

REQUEST FOR PROPOSALS

RFP

GEORGIAN OIL AND GAS CORPORATION JSC

Sale of Shares of Gardabani TPP 3 LLC

TABLE OF CONTENTS

Section 1. Letter of Invitation

Section 2. Instructions

Section 3. Proposal – Form

Section 4. Terms of Reference

Section 5. Form of Contract

SECTION 1. LETTER OF INVITATION

June 30, 2023

1. Georgian Oil and Gas Corporation JSC (GOGC) invites proposals to select a purchaser to purchase the GOGC's 100% share in its subsidiary company - Gardabani TPP 3 LLC on the condition that the Purchaser builds the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant in the territory of the Gardabani Municipality, Georgia. The price of the GOGC's shares in Gardabani TPP 3 LLC shall be 2 450 000.00 US Dollars. Herewith, it should be noted that the price of the shares shall be a fixed amount and shall not be subject to further alteration. Accordingly, all Participants shall submit their Proposals indicating this fixed price given herein.
2. More details about the Project is provided in the Terms of Reference that is included in Section 4 of this Request for Proposals (RFP).
3. The rules and procedures for this selection are set out in Section 2 of the RFP - Instructions. This invitation is for a financial proposal payable in U.S. Dollars only.
4. This RFP is open to eligible companies only. A firm will be selected under the procedures described in this RFP. Firms are advised to review these instructions carefully.
5. The RFP Documentation includes the following documents:
Section 1 - Letter of Invitation;
Section 2 - Instructions;
Section 3 - Proposal – Form;
Section 4 - Terms of Reference;
Section 5 - Form of Contract.

The RFP Documentation can be downloaded from the GOGC website: <https://www.gogc.ge/en/tenders>. The RFP Documentation will not be issued in person or sent by post. Participants shall not have to pay cost of the RFP documentation.

6. Proposals must be submitted in electronic form only, **between February 22, 2024 and February 29, 2024 18:00** (local time) at the following email address: auction@gogc.ge. During this period the access to the e-mail address will be restricted and the submitted Proposals shall only be available to the evaluation panel after the defined deadline is expired.

SECTION 2. INSTRUCTIONS

Definitions

Unless otherwise provided in this Request for Proposals, capitalized terms shall have the following meanings. The submission of a proposal in response to this Request for Proposals indicates acceptance of the following terminology:

(a) **“Project”** means the construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant to be performed by the Purchaser in accordance with the Terms of Reference attached hereto as Section 4 and the Contract attached hereto as Section 5.

(b) **“Purchaser”** means any entity that purchases the GOGC’s shares in its subsidiary company - Gardabani TPP 3 LLC to implement the Project under the Contract for which this RFP is issued.

(c) **“Contract”** (Section 5 of this RFP) means the sale of shares agreement signed by the parties and all the attachments.

(d) **“Company”** or **“Participant”** means any private or public entity including an association of several companies (either joint venture, partnership or consortium), which responds to this Request for Proposal and submits a formal Proposal in response to this Request for Proposals and which may or may not be selected to participate in the sale procedure.

(e) **“Seller”** means Georgian Oil and Gas Corporation JSC (GOGC).

(f) **“RFP”** means this Request for Proposal prepared for the selection of the Purchaser.

(g) **“RFP Documentation”** means the package of the following documents: Section 1 - Letter of Invitation; Section 2 - Instructions; Section 3 - Proposal – Form; Section 4 - Terms of Reference; Section 5 - Form of Contract.

(h) **“LOI”** (Section 1 of this RFP) means the Letter of Invitation from GOGC addressed to companies for submitting Proposals.

(i) **“Instructions”** (Section 2 of this RFP) means this document which provides companies with information needed to prepare their Proposals.

(j) **“Terms of Reference”** means Section 4 of this RFP which explains the conditions on which the sale of the GOGC’s shares in Gardabani TPP 3 LLC shall be made.

(k) **“Proposal”** means the Financial Proposal (with all requested attachments) submitted by the Companies.

(l) **“Day”** means a calendar day.

1. Introduction

1.1. GOGC will select a Purchaser from the eligible Companies who have submitted Proposals for purchasing the GOGC’s shares in Gardabani TPP 3 LLC with the aim to implement the Project. The selection will be in accordance with the selection rules described in this RFP.

1.2. Eligible Companies are invited to submit a Proposal as specified in this RFP for purchasing the GOGC’s shares in Gardabani TPP 3 LLC. The Proposal will be the basis for contract negotiations and ultimately for a signed Contract with the selected Purchaser.

1.3. Participants shall bear all costs associated with the preparation and submission of their Proposals and contract negotiations. GOGC is not bound to accept any Proposal, and reserves the right to annul the selection process at any time prior the Contract award in case if there is a relevant ground, without thereby incurring any liability to any Company.

1.4. Participants' Proposals shall remain valid for 180 Days after the submission deadline. GOGC will make its best effort to complete contract negotiations within this period. However, should the need arise, GOGC may request not less than 10 (ten) business days before the expiration dates of validity of Proposals that Participants extend the validity of their Proposals. Participants shall not be obligated to extend the validity of their Proposals.

1.1 Conflict of Interest

GOGC requires that Participants at all times hold the GOGC's interest's paramount, strictly avoid conflicts with other assignments or their own corporate interests. Without limitation on the generality of the foregoing, Participants, and any of their affiliates, shall be considered to have a conflict of interest and shall not be engaged under any of the circumstances set forth below:

1.1.1 Conflicting Assignments

Participants (including its personnel and subcontractors) that has a business or family relationship with a member of GOGC's staff who is directly or indirectly involved in any part of (i) the preparation of the Terms of Reference, or (ii) the selection process, may not be awarded a Contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to GOGC throughout the selection process.

1.1.2 Conflicting Relationships

Participants have an obligation to disclose any situation of actual or potential conflict that impacts their capacity to serve the best interest of GOGC, or that may reasonably be perceived as having this effect. Failure to disclose said situations may lead to the disqualification of the Participant.

1.1.3 GOGC Employees

No current employees of GOGC shall work as Company's and/or Purchaser's consultants. Recruiting former GOGC employees is acceptable provided no conflict of interest exists.

1.2 Fraud and Corruption

Participants shall adhere to the highest ethical standard during the selection process. In pursuance of this requirement, GOGC will reject a Proposal for award if it determines that the Participant recommended for award has, directly or through an agent, engaged in any activities prohibited under Georgian legislation.

1.3 Eligibility

1.3.1. A Participant shall not be:

(i) listed on any Sanctions List;

- (ii) located or organized in any country or territory subject to country or territory-wide Sanctions;
- (iii) a person with whom GOGC is prohibited from engaging with by reason of any Sanctions; or
- (iv) otherwise a subject of Sanctions.

For the purpose of this clause:

“Sanctions” means any economic or financial sanctions laws, regulations or trade embargoes or similar restrictive measures imposed, administered or enforced from time to time by any Sanctioning Authority.

