

## AGREEMENT

On amendment to the Memorandum of understanding signed between the Government of Georgia, "Achar energy 2007" LTD, "Energo Trans" LTD and "Electricity System Commercial Operator" JSC, dated: July 1<sup>st</sup>, 2011 (hereafter referred to as "MOU").

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This Agreement is executed on March 12, 2014 in Georgia (Tbilisi) between:

The Government of Georgia (hereinafter referred to as "GOG"), represented by the Minister of Energy of Georgia Kakha Kaladze;


"Energo Trans" LLC (hereinafter referred to as "ET"), identification code: 204991786 represented by Director Kakha Sekhniashvili;

JSC "Electricity System Commercial Operator" (hereinafter referred to as "ESCO"), identification code: 205170036, represented by General Director Vakhtang Ambokadze; and

"Achar energy 2007" LLC (hereinafter referred to as "Company"), identification code: 245591426, represented by Saban ÖZER and İsmail KURİŞ.

### WHEREAS:

- According to the technical and economic studies conducted by the Company the new data has emerged with respect to the Kirnati HPP;
  - For the purpose of increasing the maximum operation value of the Kirnati HPP it is necessary to optimize operation water elevation of the hydro power plant and raise the operation water elevation value for Kirnati HPP on the River Chorokhi from 53 meter to 57 meter.
  - The above mentioned elevation shall cause the flooding of the surrounding area of the boarder sign (the boarder sign #GST-421/1).
  - As a result of such elevation it will be preferable to build the new bridge instead of the old one (bridge #2) and/or install the new pipe, with diameter not less than 1.5 meters, with the movable railings on it.
  - It may be necessary to carry out coast reinforcement works.
  - The company agrees and fully undertakes, at its own expense, to restore/rebuild the entire infrastructure affected (including, but not limited with the above mentioned consequences) by the elevation change (raise) and/or carry out any/all actions requested by the GoG for this purposes.
1. THEREFORE the parties, considering all the above mentioned, are entering into this Agreement on Amendment of the MOU to make the following change:

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- 1.1 The definition of "Project" shall be amended and read as follows:

"Project" means the construction and operation on BOO basis of cascade of 3 (three) hydro power plants including Kirnati (operation water and tail water elevations 57-42,71), Khelvachauri I (operation water and tail water elevations 42-30,64) and Khelvachauri II (operation water and tail water elevations 30-22) in the Achara region of Georgia on the river Chorokhi according to the laws of Georgia and MOU."
  - 1.2 The first paragraph of the sub article 2.1 of article 2 of the Memorandum shall be amended and read as follows:

"The principal parties of this MOU hereby agree that, in accordance with Feasibility Report, Project details considered under the first MOU has been changed and instead of the Hydro Power Plants considered under the first MOU and its Annexes the Company is obliged to construct the Khelvachauri I, Khelvachauri II and Kirnati regulators with total MW 127.656, installed capacity and total GWh of 577.8 annual energy production."
  - 1.3 Amend the Power, Annual Production Amount and Amount of Investments to be made by the Company for Kirnati HPP. Consequently, Annex 2, Annex 3 and Annex 5 of the MOU shall be amended and formed as enclosed edition to this Agreement.
  - 1.4 (c) The sub-article "(c)" of article 3.6 of the Memorandum shall be amended and read as follows:

"If the Company within 15 working days from the first day of delay provides GoG with relevant justification and evidence (if applicable and relevant evidence is available) that the reason for delay is not attributable for the Company, then the Company shall be released from sanctions applicable under section 3.6 (a) and shall be entitled to request an adequate time extension. If such justification is not provided within the indicated timeframe, the GoG shall be entitled to apply the relevant delay penalties."
  2. Present Agreement is the Subject of following:
    - 2.1 The Company at its own expense is obliged to relocate the border sign (the border sign #GST-421/1) according to the directions of the GoG and/or relevant GoG entity.
    - 2.2 The Company, at its own expense is obliged to build the new bridge instead of the old one (bridge #2) and install the new pipe, with diameter not less than 1.5 meters, with the movable railings on it, if requested by the GoG and/or relevant GoG entity and applicable Georgian legislation.
    - 2.3 The company, at its own expense is obliged to carry out coast reinforcement works which are technically necessary for affected regions, if requested by the GoG and/or relevant GoG entity and applicable Georgian legislation.
    - 2.4 If requested by the GoG and/or relevant GoG entity the company, at its own expense is obliged to take necessary measures and be responsible for liquidation of any/all issues/consequences aroused within the works conducted for the elevation raise. Such request of the GoG shall be based on technically and scientifically provable assumptions.
    - 2.5 The relevant permits and licenses to be issued by the GoG and Republic of Turkey.
    - 2.6 The Company is obliged to make the relevant changes in the documents/drawings and fulfill all necessary requirements for the purpose of amending the construction permit for Kirnati HPP according to Georgian applicable legislation.

