

Memorandum of Understanding

This Memorandum of Understanding (hereinafter the „MOU“) is made on 22
October 2013 (the “effective date”) in Tbilisi, Georgia by and between the following parties.

On the one hand,

The Government of Georgia (hereinafter the “GOG”), represented by the Minister of Energy of Georgia Mr. Kakha Kaladze,

And on the other hand

“Georgian Hydro Power” LLC (hereinafter “Company”) represented by General Director Shamil Birkadze.

1. Purpose

The purpose of this MOU is to ensure the feasibility study/analysis of the hydropower plant(s), set out in Annex No 1. of this MOU by the Company and then to build them according to this MOU and terms and conditions to be agreed by both parties afterwards.

2. Definitions

2.1 MOU – this Memorandum of Understanding

2.2 Project – feasibility study/analysis and construction of the hydropower plant(s), situated on the rivers within the range of elevations determined in Annex No 1 according to this MOU and terms and conditions to be agreed by both parties afterwards.

3. Terms and Conditions of the Project

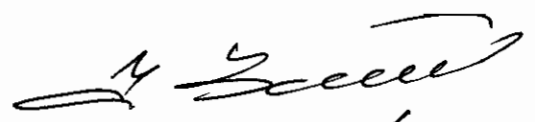
3.1 The company within fifteen (15) months after the signing of this MOU shall ensure:

- a) According to the schedule of feasibility study (Annex No 2.) finalization of feasibility study/analysis of the hydropower plant(s) situated on the rivers within the elevations provided in Annex No 1;
- b) Submission of the proposals to the GOG on construction of hydropower plant(s) situated on the rivers within the elevations provided in Annex No 1, in case if conclusion of the feasibility study of the project will be positive.

3.2 In case the Company, as a result of implementing subparagraph ‘a’ of paragraph 3.1 of this MOU decides to build one or several hydropower plants, indicated in Annex No 1., the proposal to be submitted to the GOG according to subparagraph ‘b’ of paragraph 3.1 shall include following:

- a) the Company’s decision on construction respective hydropower plant(s);
- b) Full technical parameters, including capacity and annual generation of the hydropower plant(s);
- c) Exact coordinates of allocation of the hydropower plant(s) and elevations of the river;
- d) Dates of receiving construction permit, commencement and completion of construction works and commencement of operation of hydropower plant(s), also approximate investments required for each hydropower plant’s construction;
- e) Feasibility reports of construction of hydropower plant(s) and all related documents.

3.3 Within 2 months after submitting the proposal according to paragraph 3.2, the parties shall mutually consider the question of construction of the relevant hydropower plant(s) by the Company and make a mutual decision on construction or waiver thereof.



- 3.4 In case the parties decide to build one or several hydropower plant(s) according to paragraph 3.3 they shall draw up the implementation agreement (agreements) on build, own and operate of the relevant hydropower plant(s) within 2 sequent months after expire date of the term determined with paragraph 3.3.
- 3.5 On the day of the signing of the implementation agreement the Company, for the purpose of ensuring the construction of the hydropower plant(s) with determined terms and conditions shall submit to the GOG unconditional and irrevocable bank guarantee, one for each hydropower plant in amount of \$100,000 per MW of this (concrete) hydropower plant. The bank guarantee shall be issued by any Bank in Georgia or abroad licensed by "Organization of Economic Cooperation and Development" (OECD) member country. The expiration date of bank guarantee shall exceed commencement of operation of the hydropower plant by 3 months.
- 3.6 The GOG, within 15 months after signing this MOU shall not give the right to other party to build, own and operation of the hydropower plants, situated on the rivers within the elevations provided in Annex No 1 without the Company's written consent.
- 3.7 Before the expiration of the term of signing of implementation agreement (if applicable) the GOG, without written approval of the Company shall not give the right to other party on build, own and operation of that hydropower plant(s), indicated in Annex No 1. for which construction the Company had submitted the proposal to the GOG under this MOU and of which construction the parties had made a decision.
- 3.8 Before the expiration of the terms set out in paragraphs 3.6 and 3.7 the GOG is entitled to give the third party the right to build, own and operation one or several hydropower plant situated on the rivers with the elevations provided in Annex No 1 without written approval of the Company, in the following cases:
- a) The GOG has grounded assumption of the Company's failure to ensure feasibility study/analyse of any hydropower plant situated on the rivers within the elevations provided in Annex No 1. – for the respective hydropower plant only;
 - b) The Company has violated the schedule of feasibility study (Annex No 2.) of any hydropower plant situated on the rivers within the elevations provided in Annex NO 1. or some part of the feasibility study is not of proper quality – for the respective hydropower plant only.
 - c) The Company preliminary rejected to build any of the hydropower plant indicated in Annex NO 1. – for the respective hydropower plant only.
- 3.9 Following request the Company is obliged to submit to the GOG the feasibility studies and all related documents that it possesses, completely, free of charge, of which:
- a) the Company had not submitted the proposal to the GOG for construction according to paragraph 3.2,
 - b) the Company had applied to the GOG for construction according to paragraph 3.2 but he parties failed to make a decision on construction according to paragraph 3.3,
 - c) the Company had applied to the GOG for construction according to paragraph 3.2, the parties made a decision on construction under paragraph 3.3 but the implementation agreement on build, own an operation was not signed between the GOG and the Company under paragraph 3.4 of the MOU,
 - d) one or more subparagraph of paragraph 3.8 occurs.
- 3.10 The GOG is entitled to request and the Company is obliged to agree to remove from the list of Annex N2 hydropower plants situated on the rivers within the elevations provided in Annex N 1 to which::