“Sanctions List” means any list of persons or entities being the subject of any Sanctions published by any Sanctioning Authority from time to time.

"Sanctioning Authority" means the Georgian parliament or Government, the US government or any US agency (including the Office of Foreign Assets Control of the United States Department of the Treasury (or any successor thereto) "OFAC", the US State Department, the US Department of Commerce or the US Department of the Treasury), the Security Council of the United Nations, UK or the European Union.

1.3.2. In case a Participant intends to subcontract other firm(s) and/or individual expert(s), such other firm(s) and/or individual expert(s) shall be subject to the eligibility criteria set forth in this RFP.

1.3.3. Participant submitting its Proposal shall not be under liquidation or similar proceedings.

1.4. Only One Proposal

Participants may only submit one Proposal. If a Participant submits or participates in more than one Proposal, such Proposals shall be disqualified. However, the forgoing shall not limit the participation of same subcontractor, including individual experts, in more than one Proposal.

2. Clarification and Amendment of RFP Documents

2.1. Participants may request a clarification of any of the RFP documents at any time, but no later than 7 Days before the starting date of submission of the Proposals. Any request for clarification must be sent in writing by electronic mail to GOGC at the following email address: auction@gogc.ge.

2.2. GOGC will respond to such requests within **7 business days** by issuing a clarification circular on the GOGC’s website defined in paragraph 5 of the LOI. Should GOGC deem it necessary to amend the RFP as a result of a clarification, it shall do so in accordance with the procedure described below.

2.3. At any time before the deadline for the submission of Proposals, GOGC may, for any reason, whether at its own initiative or in response to a clarification requested by a Company, amend the RFP. Any amendment shall be issued in writing through addenda. Addenda shall be issued on the GOGC’s website defined in paragraph 5 of the LOI and it will be binding to all Companies. GOGC may at its discretion extend the deadline for the submission of the Proposals.

3. Preparation of Proposals

3.1. Each Proposal, as well as, all related correspondence exchanged by the Companies and GOGC shall be written in English. In preparing their Proposals, Companies are expected to examine in detail the documents constituting the RFP. Material deficiencies in providing the information requested may result in rejection of a Proposal.

Economic and Financial Capacity

3.2. The Participant's financial and economic capability to implement the Project is imperative. In its Proposal the Company is required to provide: a) Independent Auditors' Report and Audited Financial Statements for the year ended 2021 and 2022 prepared in compliance with IFRS (International Financial Reporting Standards) or GAAP (Generally Accepted Accounting Principles) or **other applicable standards substantially comparable to IFRS or GAAP**; and b) Interim and/or unaudited Financial Statement for the year of 2023 prepared in compliance with IFRS or GAAP or **other applicable standards substantially comparable to IFRS or GAAP**. In addition to the audit report the Company shall submit forecast for the current year including total revenue and revenue derived from the proposed scope of work and total assets and liabilities. GOGC reserves the right to request additional information about the economic and financial capacity of the Company.

3.3. In case a Proposal is submitted by a joint venture, partnership or consortium, the documents required by paragraph 3.2 shall be submitted for all members of the joint venture, partnership or consortium.

3.4. A company that fails to demonstrate through its financial records that it has the economic and financial ability to implement the Project as described in the respective Terms of Reference shall be disqualified. In this circumstance its Proposal will not be evaluated further.

Competence of company

3.5. The Proposal must include a brief description of the Company's organization, profile and activities.

3.6. The Proposal must also include an outline of the Company's experience in the energy sector, in particular, the Participant shall provide information (evidenced by documentation) about owning and/or operating and/or constructing at least 150 MW Combined Cycle Power Generation facility or facilities, which are implemented from the year of 2012. Information should be provided only for completed projects. In case of a joint venture, partnership or consortium this requirement shall be met by at least 1 (one) company.

3.7. In case if the Company meets the requirements stipulated by paragraph 3.2 but it does not have the experience in the energy sector mentioned in paragraph 3.6, then the Company shall submit: (1) a letter and/or a contract concluded with it by a qualified construction company (the EPC Contractor)

by which the EPC Contractor undertakes to perform engineering, procurement of materials and equipment necessary for construction and construction of the power plant envisaged by the Project in case of the selection of the Company; and (2) a letter and/or a contract concluded with it by a qualified engineering company (the Employer's Engineer) by which the Employer's Engineer undertakes to perform the supervision over the EPC Contractor in a process of engineering, procurement and construction of the power plant envisaged by the Project in case of the selection of the Company. The EPC Contractor shall have an experience in engineering, procurement, construction (EPC) of a minimum 150 MW Combined Cycle Power Generation facility (only projects completed from the year of 2012 are accepted) and the Employer's Engineer shall have an experience in supervising of a process of engineering, procurement, construction (EPC) of a project described above.

3.8. A Company that fails to provide information as described in paragraphs 3.5, 3.6 and 3.7 above, shall be disqualified from further participation in the selection procedure.

Financial Proposal

3.9. The Financial Proposal shall be prepared using the form in Section 3 of this RFP. The Financial Proposal shall indicate the fixed price of the GOGC's shares in Gardabani TPP 3 LLC, specified in Section 1 (Letter of Invitation) of the RFP Documentation. Any Participant that will indicate the price of the shares which is lower than the amount, specified in Section 1 (Letter of Invitation) of the RFP Documentation, shall be disqualified.

3.10. The Proposal shall also indicate, separately from the fixed price of the shares, the total sum of capital expenditures (as defined by IFRS (International Financial Reporting Standards)) for the construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant as defined in the Terms of Reference and the price per 1 MW as well.

3.11. All Participants shall express the price of the GOGC's shares in Gardabani TPP 3 LLC as well as the total sum of capital expenditures (as defined by IFRS (International Financial Reporting Standards)) for the construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant and the price per 1 MW only in U.S. Dollars. The currency of the Contract signed with the awarded Company shall be U.S. Dollars. In case if the awarded Company is a resident of Georgia, for the payment purposes it shall pay the GEL equivalent of the Contract price considering the official exchange rate of the National Bank of Georgia applicable on the payment date.

Net Efficiency

3.12. In its Proposal the Company is required to indicate the percentage of net efficiency of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant. Importantly, net efficiency considering actual configuration of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant shall be no less than 56%. Any Participant that will indicate the percentage of net efficiency below 56%, shall be disqualified.

Capital Expenditure (CAPEX)

3.13. In its Proposal the Company is also required to provide information on capital expenditures (as defined by IFRS (International Financial Reporting Standards)) for construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant and indicate a total price and a price per 1 MW as well. A Company that fails to provide such information, shall be disqualified from further participation in the selection procedure. For the purpose of clarity, the awarded Company shall be obliged to use the same amount of capital expenditures as indicated in its Proposal in any future forum.