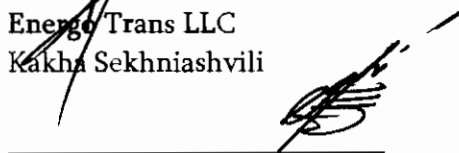
3. It shall not be regarded as a breach of this Agreement and MOU, if the Company fulfills all requirements under the laws of Georgia and Republic of Turkey for the purpose of obtaining necessary permits or licenses and such permits or licenses will not be issued and/or will be rejected by the relevant entity of Georgia and/or Republic of Turkey.
4. Pursuant to Article 4.1 of the MoU Within the 60 days after signing the present Agreement the Company is obliged to increase the amount of bank guarantee presented to the GoG, for the purpose of securing the obligations under the MOU from 5 900 000.00 USD to 6 400 000.00 USD.
5. Other provisions of the MOU shall remain unaltered and shall maintain full legal power.
6. Following the revision of the construction permit according to the elevation 57m, the facilities of Kirnati HPP shall be constructed according to elevation 57m. The Company shall have the right to operate Kirnati HPP at elevation 53m, in case:
  - the construction of Kirnati HPP has been completed and ready for commercial operation but the official and final approval(s) has (have) not been given for the elevation 57m by the Government of Georgia and/or Turkey.
  - or the construction permit for elevation of 57 m. of Kirnati HPP has not been issued by the relevant Government Entity.
7. The present Agreement, apart from Article 1, 2 and 3 enters into force following its execution. The Article 1, 2 and 3 of present Agreement enters into force only in case the Company has fully fulfilled its obligation under the Article 4 of the present Agreement.
8. The present Agreement is regulated by the laws of Georgia.
9. The present Agreement shall form an integral part of the MOU and is in force together with the MOU and its amendments.
10. The present Agreement is made in 4 original counterparts, in English language and enters into force following its execution.

11. Signatures:

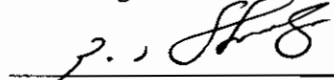
Government of Georgia  
Kakha Kaladze

  
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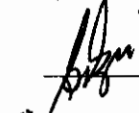
Energo Trans LLC  
Kakha Sekhniashvili

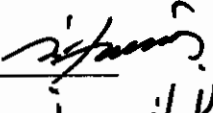
  
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JSC "Electricity System Commercial Operator"  
Vakhtang Ambokadze

  
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Achar Energy 2007 LLC.

  
\_\_\_\_\_ Saban ÖZER

  
\_\_\_\_\_ Ismail KURİŞ

## Power (Estimated)

Number	Project Name	MW
1.	Kirnati Hydroelectric Plant	51.251
2.	Khelvachauri Hydroelectric Plant I	47.480
3.	Khelvachauri Hydroelectric Plant II	28.925
	<b>Total</b>	<b>127.656</b>

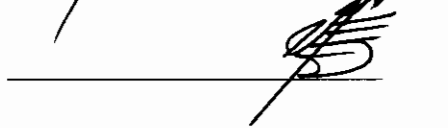
Government of Georgia

Kakha Kaladze



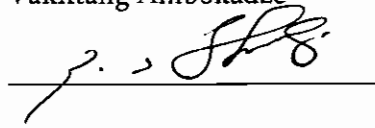
Energy Trans LLC

Kakha Sekhniashvili

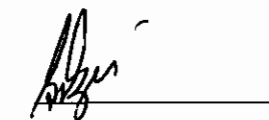
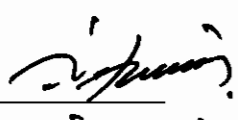


JSC "Electricity System Commercial Operator"

Vakhtang Ambokadze



Achar Energy 2007 LLC.

Saban ÖZER      İsmail KURİŞ

**The Amount of Investments to be Made \***


Number	Project Name	USD
1.	Kirnati Hydroelectric Plant	90 658 359.00
2.	Khelvachauri Hydroelectric Plant I	69 572 205.00
3.	Khelvachauri Hydroelectric Plant II	69 228 798.00
	<b>Total</b>	<b>229 459 362.00</b>

\*The amount of Investments to be made for each regulator specified here are estimated amounts and based on Feasibility Report. Therefore these amounts may differ from the amounts to be specified by the final and application project.

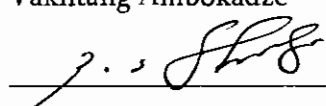
Government of Georgia  
Kakha Kaladze

  
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Energy Trans LLC  
Kakha Sekhniashvili

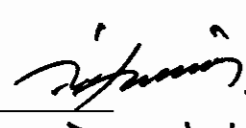
  
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Achar Energy 2007 LLC.

  
Saban ÖZER

  
İsmail KURİŞ

## Annual Production Amount (Estimated)


Number	Project Name	GWh
1.	Kirnati Hydroelectric Plant	219
2.	Khelvachauri Hydroelectric Plant I	229.8
3.	Khelvachauri Hydroelectric Plant II	129.0
	<b>Total</b>	<b>577.8</b>

Government of Georgia  
Kakha Kaladze



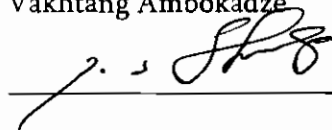

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Energo Trans LLC  
Kakha Sekhniashvili




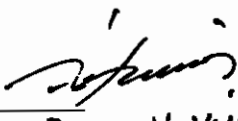

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JSC "Electricity System Commercial Operator"  
Vakhtang Ambokadze




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Achar Energy 2007 LLC.

Sakon DZER      Ismail KURIS