

AGREEMENT

On amendment of Agreement signed between Government of Georgia, Trans Electrica Limited (BVI), Trans Electrica Georgia LTD, Electricity System Commercial Operator LTD and Energo Trans LTD on April 28, 2011 on construction, operation and ownership of Khudoni HPP

Tbilisi

28 May, 2013.

Government of Georgia (hereinafter "GOG"), represented by the Minister of Energy and Natural Resources of Georgia, Mr. Kakha kaladze;

Trans Electrica Limited (BVI) (hereinafter "Company"), with registered legal address at P.O. 598, Pasea, Road Town, Tortola, BVI No. 1479874, represented by Directors Mohinder Verma and Bhulo Kansagra;

Trans Electrica Georgia LTD (hereinafter "Project Company"), ID code: 404857650, represented by Directors Paata Tsereteli;

Electricity System Commercial Operator JSC (hereinafter "ESCO") represented by General Director Irina Milorava;

Energotrans LTD (hereinafter "ET") represented by Director Kakha Sekhniashvili.

WHEREAS the parties on February 4, 2013 has signed the Addendum to the Agreement signed between Government of Georgia, Trans Electrica Limited (BVI), Trans Electrica Georgia LTD, Electricity System Commercial Operator LTD and Energo Trans LTD on April 28, 2011 (hereinafter referred to as: "Agreement") according to which the parties announced the moratorium in order to consider the environmental and social impact of the Khudoni HPP project and decide to clarify the further cooperation conditions of implementation of the Khudoni HPP project, taking into account the mutual interest of the parties;

1. Therefore, currently the parties sign the present Agreement to make following Changes in the Agreement:
 - 1.1 The second paragraph of the Preamble of Agreement shall be amended and read as follows:
„Whereas, according to the Article 6.2 (as amendeed) of the MOU the Company has carried out detailed investigations of the Project and prepared a Detailed Project Report and intends to implement the construction of Khudoni Hydro Power Plant according to the parameters set out in the Annexes of the Agreement.“.
 - 1.2 The subarticle (a) of the article 3.1 of the Agreement shall be amended and read as follows:
„(a) Issuance to Project Company of all licenses and permits (including ecological expertize conclusion) necessary for implementation of the Project;“.
 - 1.3 The subarticle (f) of the article 3.1 of the Agreement shall be amended and read as follows:
„(f) GOG and the Project Company having jointly prepared a rehabilitation and resettlement plan for local residents likely to be adversely affected or displaced due to construction of the Project at the site, guided by World Bank's Involuntary Resettlment 4.12 policy.“.
 - 1.4 The subparagraph (a) of paragraph 3.3 of the Agreement shall be amended and read as follows:



“(a) apply the construction permit for construction of Khudoni Hydro Power Plant in a due manner and in accordance with the permission requirements set out in the Georgian legislation, shall obtain above mentioned permit and shall commence construction of the Khudoni Hydro Power Plant (Subject to receiving construction permit and relevant GOG approvals) no later than March 1st 2014.”

1.5 The article 3.4 shall be added to the Agreement:

„3.4 In case of necessity according to Sub Articles „a“ and „b“ of Article 3.1 of Section 3 of the Agreement and including Environmental Impact Permit and ecological expertize report, parties shall reconsider the technical parameters of the Project defined in the annexes of the Agreement.

1.6 The article 4.3 of the Agreement shall be amended and read as follows:

„4.3 For the first ten years of operation, beginning from the date of commencement of operation of the Facility (the „Initial Operation Period“), the full power output of Facility during the winter months of each year, (being the months of December, January, February and March (the „Winter Months“)) shall be, under conditions defined in Section 4.4, sold exclusively for the purposes of meeting the internal demand of Georgia subject to requirement, which shall be reflected in the Electricity (Power) Balance of the respective year or other similar document. Company/Project Company guarantess, that the full power output of the facility during the Winter Months of the Initial Operation Period will be not less than the amount outlined in the Electricity (Power) Balance of the respective year or other similar document.“

1.7 The article 4.4 of the Agreement shall be amended and read as follows:

„4.4 For the purpose of Section 4.3 above, for the Initial Operation Period, During the Winter Months, the Company/the Project Company shall sell the generated power at its sole discretion to any purchaser in Georgia under a free (deregulated) tariff and/or in accordance with the Guaranteed Power Purchase Agreement to be signed with ESCO. Guaranteed Power Purchase Agreement shall be based on put option principle, providing for the put option right of the Company/the Project Company to sell generated power to ESCO with a tariff 5.84 USD Cent per KWh („Put Option Price“) at the inter connection point. Without limiting put option right, the tariff may be renegotiated every two years between parties pursuant to the Electricity Market Conditions. In case of not reaching an agreement between the Parties about renegotiation of tariff, existing tariff shall remain in force. Other than the Winter Months of the Initial Operation Period mentioned in the article 4.3 of the Memorandum, for the period of investment recovery, but no longer, than 15 years from the commencement of operation of the Plant, the Company/Project Company is entitled to sell generated power at its discretion and may export electricity, except when export is limited by the relevant entity according to the relevant regulation of Georgia. After 15 years from the commencement of operation of the Plant, the Company/Project Company is entitled to sell generated power at its discretion and may export electricity in accordance with the relevant laws and regulations of Georgia. If the Company/Project Company exercises the put option right defined in this provision and ESCO is unable to purchase full or partial generated power due to any reasons including reduced requirements, it still shall pay the Project Company or Company the

Difference between (i) the Put Option Price and (ii) the revenue received through alternative sale of power generated during Winter Months, if the Project Company/Company is able to find other purchaser.“.

2. The applicable penalty, according to the article 4.6 of the Agreement, for the violation of the term (delay of obtaining the Construction Permit from September 1st 2012 till December 1st 2012, due to reasons solely attributable to the company) of the Agreement by the Company/Project Company shall be payable by the Company/Project Company no later than 90 working days after 1st of March 2014.
3. The present Agreement enters into force following its execution.
4. The present Agreement is made into Georgian-English language, each into seven equally binding copies and is indivisible part of Agreement.
5. Signatories:

Government of Georgia

Mr. Kakha Kaladze;



23.05.13

Trans Electrica Limited (BVI)



23.05.13

Mohinder Singh Kansagra

Trans Electrica Georgia LTD



23.05.13

Paata Keregheli

Electricity System Commercial Operator JSC



23.05.13

Irina Mitorava

Energotrans LTD



23.05.13

Kakha Sekhmashvili

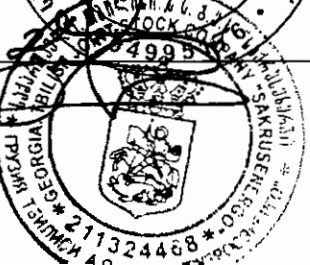
Subsidiary signatory

Georgian State Electrosystem



24.05.13

JSC "Georgian Russian Energy Company"



24.05.13