

KC Pacific Energy (formerly described as KC Pacific Holdings)
A Costa Rican Corporation
Prospectus and Operating Agreement
12/30/2008

KC Pacific Energy is a Costa Rican Corporation (the Company) focused on acquiring and leasing lands for the purpose of cultivating foods, herbs and high-yield bio energy feedstock. The Company administrator (Administrator) purchases new lands and establishes service and other agreements on behalf of the Company. The Company's first acquisition; a 7-hectare African Palm farm is yielding an average of 14 tons of palm oil fruit per month. The Company may purchase land for purposes of holding or subdivision and sale. Such endeavors are outside the normal course of business of the Company and shall not affect investment returns on investments made in the core business.

KC Pacific Energy provides a vehicle for investors to share in the profits of one or more continually reproducing commodities. The Company is seeking investors through the sale of private shares collateralized by its land assets. Each investment provides at least 60% of the annual return on an equivalent amount of land purchased by the Administrator using the investor's funds. The actual amount of land purchased with investor monies cannot be known until the purchase is made but is likely to be under \$20,000/hectare for the rest of 2008. The Company seeks investment in various projects. Average annual returns are projected in a Company report that discusses a particular investment opportunity. For example, one report may describe returns on an investment in a pineapple farm, another report may describe a palm farm, and still another report may describe an area of land to be purchased as a subdivision project. This document and a particular report describing a project for which a given investor is considering shall represent a complete prospectus for that investor.

Investment – Private Shares

In exchange for each investor contribution, private shares backed by the Costa Rican entity, KC Pacific Energy S.A (the Company) shall be granted. The Company is in the business of securing land to use agriculturally for profit, or to subdivide or later sell, in anticipation of capital gain. Monies held by the Administrator or the Company are considered to be an investment (Investment) only after land is purchased by Administrator using such monies and Company shares are issued to the investor. If these events do not transpire, all monies are returned to investor. The Company currently has 1 publicly registered share type (Class 1 or 'Public Shares') and may have an unlimited number of private share types registered only in the Company stock registration book ('Private Shares' or PS, Class 2 through infinity). Private Shares will also be registered publicly only if required by Costa Rican corporate code. As of this writing, there appears to be no such requirement. If the Private Shares are registered publicly in the future, they shall still be referenced herein as Private Shares, and shall mean any share type of class 2 through infinity.

Matching Share Grants

Each Private Share issued to an investor in exchange for cash (Base Investor Share or Base Share) is accompanied by the issuance of some number of additional shares, a matching share grant (Match Shares or MS). For each Base share issued, an amount of Match Shares may be issued to compensate the following people:

- 1) The shareholders of Class 1

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- 2) The Administrator of the Company, in order to compensate him in a manner where he is not salaried,
- 3) An investor receiving the Base Share, in order to give that investor a bonus if such investor is a large investor or for some other reason. Such bonuses are described in the given Company Report for which the investment pertains. For example, a given Company Report may inspire large investment by offering 70% of the profits on each dollar invested if investing over a certain amount and only 60% if investing less. The additional amount is handled via Match Shares. The amount of Match Shares issued is based solely on the Matching Shares Ratios of the given class and is set when that class is defined. Each Private Share class and its MS Ratios are formed as the result of (and sometimes specifically referenced within) a given Company Report.

MS Ratios

To represent the percent interest on each dollar invested for a given share class, it is only necessary to look at the MS Ratios for the class. The ratios are written as: $\langle x_1, x_2, x_3 \rangle$ where:

- x_1 = %interest that goes to Administrator
- x_2 = % interest that go to Public Shareholders.
- x_3 = % interest that goes to investor.

Each Private Share class has only one set of MS Ratios.

MS Ratio examples

Class 2 $\langle 20\%, 20\%, 60\% \rangle$

This means that for each 1 Base Share issued, .333 shares are issued to the Administrator and .333 shares are issued to the Public Shareholders.

Now consider a project where we agree to pay more to large investors as specified in some Company Report. We agree to grant the large investors 70% interest in their investment dollars and the small investors see 60% of their dollars. Therefore:

Class 18 $\langle 20\%, 20\%, 60\% \rangle$ $\langle 15\%, 15\%, 70\% \rangle$

This means that (for small investors) each 1 Base Share issued, .333 shares are issued to the Administrator and .333 shares are issued to the Public Shareholders.

(And for large investors)

For each 1 Base Share issued, .25 Match Shares are issued to the Administrator, .25 Match Shares are issued to the Public Shareholders and .166 bonus Match Shares are issued to the investor.

Characteristics of the Private Share

A Private Share may be considered a private promissory agreement between each investor and the Company, providing a vehicle to pay each investor a portion of the profits of the Company or a portion of the principal or capital gains on a land sale. As with any stock, payments allocated to a share for which a stock class has interest is based on a formula of percent of the given share relative to the total number of outstanding shares of the stock class. Payments based on some portion of annual Company Profits are called dividends. Principal payments are allocated to a shares of certain

classes that are defined as having a principal interest in land that is sold by the Company (when the proceeds are not reinvested or held for cash-flow purposes. Usually these are classes ending in the letter P. Capital Gains payments are allocated to a shares of certain classes that are defined as having a capital gains interest in land that is sold by the Company (when the proceeds are not reinvested or held for cash-flow purposes. Usually these are classes ending in the letter G.

Share Types to Date and what all outstanding shares of the share type represent.

Class 1

100% ownership and 100% Voting Rights of the Company, KC Pacific Energy S.A. This is the only Public Share issue to date.

Class 2 <20%, 20%, 60%>

100% rights to the combined annual profits of three specific farms currently producing African Palm fruit. Represents no interest in the land itself. Each given share is linked to one and only one given farm. When the company sells or otherwise has no interest in the given farm, the given share converts to a worthless entity (like a forgivable loan) and/or dissolved.

Class 3P <8%, 0%, 92%>

100% interest in principal when property #6-074067-000 is sold

Class 3G <0%, 35%, 65%>

100% interest in capital Gain when property #6-074067-000 is sold

Class 4P <8%, 0%, 92%>

100% interest in principal when property #6-52288-000 is sold

Class 4G <0%, 35%, 65%>

100% interest in capital Gain when property #6-52288-000 is sold

Class 5P <8%, 0%, 92%>

100% interest in principal when property # 6-028307-000 is sold

Class 5G <0%, 35%, 65%>

100% interest in capital Gain when property #6-028307-000 is sold

Class 6 <20%, 20%, 60%>

100% profit interest on any activity on any portion of the 17.5 hectares in Rio Claro title# 20405-000 that remains within the Company (not yet sold or granted). (However, no such activity is currently planned.)

Class 6P <8%, 0%, 92%>

100% interest in principal of 'comercial land' portion of 17.5 hectares land with title# 20405-000 is sold

Class 6G <0%, 35%, 60%>

100% interest in capital Gain of 'commercial land' portion of land with title# 20405-000 is sold

Class 6R <20%, 20%, 60%>

100% principal and gains interest in reserve lands portion of title #20405-000. This stock remains owned by the Company and is not issued until subdivision creating these lands takes place.