Project Funding

3.14. The Proposal shall include information/documents confirming that the Company has available funds necessary for the implementation of the Project. In case of providing information on credit lines or financial arrangements then such information shall be issued by from a financial institution, operating in a country which is a member of the Organization for Economic Co-operation and Development (OECD). A Company that fails to provide such information, shall be disqualified from further participation in the selection procedure.

Technical Description of the Project

3.15. Each Proposal shall contain brief technical description (it shall indicate plant capacity, plant configuration, net efficiency and gas turbine model and manufacturer) of the Project in accordance with the Terms of Reference (Section 4 of the RFP Documentation). A Company that fails to provide such information, shall be disqualified from further participation in the selection procedure.

4. Submission and Receipt of Proposals

4.1. Companies shall submit their Proposals in electronic form only except for the bank guarantee (stipulated by paragraph 4.5 below) the original of which shall be delivered to the GOGC's address: 21 Kakheti Highway, Tbilisi, Georgia. The Proposal shall contain no interlineations or overwriting.

4.2. An authorized representative of the Company shall initial all pages of the Proposal. The authorization may be in the form of a written power of attorney accompanying the Proposal.

4.3. The Proposal shall be sent to the email address indicated in paragraph 6 of the LOI and received by GOGC no later than the time and the date indicated in paragraph 6 of the LOI.

4.4. Participants are advised to submit Proposals strictly based on the terms and conditions contained in the RFP Documentation. Proposals with any deviation to the RFP Documentation conditions shall be rejected, except for terms and conditions defined in paragraph 6.2 given below.

4.5. Each Participant shall submit to GOGC a bank guarantee in an electronic form together with its Proposal in the amount of 200 000.00 (two hundred thousand) US Dollars from a financial institution,

operating in a country which is a member of the Organization for Economic Co-operation and Development (OECD), to guarantee its Proposal. The original hard copy of the bank guarantee shall be submitted to GOGC **between March 1, 2024 and March 7, 2024**. The bank guarantee shall be in a form of a demand guarantee (meaning that it shall be unconditional and irrevocable in nature) and shall be valid for the period of validity of the Proposal itself indicated in paragraph 1.4 (Introduction) of the Instructions of the RFP Documentation. The bank guarantee shall be subject to further extensions as required by GOGC.

4.6. GOGC shall be entitled to unilaterally call upon the bank guarantee mentioned in paragraph 4.5 above, if the Participant:

- a) withdraws its Proposal or changes it after the deadline for submission of the Proposals;
- b) refuses to conduct Contract negotiations if invited;
- c) refuses to sign the Contract if its Proposal is accepted by GOGC;
- d) fails to meet any conditions determined by GOGC before the conclusion of the Contract.

In any of the cases set out in this paragraph, GOGC shall be entitled to require the bank issuing the bank guarantee to immediately and unconditionally (without requiring GOGC to provide the bank with any ground, substantiation or evidence for its demand) pay to GOGC the full amount of the bank guarantee within 5 (five) business days as of the receipt of the GOGC's such demand.

5. Evaluation of Proposals

5.1. The selection/evaluation of the Proposals shall be performed by the evaluation panel constituted by GOGC.

5.2. During the selection/evaluation process of the Proposals, to assist in the examination, evaluation and comparison of Proposals, GOGC may, at its discretion, ask the Participant for a clarification on its Proposal. The request for such clarification and the response shall be in writing through email only.

5.3. The evaluation panel shall examine the Proposal on the basis of documents furnished by the Participant and completeness and conformity of the Proposals with respect to the RFP Documentation requirements. First, GOGC shall determine whether the Proposal is responsive to the requirements of the RFP Documentation. A Proposal shall be considered responsive only if:

- a) It is received as per the formats specified;
- b) It is received by the Proposal submission due date including any extension thereof;
- c) It is accompanied by the power(s) of attorney as specified;
- d) It contains all the information (complete in all respects) as requested in this RFP Documentation (in formats same as those specified);
- e) It does not contain any deviation.

5.4. GOGC reserves the right to reject any Proposal, which is non-responsive and no request for alteration, modification, substitution or withdrawal shall be entertained in respect of such Proposal. For the purpose of clarity, non-responsiveness described in paragraphs "a", "c" and "e" above shall

not cause automatic disqualification of a Participant and the latter shall be allowed to further alter, modify its Proposal. Herewith, non-responsiveness described in paragraph “b” above shall cause automatic disqualification of a Participant. As to non-responsiveness described in paragraph “d”, a Participant shall be automatically disqualified if its Proposal does not meet any of the requirements set forth in the №1013 Decree of the Government of Georgia, dated 29 May, 2023.

5.5. GOGC may waive any minor non-conformity or irregularity of a technical nature in a Proposal, which does not constitute a material deviation.

5.6. The evaluation panel will determine the responsiveness of the Proposal to the RFP Documentation. A responsive Proposal is one, which conforms to all the terms and conditions of the RFP Documentation without deviations.

5.7. The determination of a Proposal’s responsiveness is to be based on the contents of the Proposal itself without recourse to extrinsic evidence.

5.8. The best Proposal shall be selected based on the amount of capital expenditures per 1 MW for construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant. The Participant that shall indicate the lowest amount of capital expenditures per 1 MW, shall be invited by the evaluation panel for negotiations for the Contract.

6. Negotiations for the Contract

6.1. Negotiations for the Contract will be held at the date and address indicated in the invitation to be addressed to the selected Company. Representatives conducting negotiations on behalf of the Company must have written authority to negotiate and conclude a Contract.

6.2. Negotiations for the Contract will include a discussion of the Proposal made by the Company. However, no substantial modifications of the conditions of the RFP Documentation, including the Form of Contract, shall be allowed.

6.3. The draft Contract is provided in Section 5 of this RFP. The Seller and the selected Participant shall sign the Contract within 30 Days after invitation to negotiate is sent to the selected Participant. For the avoidance of any doubts, each Participant acknowledges and agrees that the agreed Contract has to be essentially in the form of the Form of Contract included in Section 5 of this RFP and Participants are not entitled to request substantial modifications of the draft Contract.

6.4. On the day of signing the Contract and before the signature of the Contract, the selected Participant shall submit to GOGC a performance guarantee in the amount of 1 000 000.00 (one million) US Dollars from a financial institution, operating in a country which is a member of the Organization for Economic Co-operation and Development (OECD), to ensure the performance of its obligations under the Contract. This guarantee shall be in a form of a demand guarantee (meaning that it shall be unconditional and irrevocable in nature), shall be valid for 1 (one) year and shall be subject to further extensions as required by the Seller. The Purchaser shall be entitled to withdraw

the performance guarantee before expiration of its term in case if, for the purpose of implementation of the Project, it submits a bank guarantee stipulated by the №426 Decree of the Government of Georgia (dated 17 August, 2018) with regard to Approving the Procedure of Drafting and Implementing a Public Private Partnership Project. In case of the termination of the Contract based on any grounds stipulated therein, the Seller shall be entitled to unilaterally call upon the performance guarantee and require the bank issuing the performance guarantee to immediately and unconditionally (without requiring the Seller to provide the bank with any ground, substantiation or evidence for its demand) pay to the Seller the full amount of the performance guarantee within 5 (five) business days as of the receipt of the Seller's such demand.

