

Memorandum of Understanding

This Memorandum of Understanding is signed on April 20, 2016 (hereinafter the “**Effective Date**”) in Tbilisi, Georgia by and between the following parties:

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

Solar Energy Company LLC (hereinafter the “**Company**”), identification code: 405130068, represented by Mr. Bradford j. Meikle (passport No. 4355482314) on the basis of the Power of Attorney No. 160404535 issued on April 19, 2016 in Tbilisi, Georgia.

1. The Purpose of MOU

The purpose of this Memorandum of Understanding is to ensure the study/analysis of the solar power data by the Company within the territory set out in Annex N1 of this MOU, subsequently to build, own and operate the solar power plant(s) according to this MOU and the terms and conditions to be agreed by both parties afterwards.

2. Definitions

- 2.1. **MOU** – this Memorandum of Understanding;
- 2.2. **Project** – the study/analysis of the solar power data by the Company within the territory set out in Annex N1 of this MOU.

3. Terms and Conditions of the Project

- 3.1. The company within 12 (twelve) months after the Effective Date of the MOU shall ensure:
 - a) According to the schedule defined by the Annex N2 finalization of study/analysis of the solar power data situated within the territory set out in Annex N1;
 - b) Submission of the proposal to the GOG on construction of solar power plant(s) situated within the territory set out in Annex N1.
- 3.2. In case the Company, as a result of implementing subparagraph “a” of paragraph 3.1 of this MOU, decides to build solar power plant(s), within the territory set out in Annex N1, the proposal to be submitted to the GOG according to subparagraph “b” of paragraph 3.1 shall include the following:
 - a) The Company’s decision on construction respective solar power plant(s);
 - b) Full technical parameters, including capacity and annual generation of the solar power plant(s);
 - c) Exact coordinates of allocation of the solar power plant(s);
 - d) Dates of receiving construction permit, commencement and completion of construction works and commencement of operation of solar power plant(s), also approximate investments required for solar power plant(s);
 - e) Obtained solar data and all related documents;
 - f) The optimal price and the amount of period of realization of the electricity produced by the solar power plant(s) to make such solar power plant(s) economically feasible for the Company.
- 3.3. Within 4 (four) months after submitting the proposal, the parties shall mutually consider the question of construction of the relevant solar power plant(s) by the Company and make a mutual decision on construction or waiver thereof.
- 3.4. In case the parties, according to paragraph 3.3, mutually decide to construct solar power plant(s) they shall draw up the Implementation Agreement(s) on build, own and operate of

the relevant solar power plant(s) within 4 (four) sequent months after the expiration of the term defined by paragraph 3.3.

- 3.5. The Company, for the purpose of ensuring the obligations under the Implementation Agreement, namely, the terms of commencement of construction works based on construction permit and commencement of operations of the solar power plant(s), shall submit to the GOG unconditional and irrevocable bank guarantee one for each solar power plant in the amount of 100,000.00 US Dollars per each Megawatt. The bank guarantee shall be issued by any Bank in Georgia or abroad, licensed by "Organization of Economic Cooperation and Development".
- 3.6. The GOG within its competence for the period of 12 (twelve) months from the Effective Date, shall not give the right to other party to build, own and operate any solar power plant(s) situated within the territory set out in Annex N1, without the Company's written consent except the cases when:
- a) The Company has violated the schedule of study/analysis of the solar power data defined by the Annex N2;
 - b) The Company has preliminary rejected to implement the Project;
 - c) The MOU is terminated.
- 3.7. Following the request the Company is obliged to submit to the GOG all collected solar data, studies and all related documents completely free of charge for the solar power plant(s) of which:
- a) The Company has violated the schedule of study/analysis of the solar power data defined by the Annex N2;
 - b) The Company had not submitted the proposal defined by the paragraph 3.2;
 - c) The mutual decision according to the paragraph 3.3 on construction of the relevant solar power plant(s) was not made;
 - d) The Implementation Agreement according to paragraph 3.4 for the relevant solar power plant(s) was not signed;
 - e) The Company has preliminary rejected to implement the Project;
 - f) The MOU is terminated.
- 3.8. In case the parties, according to paragraph 3.3 decide to construct solar power plant(s) the Implementation Agreement to be signed in accordance to the paragraph 3.4 shall include the following conditions:
- a) The GOG shall in good faith and to the extent allowable by the Georgian Legislation negotiate the price of the electricity to be generated by each solar power plant. In case the parties reach a mutual decision on the price the full power output of electricity generated by each solar power plant(s) shall be absorbed by the electrical grid and shall be exclusively purchased by the JSC "Electricity System Commercial Operator" for the period of 15 (fifteen) years from the date of commencement of operation of respective solar power plant(s);
 - b) All state-owned lands, which are needed for the infrastructure of the solar power plant(s) shall be provided to the Company in accordance with the relevant Georgian Legislation, provided, that the Company has fully complied with the requirements under the applicable Georgian legislation.

