TAVEUNI WATER

# CONFIDENTIAL RISK REGISTER, CONTINGENCIES & REVISED DEVELOPMENT PROCESS

Internal strategic review | 27 October 2026 | Version 1.0

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## Purpose and confidentiality

This report examines potential delays, arbitrary decisions, improper demands, political interference, community disputes and capital loss during development of the proposed Taveuni groundwater extraction and bottled-water business. It is an internal planning document, not an allegation or finding of misconduct against any named person or agency.

Strategic decision: replace the existing drill-first sequence with an approval-led, staged investment process. No material drilling mobilisation or non-refundable production expenditure before critical legal and environmental pathways are confirmed in writing.

## Decision summary

| Decision | Recommended position |
|---|---|
| Project status | Pre-investment / investigation only; no proven commercial groundwater source or confirmed extraction licence. |
| First authorisation | Limited regulatory and tenure due diligence, legal advice and low-cost desktop hydrogeology. |
| Capital at risk | Cap irreversible expenditure at each gate; hold larger drilling budget until approvals are sufficiently certain. |
| Village relationship | Negotiate independently authorised community arrangements early; do not assume village, landowner and state rights are identical. |
| Corruption exposure | No unofficial payments; documented communication, independent counsel, dual approval and protected records. |

## Status of estimates

The existing exploration envelope is FJ$522,000 including 20% contingency, based on earlier feasibility allowances rather than contractor quotes. The previous FJ$112,000 Stage A allowance must now be split into smaller approval gates. The revised delay allowances in this report are scenarios, not verified Fiji approval fees or historical delay statistics.

# 01 Risk register

Likelihood and impact are qualitative internal judgements (Low / Medium / High). Residual risk depends on successful controls. Owners are proposed roles, not appointed personnel.

| ID | Risk | L | I | Principal control / contingency | Owner |
|---|---|---|---|---|---|
| R01 | Commercial extraction permission refused or unclear | H | H | Written MRD determination; independent Fiji counsel; no production commitment | Legal / Director |
| R02 | Application delay, inconsistent conditions or repeated requests | H | H | Application log, complete submissions, written reasons, milestone escalation | Approvals lead |
| R03 | Improper payment or inducement request | M | H | No cash facilitation; two-person meetings; preserve records; counsel-led response | Director / Counsel |
| R04 | Customary land access or authority challenged | M | H | Verify tenure, signatory authority, resolutions and registered rights | Land counsel |
| R05 | Community benefits captured by intermediaries | M | H | Beneficiary verification, transparent accounts, independent audit and reporting | Community lead |
| R06 | Borehole low yield or seasonal decline | H | H | AEM/geophysics, staged drilling, long-duration tests, dry-season checks | Hydrogeologist |
| R07 | Poor chemistry, microbial quality or saline influence | M | H | Accredited laboratory testing; repeat seasonal samples; source protection | Hydrogeologist |
| R08 | Impact on village wells or springs | M | H | Baseline monitoring, drawdown limits, trigger levels and stop-pumping rule | Hydrogeologist |
| R09 | Mobilisation and freight cost escalation | H | M | Competitive tender, priced options, capped mobilisation, staged contracts | Commercial lead |
| R10 | Factory approval, food or export non-compliance | M | H | Separate factory consent track; standards gap review before equipment orders | Process / Legal |
| R11 | Political or ownership change disrupts agreements | M | H | Change-of-control clauses, registered rights, governance and dispute provisions | Director / Counsel |
| R12 | Capital tied up by extended delay or cancellation | H | H | Funding gates, reserve, expiry dates and walk-away thresholds | Finance lead |

Escalation: any suspected improper demand, threat to source rights, unanticipated environmental harm or material change to permit conditions triggers an immediate spending hold and independent legal review.

# 02 Revised gated process

Provisional dates use a 2 November 2026 commencement. Dates are targets, not government commitments. The existing April 2027 testing milestone becomes conditional.

| Gate / timing | Activity | Actions and evidence | Release criterion |
|---|---|---|---|
| G0 Nov 2026 | Regulatory / title triage | Independent counsel; MRD written requirements; land tenure and authorised signatories; environmental screening pathway | Approve only limited due diligence |
| G1 Dec 2026–Jan 2027 | Legal feasibility | Obtain written regulatory pathway; identify licence terms, renewal, transfer, volume and applicable fees; negotiate conditional access | Proceed to field studies only if no fatal legal barrier |
| G2 Jan–Mar 2027 | Non-invasive source assessment | AEM interpretation, field mapping, community source baseline, geophysics, baseline lab samples | Rank two targets; approve drilling tender only if justified |
| G3 Mar–Jun 2027* | Exploration borehole 1 | Confirm drilling permission; tender and mobilisation; drilling, casing, development, pump and quality tests | Stop, redesign or authorise borehole 2 after test 1 |
| G4 Apr–Jul 2027* | Exploration borehole 2 (optional) | Drill only if first result insufficient or independent confirmation needed | No automatic second borehole |
| G5 May–Oct 2027* | Volume / quality verification | Step and constant-rate tests, recovery, lab analyses, repeated samples, village source monitoring; dry-season assessment | Provisional resource assessment; no production sign-off on a single test |
| G6 Oct–Dec 2027* | Investment decision | Confirm extraction entitlement, source protection, yield, chemistry, community terms, factory approvals path | Proceed / defer / relocate / abandon |
| G7 2028 onward* | Production works | Only after G6: final design, procurement, construction, food-business and export compliance | Commission and monitor under permit conditions |

* Indicative only: all downstream dates shift with approvals, weather, contractor availability and dry-season evidence. In particular, the full dry-season record may not be available by October 2027.