6.5. If the selected Participant refuses to sign the Contract, GOGC will invite the Participant, whose Proposal conforms with the requirements of the RFP Documentation and has the next lowest sum of capital expenditures (as defined by IFRS (International Financial Reporting Standards)) for the construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant per 1 MW to negotiate a Contract or choose to terminate the RFP process and not enter into the Contract with any of the Participants.

7. Confidentiality

7.1. Information relating to evaluation of Proposals and recommendations concerning awards shall not be disclosed to the Companies, who submitted the Proposals or to other persons not officially concerned with the process, until the publication of the award of the Contract. The undue use by any Company of confidential information related to the process may result in the rejection of its Proposal.

8. Disputes and Governing Law

8.1. This RFP shall be governed by and construed in accordance with Georgian legislation.

8.2. Any dispute arising out of or in connection with this RFP shall be decided by Georgian Courts.

SECTION 3. PROPOSAL – FORM

Note: Comments in brackets provide guidance only for the preparation of Financial Proposals; therefore, they should not appear on the Financial Proposal to be submitted.

[Location, Date]

To: Georgian Oil and Gas Corporation JSC

Dear Sir:

We, the undersigned, offer to purchase the GOGC's 100% share in Gardabani TPP 3 LLC with the aim to implement the Project for construction of the Combined Cycle Gas-Fired Thermal Power Plant – Gardabani 3 with installed capacity_ MW in accordance with your Request for Proposal dated [Insert date]. Our attached Financial Proposal is for the price of [Insert amount(s) in words and figures]. Separately, the total sum of capital expenditures (as defined by IFRS (International Financial Reporting Standards)) for the construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant and the price per 1 MW are [Insert amount(s) in words and figures] and [Insert amount(s) in words and figures].

Our Financial Proposal shall be binding upon us subject to the modifications resulting from contract negotiations, up to expiration of the validity period of the Proposal, i.e., before the date indicated in paragraph 1.4 (Introduction) of the Instructions of the RFP Documentation.

We understand you are not bound to accept any Proposal you receive.

Yours sincerely,

Attachments:

[Documents to be submitted to evidence the compliance with the requirements of the RFP Documentation].

Authorized Signature [In full and initials]:

Name and Title of Signatory:

Name of Firm:

Address:

SECTION 4. TERMS OF REFERENCE

(The Seller's Requirements, Annex 3 to the Contract)

1. BACKGROUND

The Georgian Government has set its strategic objectives for the country's security, one of which is the energy efficiency and independence. Georgia is well-known for its enormous resources of water supply that has led to many initiatives for the development of the hydro power. Despite the clear advantage the country has through hydro power, this type of energy production has one important disadvantage – the production is seasonal. Georgia is self-efficient during summer session but in winter the country is in the need of the electricity import. In order to eliminate this problem, the Government of Georgia (GoG) ordered Georgian Oil and Gas Corporation JSC (GOGC) to find an investor in the traditional ways of energy production – Thermal Power Plants.

In 2015, the State-owned investment fund JSC “Partnership Fund” (PF), and the State-owned Georgian Oil and Gas Corporation JSC (GOGC), have completed one of the biggest projects in the history of independent Georgia – the construction of the Combined Cycle Gas-Fired Thermal Power Plant in Gardabani (Gardabani 1). The partnership of the two, has established LLC “Gardabani TPP” (GTPP), with 49% shares of PF, and 51% shares of GOGC. The Power Plant has 230 MW installed capacity, which has 56% efficiency ratio, equaling double compared to existing simple cycle Power Plants. The Gardabani 1 (the present owner of the 100% shares is GOGC) mainly serves to increase winter generation and reserve capacity for improved stability of the Georgian electricity system.

In September 2016 “Gardabani TPP 2” LLC was established, with 100% ownership of GOGC, with the aim to construct Gardabani 2 Combined Cycle Gas-Fired Thermal Power Plant. The project was covering the construction of a 230 MW Combined Cycle Gas-Fired Power Plant in Gardabani, eastern Georgia. The project responds to the increasing needs of Georgia for electricity, addressing a growing concern for energy independence of the country. In late 2019 construction of the Power Plant was completed successfully and currently it is under operation.

In September 2019 the Government of Georgia issued decree №2047 with the aim to construct Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant (hereinafter; the Project) by Georgian Oil and Gas Corporation JSC. The Project envisaged the construction of a 272 MW Combined Cycle Gas-Fired Power Plant in Gardabani, eastern Georgia. The main objectives of the Project were:

- Improve Georgia's energy security;
- Increase winter generation and reserve capacity for improved stability of electricity system.

The Project called for the construction of a Combined Cycle Gas-Fired Thermal Power Plant (CCPP) with installed capacity of 272 MW. The Project was located in Gardabani, near the capital city of Tbilisi and adjacent area of CCPP Gardabani 1/ Gardabani 2. The Capital of Georgia - Tbilisi is 40 km from the Project site.

In September 2022 the Government of Georgia issued decree №1751 which annulled №2047 decree and by the №23/10036 letter of the Ministry of Economy and Sustainable Development of Georgia, dated 21 December, 2022, GOGC was asked to announce an RFP for new, about 350-430 power plant which shall be constructed by an investor.

At present GOGC is seeking for an investor who will undertake an obligation to construct CCTPP with **installed capacity** of 350-430 MW (hereinafter; the Plant) in Gardabani, Georgia and purchase 100% shares of its subsidiary Gardabani TPP 3 LLC for 2 450 000 US Dollars with such aim which includes but not limited to:

- 1) Non-Agricultural land which is located near existing Power Plants in Gardabani City, Cadaster Code: 81.15.20.432 with area of 120004 sq.m;
- 2) Signed Contract (Date: 6 January, 2021) with JSC Georgian State Electrosystem (GSE) for Transmission network connection (where 1 000 000 GEL is paid in advance. The final payment shall be specified after subsequent negotiations between the parties to the contract).
- 3) Signed Contract (Date: 24 December, 2020) with Georgian Gas Transportation Company LLC for connecting to the Natural Gas Transportation system (where 1 821 600 GEL is paid in advance. The final payment shall be specified after subsequent negotiations between the parties to the contract).

In the future when the Plant is constructed the Ministry of Economy and Sustainable Development of Georgia will use its best endeavors to mediate and assist an investor in coordination with Governmental organizations to obtain a guaranteed capacity source status. For the purpose of clarity, neither the Ministry of Economy and Sustainable Development of Georgia nor GOGC shall bear any kind of responsibility with respect to acts/decisions of any other Governmental organization in matters relating to obtaining a guaranteed capacity source status.