- a) the Company had not submitted the proposal to the GOG for construction according to paragraph 3.2;
 - b) the Company had applied to the GOG for construction according to paragraph 3.2 but the parties failed to make a decision on construction according to paragraph 3.3;
 - c) the Company had applied to the GOG for construction according to paragraph 3.2, the parties made a decision on construction under paragraph 3.3 but the implementation agreement on build, own and operation was not signed between the GOG and the Company under paragraph 3.4 of the MOU;
 - d) one or more subparagraph of paragraph 3.8 occurs.
- 3.11 For the purposes of power supply of the country, for the duration of ten years from the date of commencement of operations of each power plant constructed by the Company within the framework of this MOU, in the winter of each year, namely the months of December, January and February, the full power capacity generated by each of the power plant shall be sold (in accordance with the Power Balance) exclusively for the purposes of meeting the internal requirement of Georgia, which shall be reflected in the Power (Capacity) Balance of the respective year or other similar document.

4. Rights on Land Plots and Construction Permits

- 4.1 For the purpose of implementation of the project, in case of necessity the GOG shall ensure to provide the Company with right of respective state owned land plots with normative prise according to Georgian applicable legislation.
- 4.2 The GOG shall use its best endeavours within its authority to assist the Company with obtaining construction permit(s), providing the Company meets the relevant requirements under the Georgian legislation.

5. Project Expenses, Providing Information

- 5.1 The expenses related to the implementation of the Project shall be fully borne by the Company.
- 5.2 The Company is obliged to submit to the Ministry of Energy of Georgia, on quarterly basis, a progress report of the fulfilment of the conditions set out under the MOU, including but not limited full and detailed information about fulfilment of schedule of feasibility study (Annex No 2.) by the Company. If the progress report or some part of the feasibility study is not of proper quality the Ministry of Energy of Georgia shall notify the company in written about quality of the feasibility study and give the company additional period of up to the three months to adjust the issues observed. This article will no way cause extension of the term indicated in article 3.1.

6. Effectiveness of the MOU

- 6.1 This MOU shall enter into force from the moment of its execution by both parties.
- 6.2 The MOU shall be terminated in the following cases:
 - a) Upon agreement of parties
 - b) The GOG is entitled to terminate the MOU within part of one or more hydropower plant situated on the rivers within the elevations provided in Annex NO 1. of which:
 - b.a) The Company had not submitted the proposal of the GOG on construction according to paragraph 3.2 – for the respective hydropower plant only - on the expire of the term under paragraph 3.1
 - b.b) The Company had applied to the GOG for construction according to paragraph 3.2 but the parties failed to make a decision on construction under paragraph 3.3 – for the respective hydropower plant only - on the expire of the term under paragraph 3.3;

- b.c) The Company had applied to the GOG for construction according to paragraph 3.2, the parties made a decision on construction under paragraph 3.3 but the implementation agreement on build, own and operation was not drawn up between the GOG and the Company before the expiration date of the term set out under paragraph 3.4 of the MOU – for the respective hydropower plant only - on the expiration of the term under paragraph 3.4;
- c) In case one or more subparagraph of paragraph 3.8 occurs – on the date indicated by the GOG - for the respective hydropower plant only;
- d) In other cases determined by Georgian applicable legislation.

6.3 In case the Company fails to carry out the obligations under this MOU the issue of effectiveness of the MOU and the responsibilities of the Company shall be regulated according to the MOU and Georgian applicable legislation.

6.4 Termination of the MOU partially or completely doesn't affect the Company's obligation set out under article 3.9.

7. Amendments

This MOU may be amended by written agreement of the parties. If any provision of this MOU becomes invalid or unenforceable, the validity of other provisions shall not be affected.

8. Notifications

Any correspondence sent by the parties within the framework of this MOU shall be made in writing and shall be sent by mail, courier service or facsimile transmission (with the original to follow). The notification shall enter into force immediately upon its receipt by the recipient.

9. Governing Law and Dispute Resolution

9.1 This MOU shall be governed by the law of Georgia

9.2 All disputes arising from this MOU shall be resolved by common courts of Georgia, in accordance with the applicable legislation of Georgia.

10. Counterparts, language of MOU

This MOU is prepared in English language, two original counterparts.

