusted engineering services providers, under the supervision of the First Party, to produce the design and engineering deliverables required for Off-takers to transform non-binding intention letters into binding contractual agreements.

#### **4. Responsibilities.**

The First Party shall undertake the following activities under this MOA:

- a) Obtain and maintain any permits/licensees required before the creation of the legal entity that will implement and/or operate the Project,
- b) Produce the market studies necessary to confirm price elasticity (offer and demand) required for solid financial projections for the Project,
- c) Lead efforts with Hallow Energy to obtain non-binding interest letters from Off-takers to support business hypotheses used in financial projections,
- d) Collaborate with the Second Party and share market studies and financial projections so that the later may propose changes or improvements to the projections,
- e) Once key deliverables are shared by the Second Party, use those deliverables (design and basic engineering studies) to transform non-binding interest letters into binding contractual agreements.
- f) Fulfill other tasks attributable to the First Party that are necessary for the negotiations between the Parties to advance and agree on an association model that ensures economic and operational feasibility of the Project.
- g) Design and propose an association model that includes a Special Purpose Vehicle ("SPV") wholly owned by the Second Party that will receive exclusive rights from the First Party for the design, construction and operation of the Project in exchange for a fixed rent and a variable rent or fee scheme designed in such way that the fixed rent is fair and doesn't generate significant risks from the point of view of financial institutions potentially financing the Project, and a variable rent or fee that grants the First Party a fair share of the business and any potential upsides.
- h) Continue negotiations with investment funds and financial institutions interest in investing directly into the First Party and providing debt financing to the Second Party in charge of the design, construction and operation of the Project.

The Second Party shall undertake the following activities under this MOA:

- a) Upon securing financing form a third party, produce design and basic engineering studies required to advance the Project and transform non-binding intention letters into binding contractual agreements with Off-takers.
- b) Upon securing financing form a third party, hire and pay for specialized engineering firms required to produce design and basic engineering studies.



- c) Share design and basic engineering studies with the First Party, and any other relevant information in possession of the Second Party, required for the negotiation process with the Off-takers lead by the First Party and the Consultant.
- d) Share CAPEX and OPEX projections for the Project with the First Party, and any other relevant information in possession of the Second Party, required for the completion and improvement of financial projections built by the First Party.
- e) Share internal financial information with the First Party, or any other relevant information in possession of the Second Party, required by investment funds and financial institutions engaged with the First Party and interested in providing debt financing to the Second Party for the Project. This activity is subject to the potential investment funds or financial institutions signing the required non-disclosure agreements with the Second Party.
- f) Collaborate with the First Party in the design of the association model for the Project.
- g) When the association model is defined in detail and contractual agreements between the Parties are set, collaborate with investment funds and financial institutions brought to the table by either the First Party or the Second Party to secure the best financing options for the Project.
- h) Hire and pay for due diligence processes required by investment funds and financial institutions engaged with the Second Party.

**5. Resources.** The Parties will endeavor to have final approval and secure any financing necessary to fulfill their individual financial contributions at the start of the Project.

The First Party agrees to provide the following material, financial, and labor resources in respect to the Project:

- i. Long-term lease contracts with IPM and EPQ for FSR and FEPQ plots of land.
- ii. Construction licensees and other permits that do not require the SPV to be operational.
- iii. Basic financial projections for the Project, including parametric construction costs, operating expenses and sales projections required to estimate financial returns.
- iv. Market studies that confirm price elasticity (offer/demand) for the Project.
- v. Non-binding interest letters by international Off-takers contacted by the Consultant or by local companies in Mexico contacted directly by the First Party.
- vi. Binding contractual agreements with international Off-takers contacted by the Consultant or by local companies in Mexico contacted directly by the First Party, under the condition that all deliverables attributable to the Second Party become available in form and time and that the proposed commercial conditions of such agreements or contracts are acceptable to all parties.

The Second Party agrees to provide the following material, financial, and labor resources in respect to the Project:

- i. Confirmation and evidence that the Second Party hired engineering firms in charge of producing design and basic engineering studies for the Project.
- ii. Confirmation and evidence that the Second Party and the Consultant contractually agree on the fees related to the obtention of binding contractual agreements with Off-takers.
- iii. Detailed timeline to produce design and basic engineering studies for the Project.
- iv. Calendar of follow up meetings and advancement reports so that the First Party may supervise the production of design and basic engineering studies for the Project.
- v. Physical or digital copies of documents or information required by either the Consultant and Off-takers for the intention letter process, binding contracts process or by the First Party for the improvement of financial projections for the Project, required to estimate financial returns.
- vi. Physical or digital copies of the documents or information obtained during the production of design and basic engineering studies.