Private Shares Class 2

Gives the holder a profit interest in the Company. The annual payout on one share of Class 2 is as a dividend and/or a depreciation event. The total annual dividend payout on one share of Class 2 is equal the portion of annual 'distributed profits' of the Company earned by cultivating and harvesting three palm farms (titles of which are shown in the definition of the Class) divided by the outstanding

number of Class 2 shares issued by the Company. 'Distributed' shall mean not held for cash flow or land purchase purposes and shall not include any monies received by the Company due to land sales.

Private Shares Class 6

Class 6, 6P and 6G shares are issued to investors whose monies are used to purchase an approximate 18 hectare land parcel in Rio Claro of Golfito intended for subdivision with a 'green' vision. Title # 20405-000 Such shares entitle the holder to a 60% capital gains interest in the underlying land purchased with such monies that is allocated for commercial sale, the 'Commercial Land'. All lands purchased with monies raised in the sale of class 6 shares shall be subdivided as follows:

- 1) 10% of lands shall be granted to the Company President (the 'Administrator Land'. The exact boundaries of the subdivision are at the discretion of the Administrator.
- 2) 4% of lands shall be granted to the Company Secretary. The exact boundaries of the subdivision are at the discretion of the Administrator. (the 'Secretary Land')
- 3) Anywhere from 31% to 86% of lands (the 'Commercial Land') shall be subdivided or developed for resale in a manner to maximize profit to the Class 6G shareholders. Such manner is at the discretion of the Administrator but shall hold the capital gains interest of the Class 6G holders in high regard. However, the Class 6G investor accepts that such regard is second to the selection of Administrator Land and Secretary Land which may be considered by a third party to be of equal or greater commercial value than any arbitrarily selected portion of the Commercial Land. The exact amount of land and boundaries of the Commercial Land shall be at the discretion of the Administrator but shall not be less than 31% of the total Class 6 lands. The distribution of monies from sales of this land without improvements is 100% of principal to 6P and 100% of gain to 6G. Investors in Class 6P have a 92% interest in the total outstanding 6P shares and a 60% interest in the total outstanding Class 6G shares. Commercial Land sold with improvements may result in payments being made to outside investors whose monies would have been used for such improvements in accordance with an agreement between such outside investor and the Company. Such payments may be necessary to calculate or distribute before principal and capital gains payments may be calculated or distributed. Such payments may be considered an expense or loan or in some other manner may affect the payments to be made to Class 6 investors.
- 4) Anywhere from 0% to 55% of the lands (the 'Reserve') shall be held by the Company as a nature reserve or for any purpose the Company shall see fit to use the land for, such that, if the Company shall in any way profit from the use of the Reserve, the holders of Class 6 shall be entitled to a 100% share in such profit allocable as a dividend (Investors hold 60% of all outstanding Class 6 shares).

Classes ending in P or G – Receipt of Principal and Capital Gains

P and G shares having interest in a sold land parcel are apportioned principal and capital gains payouts when the given parcel is sold and the money received by the Company is not reinvested within 1 year. After Payout, the relevant P and G shares are dissolved (removed from the books), converted to a worthless entity or allowed to remain as an inactive worthless share.

Private Share Issues: Face Value and Par Value

Par Value:

For each investment, Private Shares are issued as Base Shares and Match Shares. Some shares are issued to the investor and some to the Administrator and Class 1 Shareholders. The par value (issue

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price) is such that when summed among all issued, the total is equal 1% of the investment amount. This is to keep taxes low, if in the future, it is necessary to publicly register these shares. It is acknowledged that investors are purchasing their shares at an amount greater than their par value also due to the inherent dilution that occurs when granting Match Shares. The issuance of Match Shares serves to distribute 100% of all interests a given class has among the stockholders of that given class. This allows for simple accounting, necessary in Costa Rica. The alternative to Match Shares is simply stating that the Class 1 shareholders receive some arbitrary percent of the Company profits. That is not allowed in Costa Rica. Shares of a given type must combine to represent a 100% interest in a given entity and allocation of that interest must be apportioned equally among the shares of that type.

Face Value:

This is the value of all Base Shares for a given class at time of issue and sums to equal the total investment amount. When there are 2 or more issues for the same class, there may be two or more Face Values of stock within the same class. At present, only Class 2 may expand to include other farms, thereby have additional issues with different face values. Face value is a private value and used mainly to calculate relative investment amounts when there are multiple issues within the same Class. Its value is determined by relative values and prices of land of all purchases within the same Class. In the case of having only one issue per Class, face value is an arbitrary number.

Stock Issue Procedure

A share of stock shall be considered officially issued when it is viewable online, and written into the Company stock book, either signed by the investor or signed by the Administrator on behalf of the investor via power of attorney. No share document need be delivered. Such document is only a vestigial representation of the issue. All allocations and the current outstanding number of shares are recorded in one of the Company's books which reside at all times in Costa Rica. Investor must at some point sign a power of attorney document giving the Administrator authorization to add shares to the book in his name and unlimited power of attorney to dilute such shares if raising more money under the same Class for which the investor is participating or dispose of such shares in the event of any verbally authorized sale, acting in 'good faith' on behalf of the Investor. An up-to-date accounting of all outstanding shares is always available online in the KC_Pacific_Energy_Data.pdf document. This information is available online to all investors at least quarterly and at most, 24 hours a day.

Investment Procedure and Land Acquisitions

This document shall serve as official notice that the Company was formed in Costa Rica in February 2008, made active in July 2008 and made active with an effective date of October 12, 2007. The following properties were purchased on behalf of the Company and its investors and have already been transferred to the name of the Company:

Title #: 6-52288-000

Title #: 6-074067-000

Title #: 6-028307-000

The following property has been purchased under private agreement and is awaiting transfer into the name of the Company after a public lock can be released at the National Registry:

Title #6-20405-000

In a typical scenario, monies intended for investment arrive in an account of President or account represented as an escrow account of the Company awaiting investment in the Company. These monies receive a zero or near-zero interest rate as is customary in escrow accounts. The next step in a typical investment is that land is purchased in the name of the Company or Administrator for later transfer into the Company. Accruals for profits generated due to land purchased on behalf of the Company establish a cash flow start point at time of purchase. The Company books shall show accruals commencing at time of land purchase by Administrator.

***** **Prospectus Update Under Construction** *****

Example (as pertains to Class 2 Private Shares) **NEEDS REWRITE FROM HERE FORWARD**
The Company owns a 7 hectare farm of 15 year old trees that was purchased for \$70,000 (\$10,000 per hectare) with contributors of Ken at \$40,000 and Cass at \$30,000. 3000 PCs of type I are issued and granted to Cass. 4000 additional shares are issued to Ken. These are of type III. The final distribution of PCs is as:

Ken: 4000
Cass: 3000

The farm yields an initial profit of \$1,000 a month, resulting to Cass a return of:
 $(\$12,000) * (60%) * (3000/7000) = \3086 and to Ken, $(\$12,000) * (90%) * (4000/7000) = \$6,171$

50% of the remaining profit of \$2743 ($\$12,000 - \$6,171 - \3086) is distributed to Administrator
The remaining \$1,371 is split among the stockholders, as \$137 to Cass and \$1,234 to Ken.

Cass receives in total: \$3086 as investor plus \$137 as shareholder or an **ROI of 10.7%**.

