



**MEMORANDUM OF UNDERSTANDING
BETWEEN
NORTH SULAWESI PROVINCIAL GOVERNMENT
WITH
FOREVER OCEANS CORPORATION**

Number : 180/3/09/V/NK/2019
Number : 0001/INDONESIA-FO/2019

ON

**SEA FISH CULTIVATION INVESTMENT DEVELOPMENT
IN NORTH SULAWESI PROVINCE**

Today, Thursday the 9th (ninth) of May two thousand nineteen, taking place in Manado City North Sulawesi Province, we the undersigned:

- I. STEVEN O. E. KANDOUW** : Vice Governor of North Sulawesi, domiciled in Jalan 17 Agustus No. 69, Manado, acting in this matter for and on behalf of North Sulawesi Provincial Government, hereinafter referred to as the **FIRST PARTY**.
- II. JASON HECKATHORN** : President of Forever Oceans Corporation, 403 Holiday Ct. Suite 104 Warrenton, VA 20186, United States of America, acting in this matter for and on behalf of Forever Oceans Corporation, hereinafter referred to as the **SECOND PARTY**.

Hereinafter, the **FIRST PARTY** and the **SECOND PARTY** are collectively referred to as the **PARTIES**.

The **PARTIES** firstly set out and declare the following:

1. The **FIRST PARTY** is the North Sulawesi Provincial Government, which has a population of around 2,461,028 people (Data from the Central Statistic Bureau of North Sulawesi in 2018) in 11 Regencies and 4 (four) Cities, i.e. 1)Sangihe Island Regency, 2)Talaud Island Regency, 3) Sitaro Island Regency, 4)Minahasa Regency, 5)South Minahasa Regency, 6)South East Minahasa Regency, 7)North Minahasa Regency, 8)Bolaang Mongondow Regency, 9)South Bolaang Mongondow Regency,

10)North Bolaang Mongondow Regency, 11)East Bolaang Mongondow Regency, 12)Manado City, 13)Bitung City, 14)Tomohon City, and 15)Kotamobagu City.

2. The **FIRST PARTY** has a commitment to realize the development of sustainable fisheries in North Sulawesi.
3. The **SECOND PARTY** is an international company, incorporated in the United States of America with a mission to conduct a sustainable aquaculture in North Sulawesi.
4. The **SECOND PARTY** will conduct sustainable aquaculture in North Sulawesi Province, Indonesia through its subsidiaries which will eventually be incorporated ("**PT Forever Oceans Indonesia**").

The **PARTIES** will cooperate in the spirit of friendship and mutual benefit in developing the sea fish cultivation to increase the production of **Kuwe (Bobara)** fish as the main commodity and other fish production as well. Considering that this sea fish cultivation business takes a long time to develop and require a relatively large size sea cultivation area, therefore The **PARTIES** agree to this Memorandum of Understanding.

The **PARTIES** agree that this Memorandum of Understanding is prepared in accordance with the laws of the Republic of Indonesia, among other things:

1. Law of the Republic of Indonesia No. 13 of 1964 on the formation of Level I Region of North Sulawesi;
2. Law of the Republic of Indonesia No. 37 of 1999 regarding International Relations;
3. Law of the Republic of Indonesia No. 24 of 2000 regarding International Agreements;
4. Law of the Republic of Indonesia No. 31 of 2004 on Fishery;
5. Law of the Republic of Indonesia No. 26 of 2007 on Spatial Planning;
6. Law of the Republic of Indonesia No. 27 of 2007 as amended by Law No. 1 of 2014 on Shoreline and Minor Islands Management;
7. Law of the Republic of Indonesia No. 32 of 2009 on Protection and Management of the Environment;
8. Law of the Republic of Indonesia No. 23 of 2014 regarding Regional Government as lastly amended by Law No. 9 of 2015 as the second amendment to Law of the Republic of Indonesia No. 23 of 2014;

9. Law of the Republic of Indonesia No. 32 of 2014 on the Ocean;
10. Government Regulation of the Republic of Indonesia No. 24 of 2018 on Electronically Integrated Business Licensing Services;
11. Minister of Foreign Affairs Regulation No. 9 of 2006 regarding Guidelines in the Procedures of Establishing International Relationship and Cooperation by the Regional Government;
12. Ministry of Marine Affairs and Fishery Regulation No. 49 of 2014 on Fish Cultivation;
13. North Sulawesi Regional Regulation No. 1 of 2014 on North Sulawesi Spatial Plan;
14. North Sulawesi Regional Regulation No. 1 of 2017 on Spatial Planning for Shoreline and Minor Islands of North Sulawesi.

Based on the above matters, The **PARTIES** have agreed based on the following principles:

Article 1 **PURPOSE**

Based on the above matters, the **PARTIES** intend to enter into this Memorandum of Understanding, for the following matters:

1. The **SECOND PARTY** intends to carry out a general preliminary work for the sea fish cultivation in the waters of North Sulawesi and will employ local staff, based on the qualification required by the **SECOND PARTY**.
2. The **SECOND PARTY** intends to jointly conduct a research and development activity with the local institutions together with (but not limited to) the University of Samratulangi, Manado.
3. The **SECOND PARTY** intends to carry out the cultivation of fish, Kuwe (Bobara) fish as the main commodity and other types of fish, using Marine Cages with specialized technology, and fish- hatcheries unit.
4. The **SECOND PARTY** intends to invest an amount of up to USD 50,000,000 (fifty million United States Dollars), subject to the result of further feasibility studies, for the purpose of establishing the intended business as described in Article 1 paragraphs 1, 2, and 3.