GOGC has certain technical requirements to be met during the construction of the Plant (see Annex - GSE Technical Requirements).

The project of construction of the Plant shall be implemented within scope of PPP (Public Private Partnership Project) in accordance with Georgian legislation. Information on PPP legislation and PPP procedures is available on the following link: <https://ppp.gov.ge/en/>

The Plant shall be constructed in Gardabani, Georgia on the non-agricultural land with a cadaster code: 81.15.20.432. The Plant construction and commissioning period shall be 4 (four) years from the signature of a contract with an investor for the purchase of shares of Gardabani TPP 3 LLC.

- The Plant should have **installed capacity** of 350-430 MW;
- The Plant net efficiency considering actual configuration of the Plant should be no less than 56%;
- The Plant and materials, parts and equipment shall be new;
- Vendor list for the Plant's gas turbines is the following:

| Equipment | Vendor |
|-------------|-------------------|
| Gas Turbine | General Electrics |
| | Siemens |
| | Ansaldo Energia |

Generators for turbines shall be the same vendor as turbines.

- Redundancy for the Plant's critical equipment must be envisaged, in order to ensure uninterrupted and reliable work of station. The percentage of redundancy for critical equipment should be calculated so that damage or malfunction of one device shall not cause full or partial reduction of productivity (To avoid misunderstanding GT, ST, HRSG are not considered as part of critical equipment and an investor is not obliged to have redundancy on these parts).
- The Plant shall be operated during the exploitation period by an experienced company and/or professional staff.
- The Plant shall be built in accordance with prudent industry practices which means those sound and prudent practices, acts, methods, specifications, codes and standards generally followed by electric utility industry in the countries of the European Union and the United States of America or other equivalent codes and standards applicable in international prudent industry practices with respect to design, construction, operation, and maintenance of first class gas-fired combined cycle electric generation facilities (including but not limited to, the engineering, operating and safety practices generally followed by the electric utility industry) that, in the exercise of good judgment, would have been expected to accomplish the desired result in a manner consistent with the Contract, applicable permits, reliability, safety, environmental protection, local conditions, economy and efficiency.
- All works regarding the Plant shall comply with the Georgian Legislation including building, construction and environmental laws.
- As the Plant is considered to be a source of guaranteed capacity in line with Georgian legislation, for avoidance of any doubts, pursuant to the guaranteed capacity fee calculation methodology approved by **the №68 Resolution (dated 15 December, 2020)** of the Georgian National Energy and Water Supply Regulatory Commission, when given such a status it should be compensated a guaranteed capacity fee which means a fee determined for ensuring the country's entire electro-energetic system with guaranteed capacity and which compensates capital expenditures and fixed operational expenditures of the guaranteed capacity source, and in case of a power plant built after 2010, compensation should be made according to the percentage share defined by the Government of Georgia. According to the guaranteed capacity fee calculation methodology, the Regulated Assets Base (RAB) component is used while calculating CAPEX (capital expenditures) and, on the other hand, CAPEX is used while calculating a guaranteed capacity fee. Thus, the RAB component is applied in the guaranteed capacity fee calculation formula.
- Importantly, the price of natural gas does not make any difference for an investor as it is a part of a guaranteed capacity source electricity generation tariff and therefore it is compensated. **For more detailed information about the guaranteed capacity source electricity generation tariff calculation methodology, please refer to **the №68 Resolution (dated 15 December, 2020)** of the Georgian National Energy and Water Supply Regulatory Commission.**

Note: The Resolution №14 (dated 30 July, 2014) of the Georgian National Energy and Water Supply Regulatory Commission, which was previously indicated herein, is invalid since 4 July, 2023. The guaranteed capacity fee calculation methodology and the guaranteed capacity source electricity generation tariff calculation methodology are now part of the Resolution №68 (dated 15 December, 2020) of the Georgian National Energy and Water Supply Regulatory Commission. The calculation principles are the same, so the methodologies are still useful for this purpose.

Annex - GSE Technical Requirements

| Annex GSE Technical requirements | | |
|---|--|---|
| Technical requirements for the 350-430 MW installed capacity CCGT | | |
| N | Requirements | Technical characteristic of Requirements |
| 1 | Generating unit max power | Up to 100 MW (This restriction not applicable for Steam Turbine) |
| 2 | Ramping Speed | Gas Turbine Power increase/decrease speed should not be less than 0.133% Pn/sec [8% Pn/min]; |
| 3 | Flexibility Operation Capability | a. Minimum stable level 25% Pnom b. Unlimited operation range 25%-100% Pnom |
| 4 | Operation Capabilities | Pnom=350-430 MW: 4GT+ST; 3GT+ST (as normal), 2GT+ST, 1GT+ST, GT(s) (critical importance is the ability of the gas turbines (each one) to operate in open cycle (without steam turbines) and in modes without full number of gas turbines 4GT+ST; 3GT+ST (as normal), 2GT+ST, 1GT+ST, GT(s). GT(s) mean each GT1, GT2, GT3 GTn gas turbines) |
| 5 | Frequency vs time Ranges | 47.0 – 47.5 Hz for 20 seconds 47.5 – 48.5 Hz for 30 minutes 48.5 – 49.0 for 60 minutes 49.0 – 51.0 Hz unlimited time 51.0 – 51.5 Hz for 30 minutes 51.5 – 52.5 Hz for 30 seconds 52.5 – 53.0 Hz for 10 seconds |
| 6 | Speed Droop setting | in 2%-12% range |
| 7 | Rate of change of frequency (ROCOF) range while the units must stay in operation | 2,5 Hz/sec (Measured in 500 ms with 20 ms step), if not restricted by manufacturer's original documentation, but not less than 2 Hz/sec (measured in 500 ms with 20 ms step) Maintain parallel operation with the system, if the power system frequency does not exceed 50.75 Hz. |
| 8 | Black start capability | power plant should have black start capability (cold start, warm start, hot start) |
| 9 | Loss of power output, due to the outage of one unit | Outage of one of the generation unit of the station should not cause the trip of rest operating units, also reduction of their output, in case of such necessity, should be done by possible minimal amount. Also, each gas turbine must be able to operate independently. |
| 11 | Reactive Power capability | a.Reactive Power Generation Capability b.Reactive Power Consumption (Compensation) Capability |
| 12 | Generator excitation system modes: | a. Voltage control mode (V); b. Reactive power mode (Q); c. Capacity factor control mode (cosf) |
| 13 | Nominal Power Factor | cosf<0.85 |
| 14 | Capability to take part in isolated mode | The generator speed governor system must be able to operate in the frequency range 45.0 Hz - 55.0 Hz, if not restricted by manufacturer's original documentaion. |
| 15 | Voltage vs time Ranges | a. in case of connection point of the power plant between 110 - 300 kV: 0.85 – 0.90 pu for 60 minutes; 0.90 – 1.12 pu for unlimited time; 1.12 – 1.15 pu for 20 minutes b. in case of connection point of the power plant between 300 - 500 kV: 0.85 – 0.90 pu for 60 minutes; 0.90 – 1.12 pu for unlimited time; 1.12 – 1.15 pu for 20 minutes. |
| 16 | Generator excitation regulator | Must be able to work in forcing mode for at least 10 seconds; |
| 17 | The excitation system of the generators must be equipped with a Power System Stabilizer (PSS); | The excitation system of the generators must be equipped with a Power System Stabilizer (PSS); |
| 18 | Must participate in the Remedial Action System; | Must participate in the Remedial Action System and must have the ability to withstand sudden (accidental) shutdowns without damage; |

SECTION 5. Form of Contract

DRAFT

AGREEMENT

FOR THE SALE AND PURCHASE OF THE SHARES OF GARDABANI TPP 3 LLC

DATED [... ...]