Next a new investor, Amy, contributes \$500,000 4 months later after the price of oil has gone up by 20%. The Company is now receiving profits of \$1,200 per month. Amy's money is held in escrow for 1 month. After 1 month, the Company finds a 30-hectare farm with 14-year-old trees that is priced at \$375,000 (\$12,500 per hectare). The price of the land has gone up by 25% yet the price of the oil has only gone up 20%. The formula for the next pricing of PCs is based primarily on the relative values of comparable land as compared to the value of the land at the time of the Company's first purchase. The value of the Company has gone up 25%, as that is the market increase in the value of its assets. So, the price of this next round of PC also goes up by 25% to \$12.50 per PC.

The Company purchases the farm and finds no more to purchase in the next 2 months following. \$125,000 is returned to Amy and 30,000 PCs are issued to her at \$12.50 each. For investing over \$100,000 at one time the PCs issued to Amy are of type II. Now, the distribution in the Company is as follows:

Amy 30000
Ken 4000
Cass 3000

The Company now owns 37 hectares and yields a profit of \$6,127 a month, ($\$120 * 37 * 2 - 20%$ workers - 11% fertilizer & accounting) resulting to Amy a first year return of:
 $(\$73,524) * (60%) * (30000/37000)$ plus \$5973 = \$41,741 per year or an **ROI of 11.1%**.

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\$35,768 as base to PC investor plus 16.7% more as type II holder

Face Value Valuation for Class 2

The initial Face Value (not the par value used for registration purchases) of the Class 2 share is set at \$9, which reflects some average price of lands suitable for growing African Palm in the Southern zone of Costa Rica as of June 2007. Monies have already been raised from the Directors of the Company and others for the purchase of the first three Company farms. The first one was purchased in June of 2007 entirely with funds provided by Ken. The second deal, based on an option agreement signed in September of 2007 was closed on Dec. 5th of 2007. In September of 2007, the base price of the Class 2 share was established at \$10. Subsequent valuations will be based on land values of 'comparable lands' (a handful of lands best representing the average type and location of that owned by the Company) at the time of valuation relative to the price of such lands in June of 2007. (The administrator establishes the price of the share before each issue and specifies a price range in each version of the prospectus at the time of signing by the investor.). Each new issue of share shall have a total face value equal to the purchase price (and all costs related to purchase and initial plantings and/or fertilizations) of a particular land parcel. In other words, the monies raised in consideration of any one share issue shall equal the total of all purchase and start-up costs of a particular farm.

Example: For some share issue, n, if the average values of palm plantations of zone 1 in the southern zone of Costa Rica (which best represents land owned by the Company prior to issue n) has increased by 25% since September 2007, the valuation of each share for this issue n, will also be 25% higher than its valuation in September 2007.

Assuming the Company purchases and maintains only palm plantations in the southern zone of Costa Rica, away from areas of potential development for other purposes, the following should be true: Price changes of the PC are proportional to price changes of palm plantations in the southern zone of Costa Rica which should also be proportional to price changes of palm oil as a commodity.

Company Valuation – Raw Breakup Value

The Company Breakup Value is based on the market value of the total amount of land owned by and pending placement into the Company plus the value of any option agreements or other contracts owned by the Company or Administrator on behalf of the Company.

Company Valuation – Investor Perspective

Company value is based on the past and projected returns of the Company. Because future returns are unknown, the Company valuation by this definition is subjective. Investors believe in the projections herein but understand the risks of any such speculation.

Investor Sentiment

The face value of all of the shares outstanding in the Company does NOT necessarily equal nor is intended to equal the value of the Company (and this sum is NOT equal to all monies raised in the Company because Match Shares are included in all outstanding shares). However, investor (any of whom is not also the Company President) is of the opinion that the value of any investment he would consider of the kind offered by the Company (one that currently provides at least an 8% return) is worth at least 150% of what is paid for it (its face value), and therefore justifies that he or she is paid no more than 70% of the Company profits scheduled for distribution and as little as 60% of these same profits. Investor realizes that the Company is a vehicle for investment in a novel way to

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potentially receive returns that he or she cannot readily receive through his own merits. However, even without agreement, investor readily accepts the profit distribution ratio between investor, Administrator and shareholders as specified herein at 60%, 20% and 20% respectively. Investor understands that the face value set on each Private Share is used to set a relative scale of value at different times to equalize issue quantities among investors and in this way allow investors that purchase shares in a given Class when land is valued at a low price to enjoy higher returns on investment than those that purchase into the same Class when land is valued at a higher price. (Currently only Class 2 allows future investment which would change the definition of Class 2 to include one or more farms.)

Payout Certificate Profit Interest and Allocation Formulas

The total profits of the Company, not retained for cash flow or future land purchases, (P) in a given year shall be distributed among all relevant Classes according to the profit interest of the Class and the proportion of share ownership in the relevant class pro-rated based on share ownership at each month over the course of the year.

Stock Registration

The total outstanding number of shares by type and holder shall be recorded kept current in one of the 6 books of the Company concerning the Stock Registration.

Order of Payout, Investor Accounts

All profits on the books of the Company (not held for reinvestment or cash flow reasons) shall be distributed equally among the relevant Class shareholders. All investors must keep their bank account information current with the Company and provide accounts with financial institutions that are accessible with electronic transfer by Banco Nacional of Costa Rica. In the event a disbursement cannot be made by electronic transfer after one attempt, (due to any one of a number of problems) the remaining payouts due to all others concerned will be paid, including what is due the Administrator and all shareholders. Other attempts will be made to disburse the remaining payout and contact the person for whom the disbursement is intended.

Liability

The Company shall not be liable to any investor in the event a payment is late (or early) due to reasonable errors or customary business practices in Costa Rica encountered in the course of Company operations. No additional interest, penalty or other damages will be incurred in the event of a late or early payment of up to six months. In no event may damages be incurred by the Company in excess of the amount due the investor as a distributed profit payout described in this document. Any resolution awarding or granting a given investor his return of principal (outside form the course of normal Company business) will cause immediate revocation (dissolution) of any PCs held by that investor and cancellation of any other agreements between the given investor and the Company. Investor agrees to resolve all disputes with the Administrator and agrees that a dispute is not viable if there is no breach of the terms of the current version of this document. In the event no resolution can be reached, the maximum recourse an investor shall have is to request a Company asset be sold in order that a principal award (and revocation of all investor PCs) may be considered. However, the Administrator is not obligated to comply with such request and in most cases where the investor position was held less than 5 years, the request will not be considered.

Alternate Valuation Method

The investor accepts that the shares granted in consideration for the investment have substantial value. The investor agrees that all shares he receives for his investment have equivalent value as investment made at the time of investment regardless of having a listed par value far below investment amount. Investor accepts dilution of his shares with Match Shares as a means of equitably distributing Company profits and interests among the Public Shareholders, Administrator and investor (Private Shareholder).

Accruals

Each investment resulting in purchase of land by the company shall cause a number of shares to be issued. Each share outstanding at the beginning of a month and not dissolved or converted in that same month grants the bearer rights to accrue a portion of the total profits to be distributed by the Company for that month.

From Accrual to Dividend Distribution (of type I, II or III)

Accruals are estimated monthly, at the end of each month but can only really be calculated at the end of the year. Each share issued in the middle of a month accrues a pro-rated distribution for that month. Actual accruals are calculated and converted to scheduled dividend payments once per year, using conversion date of Sept 30th, where each payment is the total actual accrual immediately preceding the conversion date. Dividend payments are distributed by check, or electronic funds transfer within 30 days after the conversion date.