4. Project Expenses, Providing Information

- 4.1. The expenses related to the implementation of the Project shall be fully borne by the Company.
- 4.2. The Company is obliged to submit to the Ministry of Energy of Georgia, on quarterly basis, a progress report of the fulfillment of the conditions set out under the MOU, including but not

limited full and detailed information about fulfillment of the schedule defined by the Annex N2.

- 4.3. If the quarterly progress report, permanent progress of the project with respect to the schedule or some part of the study/report is not of proper quality the Ministry of Energy of Georgia may notify the company in written about the quality of the study/reports and or any other document and give the company reasonable additional period of up to 1 month to adjust the issues observed.

5. Effective Date and Termination of the MOU

- 5.1. This MOU shall enter into force from Effective Date.
- 5.2. The MOU shall be terminated in the following cases:
- a) Upon mutual written agreement of the parties;
 - b) The GOG is entitled to terminate the MOU based on written notification sent to the Company in case the Company has violated the schedule of study/analysis of the solar power data defined by the Annex N2 and/or the addition time given in accordance to the paragraph 4.3;
 - c) The Company is entitled to terminate the MOU based on written notification sent to the GOG if it preliminary rejects to implement the Project;
 - d) The MOU shall be automatically terminated in following cases:
 - i) The Company had not submitted the proposal defined by the paragraph 3.2;
 - ii) The decision according to the paragraph 3.3 on construction of the relevant solar power plant(s) was not made.
 - e) In other cases determined by applicable Georgian legislation.
- 5.3. Termination of the MOU partially or completely doesn't affect the Company's obligation defined by the paragraph 3.7.

6. Governing Law and Dispute Resolution

- 6.1. This MOU shall be governed by the laws of Georgia.
- 6.2. All disputes arising from this MOU shall be resolved by the Common Courts of Georgia, in accordance with the applicable laws of Georgia.

7. Counterparts, language of MOU

This MOU is executed in English language, into 2 original, equally binding counterparts.

Signatories:

The Government of Georgia

Mr. Kakha Kaladze

Solar Energy Company LLC

Mr. Bradford j. Meikle

Annex N1

Location	Coordinates																														
<p>Kalilino, Gardabani Municipality</p>	<table border="1"> <thead> <tr> <th colspan="3">UTM - WGS 1984 Zone 38 N</th> </tr> <tr> <th>Nº</th> <th>X</th> <th>Y</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>505174</td> <td>4596064</td> </tr> <tr> <td>2</td> <td>505383</td> <td>4596017</td> </tr> <tr> <td>3</td> <td>505445</td> <td>4596020</td> </tr> <tr> <td>4</td> <td>505623</td> <td>4595907</td> </tr> <tr> <td>5</td> <td>505359</td> <td>4595601</td> </tr> <tr> <td>6</td> <td>505058</td> <td>4595977</td> </tr> </tbody> </table>	UTM - WGS 1984 Zone 38 N			Nº	X	Y	1	505174	4596064	2	505383	4596017	3	505445	4596020	4	505623	4595907	5	505359	4595601	6	505058	4595977						
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Annex N2