**GEORGIAN OIL AND GAS CORPORATION JSC
[THE SELLER]**

AND

[... ...]

[THE PURCHASER]

This agreement is made on [... ...]

BETWEEN:

(1) **GEORGIAN OIL AND GAS CORPORATION JSC** (identification code: №206237491) whose registered office is at 21 Kakheti Highway, 0190, Tbilisi, Georgia (*hereinafter*; the Seller); and

(2) **[THE PURCHASER]** (identification code: №...) whose registered office is at [... ...] (*hereinafter*; the Purchaser).

BACKGROUND:

(A) In February 2021 Gardabani TPP 3 LLC (identification code: №406322536) was founded by the Seller with the purpose to build and operate a 272 MW combined cycle gas-fired thermal power plant in Georgia as per the №2358 Decree of the Government of Georgia dated 3 December, 2020.

(B) On 21 December 2022 the Ministry of Economy and Sustainable Development of Georgia addressed the Seller with the №23/10036 letter with regard to the challenges in the electricity sector of Georgia and highlighted the necessity to build a 350-430 MW combined cycle gas-fired thermal power plant which would serve as a stable and independent source of electricity generation in Georgia.

(C) Due to the high demand for electricity as well as general needs under State policies and considering the importance of investment promotion in Georgia, the Ministry of Economy and Sustainable Development of Georgia decided (the №23/10036 letter dated 21 December 2022) to engage a private investor who would acquire 100% shares of Gardabani TPP 3 LLC with the condition to build and operate a 350-430 MW combined cycle gas-fired thermal power plant.

IT IS AGREED as follows:

1. DEFINITIONS

1.1. In this Agreement:

Agreement means this sale of shares agreement and all annexes hereto;

Applicable Law means Georgian legislation;

Business Day means a day other than a Saturday, Sunday or a holiday applicable in Georgia;

Company means Gardabani TPP 3 LLC (identification code: №406322536) founded by the Seller with the purpose to build and operate a combined cycle gas-fired thermal power plant in Georgia;

Dispute has the meaning given in Clause 18.2 of this Agreement;

Encumbrance means any right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance and any agreement to create any of the foregoing;

Project Agreement means a Project related agreement to be entered into between the Ministry of Economy and Sustainable Development of Georgia and/or other state organ, including Public Private Partnership Agency of Georgia and the Purchaser. The Project Agreement shall include technical specifications of the Project which shall be materially in the form of Annex 3 (Requirements for the Combined Cycle Gas-Fired Thermal Power Plant) to this Agreement.

Party means the Seller and the Purchaser as the case may appear from the context. Collectively **Parties** shall mean the Purchaser and the Seller collectively;

Properties means the properties shortly described in Annex 2 to this Agreement and **Property** means any of them;

Project means construction and operation of a 350-430 MW combined cycle gas-fired thermal power plant by the Purchaser in Gardabani, Georgia on the non-agricultural land plot with cadastral code: 81.15.20.432 (which is the Company's Property) as per this Agreement, the Project Agreement and pursuant to the PPP (Public Private Partnership) procedure prescribed by the Applicable Law.

Performance Guarantee means a demand guarantee (meaning that it shall be unconditional and irrevocable in nature) in the amount of 1 000 000.00 (one million) US Dollars that the Purchaser submitted to the Seller from a financial institution, operating in a country which is a member of the Organization for Economic Co-operation and Development (OECD), to ensure the performance of its obligations under this Agreement. The Performance Guarantee shall be valid for 1 (one) year and it shall be subject to further extensions as required by the Seller. The Purchaser shall be entitled to withdraw the Performance Guarantee before expiration of its term in case if, for the purpose of implementation of the Project, it submits a bank guarantee stipulated by the №426 Decree of the Government of Georgia (dated 17 August, 2018) with regard to Approving the Procedure of Drafting and Implementing a Public Private Partnership Project.

Shares means 100% shares of the Company legally owned by the Seller, as set out in Annex 1 to this Agreement.

1.2. In this Agreement:

(a) references to an individual or a natural person include his personal representatives; and

(b) subject to Clause 14 of this Agreement, references to a Party to this Agreement include the successors or assignees of that Party.

2. INTERPRETATION

2.1. In addition to the terms defined elsewhere in this Agreement, the definitions and other provisions in Clause 1 of this Agreement, apply throughout this Agreement, unless the contrary intention appears.

2.2. In this Agreement, unless the contrary intention appears, a reference to a clause, sub-clause or annex is a reference to a clause, sub-clause or annex of or to this Agreement. The annexes form part of this Agreement.

2.3. The headings in this Agreement do not affect its interpretation.

3. SALE AND PURCHASE OF THE SHARES

3.1. The Seller shall sell and the Purchaser shall purchase the Shares subject to the condition that the Purchaser enters into the Project Agreement and implements the Project in accordance with terms and conditions of this Agreement and the Project Agreement.

3.2. The purchase price payable for the Shares shall be 2 450 000.00 (two million four hundred fifty thousand) US Dollars. For residents of Georgia, the GEL equivalent of the purchase price shall be paid considering the official exchange rate of the National Bank of Georgia applicable on the payment date.

4. COVENANTS

The Seller shall, to the extent permitted by the Applicable Law:

- (a) procure that the Purchaser and its agents and advisers are given reasonable access to the Properties and to the records of the Company during normal business hours on any Business Day and on reasonable notice to the Seller;
- (b) provide such information regarding the businesses and affairs of the Company as the Purchaser may reasonably require.

5. THE SELLER'S OBLIGATIONS

Within 10 (ten) Business Days after the Purchaser requests so to the Seller, the Seller shall procure the delivery to the Purchaser of:

- (a) such waivers or consents as may be required under the Applicable Law to enable the Purchaser to become the registered holder of the Shares;
- (b) the certificate of incorporation and other documents of the Company;
- (c) the title deeds and documents relating to the Properties;
- (d) certified copies of the resolutions of the board of directors (or any other relevant body) of the Seller authorizing the execution of this Agreement.