Exit Strategy

An investor (the Investor in Question) may request Dissolution of some or all of his PCs (The PCs in Question) for any amount exceeding a face value of \$50,000. Such request may be made within 1 week of any bi-annual distribution. The PCs in question must all be linked to the same land parcel (the Parcel in Question). The Company will attempt to honor such request, however, the investor understands that investment is in a Company and not in a Company asset. Therefore, the liquidity of the PC is the primary concern for exit (and not the liquidation of any underlying asset.) There are SEC regulations regarding the resale of a PC in an unregistered Company. A PC may not be directly "sold" to another investor, but may be "called" (dissolved) by the Company and a new issue may be sold to a new investor. In the event of a desired exit, the Company will act in the following order:

- 1) Offer to purchase the PCs in Question with Company funds if the President believes the purchase to be in the best interest of the Company and the money exists within the Company for such purchase.
- 2) Offer to issue and sell new PCs that are linked to (and thus collateralized by) the Parcel in Question. Such PCs would be issued at a face value based on the market value of the Parcel in Question and set relative to the market value of such parcel at time of original purchase by the Company. In consideration of such sale, the monies received by the Company (the Reissue Funds) shall be distributed and the PCs in Question shall be immediately Dissolved. Such offer shall be made first to existing investors that hold PCs linked to the Parcel in Question, then to all existing investors and then to outside investors. Distribution of Reissue Funds shall be identical to that described in the 'land sale proceeds formula' section.

- 3) At the discretion of the Company President, and agreement by all investors that hold PCs linked to the Parcel in Question, place the Parcel in Question on the market for sale and, upon sale, distribute the proceeds to the Investor in Question, the Administrator and the stockholders as described in the 'Land Sale Proceeds Formula' section.
- 4) Attempt any combination of 1) and 2) to raise the necessary funds. Attempt a bank loan if the terms are sufficient in the judgment of the Company Administrator.
- 2) At the discretion of the Company President, attempt option 3) at a reduced market rate agreed to by investor A.
- 3) Attempt option 2) at substantially under market rate – if agreed to by investor A.
- 4) At the discretion of the Company President, attempt option 3) at under market value only if such distressed offer is agreed to by all investors that hold PCs linked to the Parcel in Question.

Example: Investor A places \$70,000 with the Company and receives 7,000 PCs (the Example PCs) valued at \$10 face each. Each PC is linked to a farm that cost \$140,000 in total. There is a second investor B that has contributed the remaining \$70,000 toward the purchase. After 2 years of perhaps 8% to 20% annual returns, investor A wishes to exit and informs the Company on March 30th. The Administrator first assesses the value of the asset in question. It is determined to have a value of \$280,000. The Company then seeks sale of 7,000 reissue PCs at a price of \$20 each and at the discretion of the Company President places the asset in question on the market at the same time.

Scenario 1: investors are found. Company raises $7,000 * \$20 = \$140,000$. Funds are distributed to investor A as 92% of \$70,000 plus 65% of the \$70,000 gain. Thus in total, investor A is exited with receipt of \$109,900 and the Example PCs are Dissolved.

Scenario 2: Only \$100,000 of investment is found from investors and from funds within the Company (the New Investors). Should the investor still require complete exit, and the Company President agrees to offer the Parcel in Question for sale, the Parcel in Question is sold at market and \$280,000 is received. Amount is distributed as \$109,900 to investor A, an equal amount to investor B and the balance to the Administrator and shareholders as described in the 'Land Sale Proceeds Formula' section. The Example PCs and the 7,000 issued to investor B are Dissolved. The New Investors are informed that their investment will not be used for Reissue PCs but will be used to purchase a new farm and PCs issued may be at a different face value. The New Investors are given the option to withdraw.

Scenario 3: Investment is found only at below market rate – a face value of \$15, investor A agrees to this discounted rate. Reissue Funds of $7,000 * \$15 = \$105,000$ are collected and distributed. Investor A exists with \$87,150 and still makes a gain. The Example PCs are dissolved

Scenario 4: No investment is found and an offer of 70% of market value is received on the property. Investor A agrees to sale, but investor B does not. Sale does not happen and investor A may not exit at this time.

Liquidity of PC

Liquidity is primarily based on dissolution of non-saleable PCs and issue of new PCs to new investors in order to emulate a tradable security. As with most companies, sale of an underlying asset is not a customary method of exit for a security holder but is considered as part of a 'break-up' scenario if either the Company performance is low or the asset has an extremely high value. Due to the Company's purchasing many small farms, each investor will have some flexibility in choosing an exit moment involving sale of an underlying asset. However, other investors holding PCs that are linked to the same asset and the President may veto attempts to sell. The majority shareholder of the Company determines market value at any given time and has final say as to any sale event.

Development Potential

The Company buying region extends from the beach to about 90 minutes away from the beach. The third Company farm is about a 40-minute drive from Zancudo beach, where prices of land may reach \$500,000 per hectare. This farm is also only 5 minutes from a planned governmental housing project – which just by the nature of adding infrastructure should increase the value of the land three or four-fold upon completion. The second Company farm is within 20 minutes of a 400-acre planned development of quarter-acre lots being offered for \$40,000 each (\$400,000 per hectare) and 45 minutes from a large marina project in Golfito. One farm under consideration, about an hour from Zancudo, is only 5 miles from Paso Canoas, a commercial hub for commerce between Panama and Costa Rica. Hence, land prices are high there. Canoas has over 10 hotels with low vacancy rates. Activity is moving closer to the region of the palm plantations as fringe areas are seeing dramatic price increases with parcels being purchased by developers.

Company Sellout – by break up action

The majority shareholder may opt to sell the Company at any time at market value. The Company may be broken up by selling all of its assets to a separate Company or individual. In the event of a 'break up' sale, an active asset selling initiative shall begin and is declared to all investors. During this phase, all outstanding PCs are apportioned payouts as assets are sold. After all assets are sold and the final payouts are distributed, all PCs are dissolved and the Company remains as a shell. The apportioning to each PC is as in the Land Sale Proceeds Formula except that all lands are combined as if sold as a single parcel.

Example

The total face value of all PCs in the Company is \$2,000,000 and the Company is sold, receiving a net of \$5,000,000. All PCs are equally apportioned a share of the total proceeds as 92% of their principal of \$2,000,000 plus 65% of the \$3,000,000 gain. The 8% principal balance is distributed to the Administrator as fee. Then, the remaining balance on the books of the Company (35% of the \$3,000,000 gain) is distributed to the Shareholders.

Company Sellout – by sales of shares

To protect the investors, Ken agrees to maintain his shares as restricted, and not to be sold, for the life of the Company. Therefore, a Company sellout may not be achieved by the sale of shares. However, should some event cause a transfer of shares, any such transfer must be accompanied by a declaration to the new shareholder describing all outstanding PCs on the Company books. Notarized statements in Costa Rica and the United States, in which the new shareholder is witness to and agrees to honor all outstanding PCs, must be executed with the Company and copies distributed to all investors.

Dividend Accrual from time of Purchase by Administrator or Company

Investors give permission for the Administrator to use investor funds to purchase lands in his own name until such time as they may be transferred into the Company. However, all dividends shall accrue from moment of purchase as if the lands were already transferred to the Company. Administrator may purchase lands in Costa Rica or Panama.