Quantity of Months after the Effective Date	3	6	9	12
Solar energy resource assessment report	X			
Annual energy yield assessment	X			
Investigation of the topographic site conditions		X		
Power system and grid connection study				X
Preliminary Report about Environmental and Social Impact				X
Optimized solar farm layout	X			
Choice of technology alternatives		X		
Interconnection layout			X	
Locate and determine the lands necessary for the implementation of the Project	X			
Geological, Geophysical			X	
Cost estimation and economic analysis		X		
Feasibility Study completion and Submission			X	
Basic design	X			
Procurement Planning and Execution Scheme		X		
Timetable of Work- Force Training		X		
Environmental and Social Assessment report completion and Submission				X
Conduct the public Hearings and submit the results				X
Submission of the proposal to the GOG about the implementation of the Project				X



საქართველოს მთავრობის განკარგულება

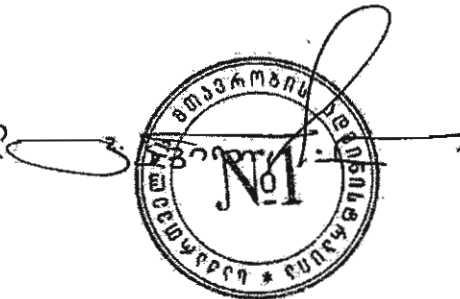
№597 2016 წლის 8 აპრილი ქ. თბილისი

საქართველოს მთავრობასა და შპს „მზის ენერჯის კომპანია“ შორის
დასადები ურთიერთგაგების მემორანდუმის თაობაზე

1. მოწონებულ იქნეს საქართველოს მთავრობასა და შპს „მზის ენერჯის კომპანია“ შორის დასადები ურთიერთგაგების მემორანდუმის პროექტი.

2. „საქართველოს მთავრობის სტრუქტურის, უფლებამოსილებისა და საქმიანობის წესის შესახებ“ საქართველოს კანონის 27-ე მუხლის შესაბამისად, ამ განკარგულების პირველ პუნქტში მითითებულ ურთიერთგაგების მემორანდუმს, საქართველოს მთავრობის სახელით, ხელი მოაწეროს საქართველოს ენერჯეტიკის მინისტრმა კახა კალაძემ.

პრემიერ-მინისტრი



გიორგი კვირიკაშვილი



საქართველოს იუსტიციის სამინისტრო
MINISTRY OF JUSTICE OF GEORGIA



KA010102677322416

საქართველო, ქ. თბილისი, 0114, გორგასლის ქ. 24 ა. ტელ.: 2 40-51-48, 2 40-58-36; ელ. ფოსტა: info@justice.gov.ge
24 a, Gorgasali str., 0114, Tbilisi, Tel.: 2 40-51-48, 2 40-58-36, E-MAIL: info@justice.gov.ge

№1926

24 / მარტი / 2016 წ.

საქართველოს ენერჯეტიკის
მინისტრის მოადგილეს,
ბატონ ირაკლი ხმაღამეს

ბატონო ირაკლი,

საქართველოს იუსტიციის სამინისტრომ განიხილა თქვენ მიერ 2016 წლის 23 მარტის №04/1031 წერილით წარმოდგენილი საქართველოს მთავრობასა და შპს „ზის ენერჯის კომპანიას“ შორის დასადები ურთიერთგაგების მემორანდუმის პროექტი, რომელთან დაკავშირებით გაცნობებთ, რომ სამართლებრივი ხასიათის შენიშვნები არ გვაქვს.

პატივისცემით,

მინისტრის პირველი მოადგილე

ალექსანდრე ბარამიძე