Signed:

“The Government of Georgia”

Kakha Kaladze

“Georgian Hydro Power LLC

Shamil Birkadze



Annex N 1

	River	Range of elevations, M
1	Dzirula	242-223
2	Akavreta	770-385
3	Lodnari	770-750

Signed:

"The Government of Georgia"


Kakha Kaladze



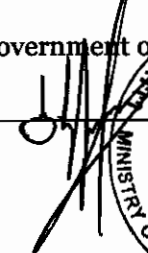

"Georgian Hydro Power"

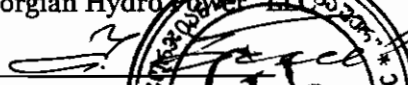


Shamil Birkadze



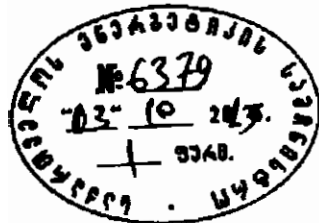
Annex N 2

SCHEDULE OF FEASIBILITY STUDIES					
	3 months after signing MOU	6 months after signing MOU	9 months after signing MOU	12 months after signing MOU	15 months after signing MOU
<u>UBISA HPP</u>					
Sites and main parameters definitions		•			
Topographical Surveys and Preparation of Maps	•				
Geological, Geophysical		•			
Seismic Risk analysis		•			
Construction Materials Survey		•			
Meteorological and Hydrological Studies	•				
Hydraulic Studies		•			
Alternative Analysis	•				
Technical Design			•		
Infrastructure		•			
Power Generation and Utilization		•			
Transmission System Associated			•		
Ecology				•	
Bills of Quantities			•		
Construction Organization			•		
Economic Analysis.			•		
Financial Analysis.			•		
Procurement Planning and Execution Scheme			•		
Timetable of Work- Force Training				•	
Feasibility Study Submission				•	
<u>AKAVRETA HPP</u>					
Sites and main parameters definitions		•			
Topographical Surveys and Preparation of Maps		•			
Geological, Geophysical			•		
Seismic Risk analysis			•		
Construction Materials Survey			•		
Meteorological and Hydrological Studies			•		
Hydraulic Studies				•	
Alternative Analysis			•		
Technical Design				•	
Infrastructure			•		
Power Generation and Utilization			•		
Transmission System Associated			•		
Ecology			•		
Bills of Quantities			•		
Construction Organization			•		
Economic Analysis.				•	
Financial Analysis.				•	
Procurement Planning and Execution Scheme				•	
Timetable of Work- Force Training				•	
Feasibility Study Submission					•

“Government of Georgia”


 MINISTRY OF ENERGY OF GEORGIA

“Georgian Hydro Power LLC”


 GEORGIAN HYDRO POWER LLC

267



საქართველოს მთავრობის განკარგულება

N1417 2013 წლის 1 ოქტომბერი ქ. თბილისი

საქართველოს მთავრობას და შპს „ჯორჯიან ჰაიდრო ფაუნდს“ შორის დასადები ურთიერთგაგების მემორანდუმის თაობაზე

1. მოწონებულ იქნეს საქართველოს მთავრობას და შპს „ჯორჯიან ჰაიდრო ფაუნდს“ შორის დასადები ურთიერთგაგების მემორანდუმის პროექტი.
2. საქართველოს მთავრობის სტრუქტურის, უფლებამოსილებებისა და საქმიანობის წესის შესახებ საქართველოს კანონის 27-ე მუხლის თანახმად ურთიერთგაგების მემორანდუმს საქართველოს მთავრობის სახელით ხელი მოაწეროს საქართველოს ენერჯეტიკის მინისტრმა კახა კალაბემ.

პრემიერ-მინისტრი



ზიბინა ივანიშვილი



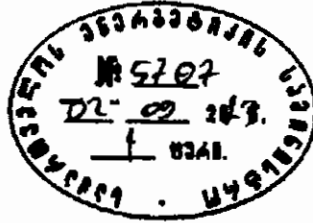
საქართველოს იუსტიციის სამინისტრო
 MINISTRY OF JUSTICE OF GEORGIA



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საქართველო, ქ. თბილისი, 0114, თბილისის ქ. 24 ა. ტელ: 7 40-51-48, 7 40-54-34, ელ. ფოსტა: info@justice.gov.ge
 24 a, Georgia, 0114, Tbilisi, Tel: 7 40-51-48, 7 40-54-34, E-MAIL: info@justice.gov.ge

№06618



29 / იანვარი / 2018 წ.

საქართველოს ენერჯეტიკის
 მინისტრის მოადგილე,
 ბატონი ირაკლი ხუციანთაძე

ბატონო ირაკლი,

საქართველოს იუსტიციის სამინისტრომ განიხილა თქვენი 2018 წლის 28 იანვრის №044018 წერილი წარმოდგენილი საქართველოს მთავრობას და "Georgian Hydro Power" LLC-ს შორის დასაფუძვლად შედგენილი შეთანხმების პროექტი, რომელთან დაკავშირებით გაგზავნეთ, რამე სამართლებრივი ხასიათის შენიშვნები ან კომენტარები. ამასთან, გთხოვთ განგვიხატოთ, თუ ხელმოწერა გააუმჯობესებთ თქვენს დოკუმენტს.

საბოლოოდ:

მინისტრის მოადგილე

ადგილმარკა მარაბიძე