Presidential rights to Private Property and certain Company owned property

President owned properties, purchased by the President prior to receipt of funds from other investors and not expressly stated by President to be purchased on behalf of the Company shall not in any way be construed to be part or intended to be part of the Company. However, Administrator may sell, trade, contribute or cause to be granted any personal asset to the Company in exchange for an appropriate amount of type III Payout Certificates. Conversely, should President hold all outstanding PCs linking to a given farm, President may at anytime cause to be dissolved all such PCs in exchange for the Company granting the farm to the President. Any such transaction shall be recorded as a transaction at original cost.

Proxy

The majority shareholder of the Company may make decisions concerning Company business and agreements between the Company and the investor. The majority shareholder is authorized to make decisions that affect the relationship between the Company and a particular investor. The term ‘proxy’ herein shall mean the exercising of the right (of the majority shareholder) to vote or authorize actions on behalf of an investor. Buyouts and conversions are authorized.

PC Buyout by Majority Shareholder.

The majority shareholder of the Company retains the right to purchase any or all outstanding PCs from any investor, for the purposes of settlement of any dispute. The amount paid is authorized to be the market value at time of buyout or lesser amount if agreed to by investor. Market value shall be determined in the same manner as the Administrator would determine the face value of a PC for purposes of a new issue. Investor is obligated to sign any and all documents authorizing such sale should any law require such documents be executed. Should no such documents be signed within 90 days of notice by Company to investor, investor accepts such buyout as complete and final at time of a lump sum electronic transfer of funds (by Company) to bank account of investor. Such payment shall be accompanied by an electronic notice stating that investor, via proxy, has sold some amount of PCs to the majority shareholder.

PC Buyout or Dissolution by Company

The president of the Company retains the right to purchase (for the Company) or dissolve any or all outstanding PCs at anytime from any investor, for the purposes of settlement of any dispute. The amount paid to purchase or dissolve is authorized to be the market value at time of buyout or lesser amount if agreed to by investor. Market value shall be determined in the same manner as the Administrator would determine the face value of a PC for purposes of a new issue. Investor is obligated to sign any and all documents authorizing such sale should any law require such documents be executed. Should no such documents be signed within 90 days of notice by Company to investor, investor accepts such buyout as complete and final at time of a lump sum electronic transfer of funds (by Company) to bank account of investor. Such payment shall be accompanied by an electronic notice stating that investor, via proxy, has sold some amount of PCs to the Company.

Conversion of PC to Loan

All PCs are accompanied by profit and land interests. However, at the discretion of the PC holder and consent of President, the President of the Company may convert a PC to a loan. Such PC would become a Company-collateralized, fixed, interest-only or amortized loan of up to 10 years following conversion, with interest made fixed or variable, potentially based on the market rate of palm oil. Any land-asset or profit interest PC may have formerly granted is lost at time of conversion. Should investor seek such conversion, investor is obligated to sign any and all documents authorizing such conversion should the Company or any law require such documents be executed.

Damages and Disputes

Investor agrees that should he or she lose any or all of his or her investment due to any of the risks mentioned herein, that no damages would be sought. Investor further accepts that at no point, due to any possible scenario, can he or she seek damages in excess of his or her investment amount. (At no point may an investor claim damages in excess of his or her investment minus any principal amounts already returned by Company to investor in the course of normal business.) Investor agrees to attempt to settle all disputes via written notice with the Company for a period of up to 90 days. After which, should no resolution exist to investor satisfaction, investor agrees to have no recourse and set off no legal action. However, should any law governing the operation of the Company exist 'to the contrary' (offer more rights to the investor and prove to have jurisdiction in the situation at hand), investor agrees that the limit of his legal rights shall be arbitration among a group of unbiased attorneys in Costa Rica specializing in corporate affairs – all of whom must honor the terms of this agreement and accept that no damages may ever be awarded in excess of the invested principal amount not yet returned to investor. Should any law of the United States prove 'to the contrary', investor agrees that the limit of his legal rights shall be arbitration among a group of unbiased attorneys acting in known arbitration forums in the state and city of New York, isle of Manhattan – all of whom must honor the terms of this agreement and accept that no damages may ever be awarded in excess of the invested principal amount not yet returned to investor (because that is what the investor agrees to herein).

Company Tax

Profits are taxed by Costa Rica at the prevailing rate there, currently at 10% for profits of under \$60,000 per annum. After the company tax is calculated, the net returns are again taxed at 15% and then distributed to the PC holders, Administrator and shareholders. Each investor is responsible for any remaining taxes to be paid after his share of the profits arrives into his American account. If the Company withholds dividend tax of up to 15%, the US investor may receive a foreign tax credit but must declare the foreign income as well. Investors should consult their accountants. Profits shall be distributed initially as dividend income yet may be distributed in the future as interest or a different manner to support the best possible tax strategy.

The By-Laws, articles of incorporation and operating agreement of the Company may change. They currently include all the principles described herein, that which is registered in the mercantile exchange of the Costa Rican national registry (broadly describing the Company's rights to conduct business), and the following:

“KC Pacific Energy, an S.A. operating out of Rio Claro de Golfito, Costa Rica, has as its principle, President and Administrator, Kenneth Jay Silverman, passport number 430648066 (Ken). Ken retains 90.01% interest in the company. Casimiro Almendral, passport number 201306971 (Cass) is secretary, with a 9.99% interest in the company. Treasurer is a Costa Rican national, Shirley

Gutierrez. Ken, Cass and Shirley comprise the Officers and Board of the company. Fiscal agent is an attorney or registered accountant in Costa Rica. Shares are issued as follows:

- 1) 100 Shares, issued to Cass, par-value of \$1 each share
- 2) 900 Shares, issued to Ken, par-value of \$1 each share

Cash Investments

Each investor shall sign a copy of this Company Prospectus also signed by the Administrator (with or without signature of the Secretary) acknowledging that the Company has accepted monies. Each contribution shall be wired directly to the account of the Company or to the account of the Administrator and shall obligate the Administrator to purchase land on behalf of the Company. Within 90 days of successful purchase of such lands, the investor will receive a letter noting the number of PCs he now owns. Any unused funds will be returned to investor. Investor monies not used for purchase of land within 120 days will be returned to investor within 7 days following. The Company accepts \$20,000 as minimum investment.

Dividend Distribution

Distribution of profits to all shareholders shall be bi-annually and shall be distributed at the end of each annual term (Term). To calculate the dividend to be paid at the end of a given Term, first the net profit of each of the company's farms during that Term is calculated. This is done collectively for all farms by subtracting all estimated and actual expenses from gross revenues received during the Term for all farms. (Investor contributions are not part of revenues.) Such expenses include but are not limited to harvesting, transportation, fertilization, plant disease mitigation, accounting fees, travel fees, land leases, and government taxes. Such expenses may not actually be paid in the given Term but may be subtracted as estimated expenses awaiting payment in a future term no more than 3 terms in the future (Near-Future). This allows for the company to maintain a positive cash flow. Certain expenses may be split equally among all farms; others pertain only to a specific farm. What remains on the books of the company after all expenses and estimated Near-Future expenses for all farms is called 'Profit'. Proceeds from sales of land are not part of profit (but may result in a 'gain') and are kept apart for this calculation. For each given farm, the Profit is distributed as dividend at the end of each Term among all PC holders, the Administrator and the shareholders. Some Profits (less than 30%) may be retained in the Company at the discretion of the Administrator for purchase of more lands or to retain positive cash flow. Portion of land sale proceeds up to the amount of the purchase price (not to be reinvested within 1 year) distributed to share holders are as a return of principal. Land sale proceeds in excess of the principal are distributed as a capital gain (untaxed in Costa Rica). Proceeds may also be retained up to 1 year for purchase of more lands or to retain positive cash flow.