6. THE PURCHASER'S OBLIGATIONS

6.1. The Purchaser shall:

- (a) make a payment to the Seller of the amount indicated in Sub-Clause 3.2 of this Agreement within 10 (ten) Business Days after the signature of this Agreement;
- (b) deliver to the Seller certified copies of the resolutions of the board of directors (or any other relevant body) of the Purchaser authorizing the execution of this Agreement within 10 (ten) Business Days after the signature of this Agreement;
- (c) enter into the Project Agreement and implement the Project as per terms and conditions of this Agreement and the Project Agreement;
- (d) not be entitled to sell or otherwise dispose of the non-agricultural land plot (cadastral code: 81.15.20.432) on which the Project shall be implemented and/or the Shares without the prior written consent of the Seller.

6.2. The registration of the Purchaser as the owner of the Shares at the Register of Entrepreneurs and Non-entrepreneur (Non-commercial) Legal Entities of Georgia shall be subject to the fulfillment of the obligations set forth in paragraphs "a" and "b" of Sub-Clause 6.1 of this Agreement.

7. EFFECTIVENESS OF THIS AGREEMENT

This Agreement shall enter into force and become effective on the date when the obligations stipulated by paragraphs "a" and "b" of Sub-Clause 6.1 of this Agreement are fulfilled.

8. THE SELLER'S WARRANTIES

The Seller warrants to the Purchaser that all the warranties set out below, are true and accurate on the date of this Agreement.

(a) Incorporation and capacity of the Seller

The Seller has the power and authority to enter into, and has taken all necessary corporate action to authorize the execution of this Agreement.

(b) Valid obligations

This Agreement constitutes valid and binding obligations on the Seller.

(c) Recitals and annexes

The particulars relating to the Company set out in Annex 1 to this Agreement are true and accurate.

(d) Incorporation of the Company

The Company is a company validly existing under the Applicable Law with full power and authority to conduct its business as presently conducted.

(e) Ownership of the Shares

(i) There is no Encumbrance on, over or affecting any of the Shares.

(ii) The Seller is entitled to transfer the full legal ownership in the Shares to the Purchaser on the terms set out in this Agreement.

(f) Subsidiaries and associates

The Company is not the holder of, nor has agreed to acquire, any shares of any other corporation.

(g) Ownership of assets

All of the assets of the Company listed in Annex 2 to this Agreement are legally owned by the Company free from any Encumbrance.

(h) Information

Except in the ordinary course of business, all material records and information belonging to the Company (whether or not held in written form) are in its exclusive possession or under its control, and all such records and information are subject to access by it.

(i) Compliance with laws

The Seller is aware that the Company has not done or omitted to do anything, the doing or omission of which amounts to a contravention of any statute, order, regulation or the like giving rise to any material fine, penalty or other liability or sanction on the part of the Company in accordance with the Applicable Law.

(j) Properties

(i) The Properties are the property owned, controlled, used or occupied by the Company and all deeds and documents necessary to prove title to them are in the possession of the Company.

(ii) The Company is the legal owner of each of the Properties, and is in exclusive occupation of each of them and has a good title to each of them.

(iii) The Properties are free from any Encumbrance.

(iv) None of the Properties is subject to any rights in favor of any third party which materially interfere with its current use.

(v) No outgoings are payable in respect of any of the Properties by the time of signature of this Agreement.

(vi) There is no covenant, restriction, burden or stipulation affecting any Property which conflicts with its current use.

(k) Contracts

The subsisting high-importance contracts to which the Company is a party are set out in Annex 2 to this Agreement.

(l) Litigation

As far as the Seller is aware, the Company is not a claimant or defendant in or otherwise a party to any litigation, arbitration or administrative proceeding which is in progress and which is material in relation to the Company nor, so far as the Seller is aware, has any such proceeding been expressly threatened in writing by or against the Company by the time of the signature of this Agreement.

(m) Solvency

(i) No administrator, receiver or administrative receiver has been appointed in respect of the whole or any part of the assets or undertaking of the Company.

(ii) No order has been made and no resolution has been passed for the winding-up of the Company and, so far as the Seller is aware, no petition has been presented for that purpose.

(iii) The Company is not insolvent within the meaning of the Applicable Law.

(iv) No arrangement, compromise or similar arrangement with creditors has been proposed, agreed or sanctioned in respect of the Company.

(n) Employees

The Seller has disclosed to the Purchaser in respect of the Company a list of all salaried employees showing, by reference to appropriate categories, remuneration payable and other principal benefits provided.

(o) Taxation liabilities

All taxation of any nature whatsoever for which the Company is liable and which has fallen due for payment has been duly paid by the time of the signature of this Agreement.

9. THE PURCHASER'S WARRANTIES

The Purchaser warrants to the Seller that:

(a) it has the power to execute and deliver this Agreement, and to perform its obligations under it and has taken all action necessary to authorize such execution and delivery and the performance of such obligations;

(b) this Agreement constitutes legal, valid and binding obligations of the Purchaser in accordance with its terms;

(c) the execution and delivery by the Purchaser of this Agreement and the performance of the obligations of the Purchaser under it do not and will not conflict with or constitute a default under any provision of:

(i) any agreement or instrument to which the Purchaser is a party; or

(ii) the constitutional documents of the Purchaser; or

(iii) any law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which the Purchaser is bound; and

(d) all authorizations from, and notices or filings with, any governmental or other authority that are necessary to enable the Purchaser to execute, deliver and perform its obligations under this Agreement, have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorization have been complied with.

10. INDEMNITY

10.1. The Seller shall indemnify the Purchaser against any liability arising from any employee of the Company (or any individual who claims to have a contract of employment with the Company) out of any act or omission by the Seller or by the Company or any other event, matter or circumstance occurring before the signature of this Agreement.

10.2. For the purposes of this Clause, liability and liabilities includes any award, compensation, damages, fine, loss, order, penalty or payment made by way of settlement and costs and expenses reasonably incurred in connection with a claim or investigation (including any investigation by any enforcement, regulatory or supervisory body and of implementing any requirements which may arise from any such investigation); legal costs and expenses being assessed on an indemnity basis.

11. BREACH

11.1. If the Purchaser breaches its obligation stipulated by Sub-Clause 6.1(a) of this Agreement and remains in breach for 14 (fourteen) calendar days after receipt of written notice from the Seller requiring it to rectify the breach, the Seller shall be entitled to unilaterally terminate this Agreement with a written notice to the Purchaser and claim damages under the Applicable Law.

11.2. If (i) the Purchaser breaches its obligation stipulated by paragraph “c” of Sub-Clause 6.1 of this Agreement or ii) the Purchaser breaches its obligation stipulated by paragraph “d” of Sub-Clause 6.1 of this Agreement or (iii) the Project Agreement is terminated by the Ministry of Economy and Sustainable Development of Georgia and/or the respective Georgian agency due to the Purchaser’s default, this Agreement shall be deemed automatically terminated. For avoidance of any doubts, the legal effect of the termination of this Agreement shall be that the Seller will become again the owner of the Shares of the Company and be registered as an owner of the Shares in line with this Agreement and the Applicable Law and the amount indicated in Sub-Clause 3.2 of this Agreement shall not be returned to the Purchaser.