**6. Communication Strategy.** Marketing of the Project should always be consistent with the aims of the Project and only undertaken with the express written agreement of both Parties. Where it does not breach any confidentiality protocols, a spirit of open and transparent communication should be adhered to. Coordinated communications should be made with external organizations to elicit their support and further the aims of the Project.



**7. Dispute Resolution.** The Parties to this MOU agree that if any dispute arises through any aspect of this agreement, including, but not limited to, any matters, disputes, or claims, the Parties shall confer in good faith to promptly resolve any dispute. In the event that the Parties are unable to resolve the issue or dispute between them, then the matter shall be

(Check one)

- ☐ mediated in an attempt to resolve any and all issues between the Parties
- ☐ arbitrated in an attempt to resolve any and all issues between the Parties
- ☒ mediated and arbitrated in an attempt to resolve any and all issues between the Parties.

**8. Governing Law.** This MOU shall be construed in accordance with the laws of Ciudad de México, México.

**9. Assignment.** Neither Party may assign or transfer the responsibilities or agreement made herein without the prior written consent of the non-assigning party.

**10. Amendment.** This MOU may be amended from time to time by mutual agreement of the parties in a written modification signed by both parties.

**11. Termination.** This MOU may be terminated by mutual written agreement of the Parties upon 10 days notice.

This MOU shall automatically terminate upon completion of all responsibilities as stated in the "Purpose & Scope" section. See attached Exhibit of timeline and list of objectives for the Project, if applicable.

**12. Prior Memorandum Superseded.** This MOU constitutes the entire Memorandum between the Parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations, and Memorandums, whether oral or written.

**13. Understanding.** By signing this MOU, both Parties of this MOU mutually agree and understand that:

1. Each Party will take finance and legal responsibility for the actions of its affiliates, officers, employees, independent contractors, agents, volunteers, and representatives.
2. Each Party agrees to indemnify, defend and hold harmless the other to the fullest extent permitted by law from and against all actions, demands, claims, losses, liabilities, costs (including attorney's costs and fees), and damages. Each Party shall also be responsible for the proportionate cost of any damages arising from the fault of such Party, its officers, agents, employees, and independent contractors.
3. Each Party shall carry insurance at its sole expense to cover its activities in connection with this MOU. Each Party shall also obtain and maintain insurance for general liability, workers' compensation, and business automobile liability adequate to cover any potential liabilities.

**14. Notice.** All notices, demands, requests, and other communications given hereunder for purposes other than termination shall be made in writing and shall be deemed given if:

1. Delivered by hand or email,
2. Mailed by domestic registered or certified mail with prepaid postage, after 10 days of business days since the date postmarked,

All written notices so given will be deemed effective upon receipt.

Any notices, demands, requests, and other communications returned to the sending Party as non-delivered should be re-delivered or re-mailed to the forwarding address affixed thereto. Such communications will be deemed delivered in the same way as those that had not been returned to the sending Party.

**15. Severability.** Any part or provision of this MOU that is found to be unenforceable, illegal, void, or prohibited in any jurisdiction will be ineffective without invalidating the remaining provisions and parts of the MOU. In such a scenario, the Parties will use reasonable efforts to employ and find an alternative way to achieve the same or substantially the same result as contemplated by such part or provision.



**16. Authorization and Execution.** The signing of this MOU does not constitute a formal understanding and as such it simply intends that the Parties shall strive to reach, to the best of their abilities, the objectives stated herein.

The MOU shall be signed by

(Check one)



☐ the First Party

☒ the First Party's Representative Josue Alexander Barrios Galindo, Legal Representative, and

(Check one)

☐ the Second Party

☒ the Second Party's Representative Roberto Jair González Duarte, Legal Representative, and shall be effective as of the date first written above.

	
Josue Alexander Barrios Galindo Legal Representative The First Party	Roberto Jair González Duarte Legal Representative The Second Party
Date: <u>01</u> / <u>07</u> / <u>2024</u>	Date: <u>01</u> / <u>07</u> / <u>2024</u>