Dividend/Interest Analysis over long term, Tax Ramifications and Growing Cycle

Investors are advised to consult their accountants for US tax advice on foreign dividend income. Income distributed by the Company is subject to a 15% Costa Rican dividend withholding tax¹. If

¹ Dividend withholding tax is usually creditable against US income and may be withheld by the Company as the law dictates. The investor may be exempt from this withholding tax after submitting a special form via the Company to the government of Costa Rica, notarized by the Costa Rican consulate in NY stating intent to pay US tax on all dividends

so, it is usable as a foreign tax credit. At current land prices on producing farms, projecting a continued rise in palm oil price increases the annualized return about .8% for each 10% gain in oil price. (The last 10 months have shown oil price increases of 4% to 10% per month – although a continuation of this trend is unknown.) All ROI examples assume an average yield of 24 tons of fresh fruit per year per hectare, which is an average yield for trees, aged 6 through 23 years (Median Years). Some farms will have some or all younger palms, however, while the average yield will be less in the non-Median years, there is anticipated to be a higher yield on average in the Median Years for the newer palm varieties planted after 2002.

The Company allows for the flexibility in planting any potentially high value crop as determined by the Administrator. All post-tax ROI quoted herein may be subject to US tax. Investors should check with an International tax accountant to be sure.

Return of Principal Vs. Capital Gain – Taxes on Sale of Assets

From time to time, the Company may cause sale of assets and distribute the proceeds as in the Land Sale Proceeds Formula section. Capital gains will exist for monies apportioned to PCs greater than the face value of the PC. Capital gains for the Administrator and the shareholders shall be computed with a zero basis. Costa Rica presently has zero capital gains tax, but US tax may apply.

Liquidity of Payout Certificates (Secondary sales – not allowed)

An investor may sell a security only if such security is registered with the SEC or exempt from registration. Therefore, no secondary sales of PCs are permitted (except to the majority shareholder or back to the Company through dissolution) as no exemptions are available and the PC as a security shall not be registered with the SEC. No investment should be made on the basis of anticipation of secondary sale. Transfers to family members as gifts may be allowed as applicable by law. The old and new holder will need to execute a Company PC Transfer form and this must be given to the Administrator to record the transaction. The transaction is registered as a relisting in the Company general assembly and Board of Director Meetings book, which shall serve as a register for all PC issues.

Selling an underlying Land Asset

With Presidential consent, the Administrator may sell any land asset the Company owns (or has an interest in via purchase option) at any time or opt to buy additional lands at the market rate with up to 30% of Company profits and up to 100% of land sale proceeds. In the event of any sale, proceeds may be paid out or used toward the purchase of other lands to benefit the Company. If paid out, such proceeds shall be distributed (according to the land sale proceeds formula) to the PC holders, Administrator and shareholders. Only the President may decide to sell, and hence cause the Administrator to make available for sale, a Company asset. If the Company does not acquire new lands within 1 year, profits must be distributed as described with the land-sale proceeds formula.

Liquidation Monies, Distribution Formula

Company liquidation of all assets for the purposes of dissolving the Company shall result in monies that shall be distributed as return of loan or capital gain to all PC holders and shareholders. Some of these monies may be considered capital gains for which there is no Costa Rican tax at present. Consult your accountant. In the event of liquidation, when Administrator is not present, all proceeds ordinarily due Administrator shall be paid to the shareholders. In that instance, Administrator

and confirming no personal economic activity in Costa Rica. However, this is not guaranteed. Income type, (profit, return of loan or capital gain) and dividend tax withheld amount, are disclosed to investor with each dividend payment to facilitate the declaration of appropriate amounts on the US tax return.

Investor Signature: _____

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releases his rights and therefore the total monies ordinarily due him to be split among the shareholders.

Replacement of Administrator

As the Company grows and if the Administrator is no longer also the President or majority shareholder, the Administrator will not receive a portion of profits but instead be given a salary, allowing 100% of the remaining profits after all PCs are apportioned their payout to go to the shareholders.

Administrator changeover

The majority shareholder reserves the right to lower compensation of the Administrator and raise the compensation from the lowered amounts to the shareholders at any time. In the event Ken is unable to resume as Administrator, Ken as shareholder transfers all his rights and monies due him as Administrator at that time and at any point in the future of such event to the shareholders, such that the shareholders would receive 100% of the Company profits and gains remaining after the PC holders have been paid out. A subsequent Administrator may be appointed and may receive a salary at maximum of what 10% of the gross profits of the Company would be before such salary is paid. In the event Ken is unable as Administrator or President to transact business on behalf of a stock or PC holder, after 90 days of notice, Cass may do so, however, in the event of death or disability of either Officer, all interest of that Officer in the Company shall transfer to his closest familial relative (Heir) (or other party should any prenuptial agreements be relevant). In this event, it is the duty of the other Officer to ensure that the Company either remains or has its assets sold at market value and monies distributed to PC holders and Heir of the fallen Officer. If the company remains, the one remaining Officer must buy out the Heir of the other at the market value of his share and PC interest and a new second Officer must be chosen. A new operating agreement reflecting these changes must be made. In the event of death or inability of both officers to conduct business on behalf of the company or any of its stockholders, it shall be the duty of all heirs of the company to sell and distribute assets of the company. If unable to do so in a 1-year period, each PC holder shall have the right to cause sale of Company assets and act as Trustee in dissemination of received funds to Officer Heirs, stockholders and other PC holders according to the terms of this Operating Agreement.

Company fund-raising / infusion of cash investment capital methodology

All Company Land Assets are purchased with funds raised through the sale of PCs. An investor receives Payout Certificates as follows:

- 1) Investor notifies Administrator of intent to buy and amount of cash to be infused.
- 2) The Company sells PCs by first executing a copy of this prospectus with the investor. Upon purchase of land using investor funds the Company shall send notice with the number of PCs granted to the investor and return of any unused funds. Only after the issue of PCs to a prospective investor does he or she become an investor. This establishes the Company fund-raising method after startup.

Active Shares – owned by President

The President as investor is entitled to issue to himself the appropriate number of PCs of type III. All PCs issued to President are of type III regardless of the investment amount. As with all investments, the transaction is noted in the Company book concerning minutes of general assembly meetings.

Books

There are 6 Company books. Costa Rican law requires them to be kept current, and located at the corporate address, although the written word is out of date. Therefore, online, shall always be a current record of Company events.

Risks

As with any investment there are risks. The Administrator believes but is not certain that these risks are most likely encompassed by an unknown future with respect to:

- 1) The advent of new technologies in or related to the energy sector
- 2) World feedstock demands in favor of algae, switch grass, sugarcane, etc...
- 3) World demand for vegetable or palm oil as a food or fuel source
- 4) Stability of governments outside the United States
- 5) World demand for land in Costa Rica or Panama
- 6) Weather, river induced erosion of land, flooding.
- 7) Disease of trees, crops, plants. Fertilizer and/or herbicide misuse.
- 8) Labor shortages associated with farming Company land.
- 9) Demand for alternate sources of energy such as wind, solar or cellulosic ethanol
- 10) Biofuel or palm oil production regulatory standards and world environmental concerns
- 11) Fire, vandalism, robbery, forces of nature, such as flood or Earthquake, war
- 12) Tax ramifications as taxing authority standards change.
- 13) Low harvest years during planting and early stages of plant growth.
- 14) Currency exchange rates between countries.