# 03 Financial contingencies

Separate the existing base cost from incremental approval-delay costs. Do not add already-budgeted consultant, land and regulatory work twice.

| Cost / scenario | FJD allowance | Treatment |
|---|---|---|
| Existing exploration programme (all stages) | 435,000 | Previously established base estimate |
| Existing 20% programme contingency | 87,000 | Covers general estimate and delivery uncertainty |
| Existing exploration envelope | 522,000 | Not all released at commencement |
| Incremental 6-month approval delay | 30,000–75,000 | Planning scenario: legal, travel, redesign, administration, holding costs |
| Incremental 12-month approval delay | 60,000–150,000 | Planning scenario; not additive to 6-month figure |
| Adverse / unresolved consent | Uncapped | Stop spend; quantify sunk cost and recovery; do not assume approval |

## Recommended release structure

| Tranche | Proposed maximum | Release condition |
|---|---|---|
| T0 — regulatory triage | FJ$20,000 | Written scope and independent adviser appointments |
| T1 — further Stage A | Up to FJ$92,000 | G0 passed; procurement and field scope approved |
| T2 — drilling / testing | Up to FJ$235,000 | G2 passed; site-specific permissions and priced contract |
| T3 — source feasibility | Up to FJ$88,000 | Sufficient yield / quality evidence and viable rights |
| Contingency | FJ$87,000 | Separate written approval; not automatic contractor entitlement |

The FJ$20,000 T0 is a proposed subset of the existing FJ$112,000 Stage A allocation, not additional funding. T1 is the remaining FJ$92,000. The figures are control ceilings and may be reduced following quotations.

## Stop / defer triggers

- No credible lawful route to commercial groundwater rights after independent legal review.
- A material application is unresolved beyond an agreed deadline and there is no defensible escalation route.
- Required unofficial payment, undocumented concession or improper transfer of rights.
- Source quality, seasonal yield or community-water impacts fail independently set criteria.
- Revised forecast exceeds the approved funding envelope without an agreed return case.

# 04 Governance, evidence and response

## Documented application protocol

• Maintain a single register: approval, legal basis, authority, applicant, date lodged, reference number, decision date, fee, conditions, next action and responsible officer.

• Seek written confirmation of statutory processing periods and appeal / review rights; do not invent deadlines where none is prescribed.

• Submit complete applications with a document index; preserve stamped receipts and contemporaneous meeting notes.

• Use formal invoices and traceable payments only; prohibit facilitation payments and unofficial intermediaries.

• Require independent counsel review before signing amendments to extraction, land, village equity or community-benefit arrangements.

## Response to suspected misconduct

Record objective facts (who, what, when, where, witnesses and documents). Do not make unsupported public accusations. Suspend the affected transaction, preserve evidence securely, seek independent legal advice and consider lawful reporting or review channels, including FICAC where appropriate. Protect employees and community representatives against retaliation; do not instruct anyone to secretly record if local law is uncertain.

## Village agreement safeguards

Confirm the legally entitled landowning units and authorised representatives; avoid treating a village as a single legal entity without verification. Make equity, revenue-based benefits and community water infrastructure separate and auditable commitments. Include independent witnessing, conflict-of-interest disclosures, annual beneficiary reporting, dilution protection, and change-of-control / dispute provisions. Independent Fiji legal advice is essential.

## Commercial decision framework

| Option | When appropriate | Capital consequence |
|---|---|---|
| Proceed | Written rights pathway, adequate tests, acceptable community terms | Release next tranche only |
| Defer | Approval uncertainty is temporary and bounded | Suspend irreversible spend; use delay reserve |
| Relocate | Alternative source materially improves legal or hydrogeological risk | Re-run tenure, environment and cost assessment |
| Abandon | Rights unavailable, harmful impacts, or unfinanceable delay | Preserve remaining capital; close contracts and restore sites |

## Immediate actions — next 30 days

• Appoint independent Fiji legal counsel for a written groundwater and tenure licensing opinion.
• Write to MRD and Department of Environment requesting site-specific approval pathways and decision criteria.
• Compile all previous site evidence, AEM references, proposed village agreements and application records.

- Request preliminary hydrogeology and drilling mobilisation quotations, expressly conditional on permits.
- Approve T0 only; appoint an internal owner for the consents register and a second approver for payments.

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Prepared for internal review only. Not a legal opinion or a finding of corruption. Regulatory requirements and fee structures must be confirmed in writing with the relevant Fiji authorities.