5. The **FIRST PARTY** will assist the **SECOND PARTY** on the licensing arrangement in accordance with applicable laws and regulation in Indonesia, and to facilitate discussions between the **SECOND PARTY** and any relevant party or authority appointed by the **FIRST PARTY** (eg, governmental authorities under the supervision of the **FIRST PARTY**).

Article 2

OBJECT AND SCOPE OF UNDERSTANDING

The object and scope in this Memorandum of Understanding, which the **PARTIES** will explore, is the sea fish cultivation business that covers:

- a. the establishment of PT Forever Oceans Indonesia;
- b. survey of the potential location for sea fish cultivation;
- c. administration matters and the processing of permits and licenses as required under the applicable legislation;
- d. construction of the facilities and infrastructure of hatchery and grow out of fish;
- e. improvement of the capacity/capability of the Civil Servant Officials of the North Sulawesi Provincial Government, university, and local community;
- f. operation of the sea fish cultivation facilities and infrastructure;

Article 3

AQUACULTURE LOCATION

- (1) The aquaculture activity can be carried out in the following locations:
- a. MINAHASA waters;
 - b. South Minahasa waters;
 - c. North Minahasa waters;
 - d. Southeast Minahasa waters;
 - e. Sangihe waters;
 - f. Siau, Tagulandang and Biaro waters;
 - g. Talaud waters.

in line with the authority of the **FIRST PARTY** and the license obtained by the **SECOND PARTY**.

- (2) With regard to the location of the aquaculture in the waters aforementioned in paragraph (1) of this article, the coordinates which must comply with the requirements and evaluation of the **SECOND PARTY** will be determined after the **SECOND PARTY** establishes PT Forever Oceans Indonesia and begins the location permit process, according to the granted permits and applicable regulations.
- (3) The aquaculture business activity carried out by the **SECOND PARTY** in waters under the jurisdiction of the **FIRST PARTY** can be carried out for a term of 20 (twenty) years and it can be extended.

Article 4 FUNDING

EACH PARTY will bear its own costs for the execution of this Memorandum of Understanding, and the implementation of this Memorandum of Understanding.

Article 5 CONFIDENTIALITY

The **PARTIES** agree to maintain the confidentiality of:

- a. the terms of this Memorandum of Understanding;
- b. all documents, materials and other information, either technical or commercial, that is obtained or received by a Party from the other Party, including those in relation to the business contemplated by this Memorandum of Understanding, unless requested or required by the applicable laws and or court order, or agreed otherwise by the **PARTIES**.

Article 6 DISPUTE RESOLUTION

- (1) The **PARTIES** agree to settle any disputes arising out a difference of interpretation or implementation of this Memorandum of Understanding ("**Dispute**") through a deliberation to reach a consensus based on the principles of equality and respect.
- (2) If the settlement of the Dispute is cannot be resolved through deliberation to reach consensus, the Parties agree to refer the Dispute through arbitration in Jakarta in accordance with the arbitration rules of the Indonesian National Arbitration Board, which on the date of this document is addressed at Wahana Graha Lt 1 dan 2 Mampang Prapatan Jakarta 12760, Indonesia.

Article 7 AMENDMENT

This Memorandum of Understanding can be amended from time to time based on the written agreement of the **PARTIES**. The Amendment will take into effect on the date agreed by the **PARTIES** and is inseparable of this Memorandum of Understanding.

Article 8 VALIDITY PERIOD, EXTENSION AND TERMINATION OF MEMORANDUM OF UNDERSTANDING

- (1) The validity period of the Memorandum of Understanding between the **PARTIES** shall commence on the date this Memorandum of Understanding is signed by the **PARTIES** and shall be valid for a period of 2 (two) years.
- (2) The **SECOND PARTY** may extend the validity period of the Memorandum of Understanding as referred to in Article 8 paragraph (1) for a subsequent period of 2 (two) years by submitting a notice of extension of the validity period at the latest 3 (three) months before the validity period expires to the **FIRST PARTY**.
- (3) Termination of Memorandum of Understanding:
 - a. the **SECOND PARTY** fails to provide a notice of extension of the validity period in accordance with Article 8 paragraph (2); or
 - b. one of the Parties terminates the Memorandum of Understanding.
- (4) The **PARTIES** agree to waive the provisions, procedures and operation of any law, including but not limited to Article 1266 of the Indonesian Civil Code, to the extent that court approval or a court order is required to terminate this Memorandum of Understanding.
- (5) **THE PARTIES** will not submit any claim due to the termination or non-renewal of this Memorandum of Understanding.

Article 9 CLOSING

- (1) This Memorandum of Understanding is made in both Indonesian language and English language. Both versions are equally original. In case of any inconsistency or different interpretation between the Indonesia version and the English version, the English version shall be deemed to be automatically amended to conform with and to make it consistent with the Indonesian version.

(2) Each PARTY represents to the other Party that it has full power and authority to execute, deliver and perform this Memorandum of Understanding and that this Memorandum of Understanding has been duly authorized and executed on its behalf and is valid and binding obligation on it, and is enforceable against it in accordance with the terms of the Memorandum of Understanding.

In witness whereof, this Memorandum of Understanding is made in 2 (two) counterparts, each having the same legal force and executed by the **PARTIES**, duly stamped, on the day and the date stipulated at the beginning of this Memorandum of Understanding.


THE FIRST PARTY,

STEVEN O. E. KANDOUW

THE SECOND PARTY,

JASON HECKATHORN