Risk Mitigation

Administrator has the right (but not the obligation) to change crops on Company land to support products that in the opinion of the Administrator will yield higher Company revenue than that obtained from cultivating African palm. Administrator may sell or trade lands at anytime to, in his opinion, maximize the profit potential over the short or long term to the investors.

Expense and Revenue Assumptions

All examples, expense and revenue projections are based on the following assumptions:

- 1) The examples discussed demonstrating projected ROI assume an average annual harvest of 24 tons per hectare of Fresh Fruit Bunches (FFB). This assumption is based on the national average of palm production for all palm plantations in the Laurel region of Costa Rica in the year 1999 as shown in the ASD journal, 1999 publication viewable online at <http://www.asd-cr.com/ASD-Pub/News/Nw0001/New01.htm> The ASD article asserts "...the CPO yield per area unit in Costa Rica is currently among the highest in the world." It is important to note that these plantations include a mix of young trees, less than 7 years old and old trees, older than 17 years old. Our farms will have young, old and middle-aged trees. The exact proportions are unknown until the land is purchased. There is no significant yield from newly planted trees until the 3rd year, progressing to as high as 24 - 30 tons per hectare per year for trees aged 9 through 17 years and decreasing thereafter for trees older than 17 years of age. For some months or years, little or no returns will result if there are a significant amount of younger trees on a given farm, while yields may be higher than the example illustrates if the underlying land is comprised of largely middle-aged trees (between 9 and 17 years old). To mitigate the low production times, often new trees are planted 1 year before the old trees are killed, thereby reducing the zero yield times from 3 to 2 years. This is accounted for already in the average of 24 tons/hctr FFB per year.

- 2) Transportation, cutting, collection of fruit, farm cleaning, disease testing and all associated insurance for the independent contractors who work the fields is assumed to cost about 22% of the gross value of harvested fruit, currently about \$22 per harvested ton.
- 3) Fertilization is assumed to cost about \$380 per hectare per year.
- 4) Accounting and legal fees are assumed to cost \$2,000 to \$3,000 per year per farm.
- 5) Management fees for corporate oversight, structure, organization and any other corporate affairs requiring the time of the Administrator are encompassed by and in consideration for the profits entitled the Administrator as discussed herein. Administrator salary is, therefore, waived. However, Administrator may charge as expense to the Company, air and car travel as necessary.

The Future of Palm

The same ASD article shows that as early as 1999 results were in on some new palm varieties that yield up to 3 times more than current yields from conventional hybrids. While not guaranteed, the trend of planting more efficient hybrids and palm clones, increases the likelihood that palm oil production can meet increasing world demand while providing the Company with opportunity to triple its output. This indicates that palm (and palm planted lands) will likely hold value among alternative energy sources for years to come.

Investor Rights, Obligations, Required Disclosures and Certifications

The Company, just being formed with this first round of investment will acquire a farm with this first round of financing. All accounting data and other internal affairs of the Company will remain with the Company. All investors will have access to view land surveys of Company owned farms, payout certificate ratios and the general accounting ledger of the Company on an annual basis. No investor may invest if the monies invested constitute more than 20% of the total liquid assets or equal more than 5% of the total net worth of the individual. Investor agrees that he or she will have a net worth greater than twenty times the amount he or she will invest in the Company at the time of investment or investor will not allow such investment to be made. Investor asserts a personal net worth of over \$1,000,000 and therefore claims to be an accredited investor. Investor affirms that he or she is acquiring the securities for him or herself (or his or her wholly owned entity) and not for any other person or entity.

SEC Disclosures

Securities offered by the Company (Payout Certificates) are being offered under Regulation D of the Securities Act of 1933 (the Act). Payout Certificates issued by the Company will not be registered under the Act upon issue and, therefore, cannot be resold unless they are registered under the Act at a later date or unless an exemption from registration is available. A single offering shall constitute those securities (Payout Certificates) to be issued and collateralized by any one specific and single land asset owned by the Company. No single or combined offering will result in the sale to over 34 investors or over \$1,000,000 in funds raised in a one-year period under this registration exemption.

Administrator/President held harmless

Investor agrees to hold Administrator and President harmless for any act intended to help the investor bring his or her funds into the Company or facilitate the transaction of Payout Certificates to the investor. Investor accepts that any monies held by the Administrator in his personal bank account on behalf of an investor are considered to be the equivalent as held in an escrow account of the Company and such holding does not subject the Administrator to any personal liability, provided

Investor Signature: _____

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that within 180 days of receipt of such monies, Administrator either causes an equivalent amount of Payout Certificates (as specified herein) to be issued to the investor or returns all such monies to investor. The maximum liability Administrator shall have beyond 120 days of holding investor monies without issuance of an equivalent amount of Payout Certificates shall be the amount of money held by the Administrator on behalf of the investor and a 4% APR accruing after the 120th day. Such liability shall only be in effect if Administrator has not issued PCs to the investor before the 120th day and the investor has not agreed to an extension in writing.

Investor/Company Interaction

Interest payouts will be by bank wire initiated by Administrator or the accountant of the company, bi-annually. Investors may request by email to kensilverman@rcn.com, an annual report on the expenses and revenues related to the farm for which they have an interest. This report will show the total amount of fruit harvested per week, and monthly receivables and liabilities.

Monies received by Administrator in personal account prior to Company formation

Administrator promises to do one of the following with monies received by investors by bank wire wired directly into an account of Kenneth Jay Silverman:

- 1) Buy palm plantation land in Costa Rica - not to exceed 120 days from investment date. Transfer the land into the name of the Company or execute a notarized purchase option and lease with the Company as soon as possible. Such executions are to happen in less than 1 year from time of purchase.
- 2) Transfer the money directly into the Company. Buy land in the name of the Company. Both actions not to exceed 120 days from investment date.
- 3) Return the monies to investor - not to exceed 120 days from investment date.

Directors

President and Administrator: Ken Silverman of 7 Wolf Swamp Lane, Southampton, NY 11968 is a seasoned investor of palm oil plantations and land in Costa Rica. A graduate of Washington University in St. Louis, Ken was co-founder and VP of Technology of a 120-person technology company from 1997 through 2001. Since that time, Ken has maintained a portfolio of 8 properties in New York, Vermont and Costa Rica. Currently managing a successful palm farm, Ken has acquired a second plantation on Dec. 5, 2007, the inaugural farm of the Company. He anticipates more closings in January on the Company's behalf. Born: August 1966 Phone: 917 741 3377
Secretary: Cass Almendral, investor, multi-million dollar real-estate owner, seasoned technology recruiter; Cass was born in November of 1960. He can be reached at 917 623 6677

Corporate Attorney

Federico Giutta Hernandez, 506 250 5610

Corporate Address

5 metros oeste de Motos Chinchilla, cerca de la Municipalidad
Quepos, Costa Rica

Administrator Remedies - Errors, over/under and missed payments, Issues, Omissions, Fees

Administrator reserves the right to correct any errors with regard to PC issuance or payouts, and to make or rescind payments to investors as necessary in order to comply with the terms of this document at anytime in the future. Investors will cooperate accordingly. The Company shall conduct business in Costa Rica but may present payouts to investors by wire into bank accounts in the United States. All bank fees associated with wire transactions are paid by investor. If investor

Investor Signature: _____

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does not maintain an account known by the Company and available for electronic funds transfer from Costa Rica to America, investor may forfeit payments (after repeated attempts at transfer and notification to investor over a 60 day period). Company is not responsible in this event. New versions of this document may be made in the future. Investor agrees to honor the current version, as long as the spirit of any such newer version serves to protect the interests of the Company as a whole and does not seriously alter the value of any outstanding Payout Certificates. Most recent versions will be posted online and saved with the Company books.

Presidential use of Company Funds

Company President may use Company funds for personal matters at any time only to the extent of the net accrued to be paid to the President as investor, Administrator and Shareholder. All funds accrued to be paid to other investors must remain in a Company bank account (or account of Administrator until such time as the Company bank account is created) until time of payout.

Formal PC Issue Date

A PC is considered issued when a formal email is written to investor stating that some quantity of PCs has been issued. A written and signed certificate will follow but is not essential to the issue. The official issue date coincides with the email posting and is reflected at an online web address. The recording in the Company books shall occur at the same time or at some point afterward. The issue is validated by the Company receipt of unreturned monies and a copy of a signed prospectus.

Investor Name: _____

Phone: _____

Address: _____

_____ dollars

Amount in Dollars (as words) to be (or already) presented for Investment in Company. Receipt as bank wire or check to an account of Kenneth Jay Silverman, KC Pacific Holdings (escrow account for KC Pacific Energy) or KC Pacific Energy. If monies are not received within 180 days of contract execution, contract is null and void. Monies may have been received up to 6 months prior to this contract's execution.

Investor Signature: _____ **Date:** _____

(Administrator reserves the right to return unused monies in up to 180 days, 90 days without penalty, 4% APR thereafter up to 120 days following. Administrator reserves the right to transfer funds into the Company or buy land directly with such funds, distributing profits commensurate with this

Investor Signature: _____

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agreement until such time as the land may be transferred into the name of the Company. Investor agrees that due to price fluctuations, the price of each PC can not be known until purchase of new lands are made with the monies pledged herein. The PC price shall be guaranteed to be within this range for the next 4 months after signing: _____ \$10 _____ to _____ \$20 _____ per certificate. If not in this range, permission must be granted by the investor to proceed with investment. Investor understands that if the cost of each PC is high, that it is likely due to the market price of palm oil being high or expected to be high in the future.

Administrator Signature: _____ **Date:** _____

Secretary Signature: _____ **Date:** _____
 (Administrator or Secretary signature is sufficient for execution of this document.)

----- **Prospectus and Operating Agreement end here (Examples follow)** -----

Warning: Figures may be outdated. Therefore, these deals not guaranteed to be realized.

Pending Deals

Parcels are available with and without palm. Raw land is considered at up to 30% of total linked payout certificates of the Company. By maintaining the largest share of lands with producing palm, the short-term cash flow and distributions of the Company are kept strong.

– Costa Rica

There are several lots with palm of up to 200 hectares each. In total about **2,000 hectares** or \$10,000,000 may be purchased in the coming months in Costa Rica, the best growing region of the world with the most stable government of all palm-growing regions. Future development potential is large on all of these deals. Within a 1 hour drive of these farms are subdivisions selling for as much as \$100,000 per hectare and \$40,000 a quarter acre – without ocean views. Projections on one such farm is as follows:

120 Hectares of 10-year palm at \$12,000 per hectare, \$1,440,000 in total.
 \$120/ton at 24 tons/hctr = \$345,600
 (5 full time employees plus insurances = \$40,000/year, fertilizer = \$50,000, taxes/acting = \$50,000)

Year	Expenses	Income	70% net to investor	ROI
1	\$140,000	\$345600	\$143,920	10%

Investor Signature: _____ Page 21 of 23 Date: _____

Assuming continued trend as in the last 12 months of steady increases of the price of palm oil, Year 2 = **ROI of 18%** year 3, **ROI 26 %** year 4 **ROI 34%** etc... With no increases, 10% is maintained.

Year 6 (sales of at least 40 half-hectare lots at \$40,000 each, \$5,000 as principal, \$35,000 as gain)

Year	Expenses	Sales	92% principal	65% gains	ROI
6	\$0	\$1,600,000	\$184,000	\$910,000	76% PLUS...

Palm production continues in parallel on the remaining 100 hectares, likely at \$200 per ton. (This assumes palm oil prices almost double in 6 years. They have tripled in the last 3 years.)

Year	Expenses	Income	70% net to investor	ROI for Year 6
6	\$200,000	\$480,000	\$196,000	13.6% +76% = 89%

Years	Expenses	Income	70% net to investor	ROI
7-12	\$200,000	\$480,000	\$196,000	13.6%

- Panama

Panama is a reasonably stable democracy with significant exposure from US investors. In the northern zone, bordering Costa Rica, close to the focal region for the Company, exists over 10,000 hectares of lands at \$2,000 per hectare. Potential for palm is excellent. Refineries are nearby to purchase the raw fruit. Future development is possible. Projections follow on one pending deal:

Example: 1,000 hectares of land without palm. This deal can be considered as a separate entity or as part of the Company if the addition of this land to the Company would not cause the Company to have less than 70% of outstanding PCs linked to producing palm.

Total investment of \$4,600,000

1,000 hectares at \$2,000,000 plus \$2,600,000 to plant, fertilize and build access roads over 3 years.

Year 1: \$2,000,000 land purchase plus \$1,400,000 to plant 177 highest quality, highest yielding 1-year old trees per hectare. (For example, as 50% clones and 50% hybrid compact at \$8 per tree) \$100,000 additional fertilizer.

Year 2: \$200,000 fertilizer \$400,000 50 dirt road partitions, gravel and drainage

Year 3: \$300,000 fertilizer Income at 15%

Year 4: \$300,000 fertilizer Income at 30%

Year 5: \$430,000 fertilizer Income at 65%

Year 6: \$430,000 fertilizer Income at 80%

Years 7 - 22: \$430,000 fertilizer Income at 100%

100% Gross Income at \$120/ton at 24 tons/hctr = \$2,880,000

40 full time employees years 2 – 22 = \$200,000 per year

Panama has a 30% corporate tax rate.

Projection assumes no increase in palm oil prices. (**Quadruple these ROI figures if you assume only 20% yearly increases in palm oil prices. That means 100% ROI starting at year 7 and 16% ROI at year 4.**)

Years	Expenses	Income	Net	post-tax	70% to PCs	ROI
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Investor Signature: _____

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1	\$3,500,000	0	-			-
2	\$600,000	0	-			-
3	\$500,000	\$432,000	-			-
4	\$500,000	\$864,000	\$364,000			4%
5	\$630,000	\$1,872,000	\$1,242,000			13.2%
6	\$630,000	\$2,304,000	\$1,674,000			17.8%
7-22	\$630,000	\$2,880,000	\$2,250,000	\$1,575,000	\$1,102,000	24.3%

Several other deals are pending.