11.3. In case of the termination of this Agreement based on any grounds stipulated in this Clause, the Seller shall be entitled to unilaterally call upon the Performance Guarantee and require the bank issuing the Performance Guarantee to immediately and unconditionally (without requiring the Seller to provide the bank with any ground, substantiation or evidence for its demand) pay to the Seller the full amount of the Performance Guarantee within 5 (five) Business Days as of the receipt of the Seller’s such demand.

12. FORCE MAJEURE

12.1. In this Clause, “Force Majeure” means an exceptional event or circumstance:

- (a) which causes or results in a failure by such Party to perform its obligations under this Agreement and is beyond a Party's control,
- (b) which such Party could not reasonably have provided against before entering into this Agreement,
- (c) which, having arisen, such Party could not reasonably have avoided or overcome, and
- (d) which is not substantially attributable to the other Party.

12.2. Force Majeure may include, but is not limited to, exceptional events or circumstances of the kind listed below, so long as conditions (a) to (d) given in Sub-Clause 12.1 above are satisfied:

- (i) war, hostilities (whether war be declared or not), invasion, act of foreign enemies,
- (ii) rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war,
- (iii) riot, commotion, disorder, strike or lockout by persons other than the Purchaser's personnel and other employees of the Purchaser and its subcontractors,
- (iv) munitions of war, explosive materials, ionizing radiation or contamination by radio-activity, except as may be attributable to the Purchaser's use of such munitions, explosives, radiation or radio-activity, and
- (v) natural catastrophes such as earthquake, hurricane, typhoon or volcanic activity.

12.3. If a Party is or will be prevented from performing any of its obligations under this Agreement by Force Majeure, then it shall give notice to the other Party of the event or circumstances constituting the Force Majeure and shall specify the obligations, the performance of which is or will be prevented. The notice shall be given within 14 (fourteen) calendar days after the Party became aware, or should have become aware, of the relevant event or circumstance constituting Force Majeure and shall be certified by the Georgian Chamber of Commerce and Industry. The Party shall, having given notice, be excused performance of such obligations for so long as such Force Majeure prevents it from performing them.

12.4. Each Party shall at all times use all reasonable endeavors to minimize any delay in the performance of this Agreement as a result of Force Majeure. A Party shall give notice to the other Party when it ceases to be affected by the Force Majeure.

12.5. If the Purchaser is prevented from performing any of its obligations under this Agreement by Force Majeure of which notice has been given under this Clause and suffers delay and/or incurs costs by reason of such Force Majeure, the Purchaser shall be entitled to an extension of time for any such delay, if completion of the Project is or will be delayed.

12.6. If the performance of the Purchaser's obligations under this Agreement is prevented for a continuous period of 84 (eighty-four) calendar days by reason of Force Majeure of which notice has been given under this Clause or for multiple periods which total more than 140 (one hundred forty) calendar days due to the same notified Force Majeure, then either Party may give to the other Party a notice of termination of this Agreement. In this event, the termination shall take effect 7 (seven) calendar days after the notice is given.

13. NOTICES

13.1. Any notice or other communication to be given under this Agreement shall be in writing and shall be delivered and/or sent by post or email to the Party to whom it is to be given at its address set out below:

(a) to the Seller at:

21 Kakheti Highway, 0190, Tbilisi, Georgia
Tel: (+995 32) 2244040
Fax: (+995 32) 2244041
E-mail: public@gogc.ge

(b) to the Purchaser at:

or at any such other address as it shall have notified to the other Party in accordance with this Clause.

13.2. Any notice or other communication shall be deemed to have been given:

(a) if sent by post, on the second Business Day after it was put into the post;

(b) if sent by email, on the next Business Day after being sent unless the sender receives an automated message that the email has not been delivered.

13.3. In proving the giving of a notice or other communication, it shall be sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted.

13.4. This Clause shall not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this Agreement.

14. ASSIGNMENTS

No Party may assign, transfer or otherwise dispose of any of its rights or transfer or otherwise dispose of any of its obligations under this Agreement or otherwise take any actions that may affect in any way its rights and obligations under this Agreement without the prior written consent of the other Party and any such purported assignment, transfer, disposal or act shall be void.

15. PAYMENTS

Unless otherwise agreed, payment of the amount provided for in Sub-Clause 3.2 above, to be made to the Seller under this Agreement shall be made into the relevant account of the Seller. The relevant account of the Seller for the payment is:

bank: [name and address]

sort code:

account number:

account name:

16. GENERAL PROVISIONS

16.1. Except as otherwise expressly provided in this Agreement, each Party shall pay the costs and expenses incurred by it in connection with the entering into of this Agreement. Any and all costs related to the registration of the Purchaser as an owner of the Shares shall be paid by the Purchaser.

16.2. The rights of each Party under this Agreement:

(a) except as otherwise expressly provided by this Agreement, are cumulative and not exclusive of rights and remedies provided by the Applicable Law; and

(b) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

16.3. This Agreement may be amended or modified only by a written agreement executed by both Parties. Any amendment to this Agreement shall be an integral part of this Agreement.

16.4. This Agreement shall be binding upon the Parties and their respective successors and assignees.

16.5. This Agreement is executed in 4 (four) counterparts, all of which taken together shall constitute one and the same agreement.

17. WHOLE AGREEMENT

17.1. This Agreement represents the whole agreement between the Parties and supersedes all previous agreements, whether oral or in writing, between the Parties. Except as required by the Applicable Law, no terms shall be implied (whether by custom, usage or otherwise) into this Agreement.

17.2. Each Party:

(a) acknowledges that in agreeing to enter into this Agreement, it has not relied on any express or implied representation, warranty, collateral contract or other assurance made by or on behalf of the other Party before the entering into of this Agreement;

(b) waives all rights and remedies which, but for this Sub-Clause 17.2, might otherwise be available to it in respect of any such express or implied representation, warranty, collateral contract or other assurance; and

(c) acknowledges and agrees that no such express or implied representation, warranty, collateral contract or other assurance may form the basis of, or be pleaded in connection with, any claim made by it under or in connection with this Agreement.

17.3. In the event any provision of this Agreement is determined to be void or unenforceable, such determination shall not affect the remainder of this Agreement, which shall continue to be in force.

18. GOVERNING LAW AND DISPUTE RESOLUTION

18.1. This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by the Applicable Law.

18.2. Any dispute arising out of or in connection with this Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this Agreement) between the Parties (a Dispute) shall be resolved by Georgian courts in accordance with the Applicable Law.

Consultation

18.3. If a Dispute arises, the Parties shall consult in good faith in an attempt to come to an agreement in relation to the disputed matter.

Litigation

18.4. If a Dispute arises and the Parties fail to come to an agreement in relation to the disputed matter, as stipulated by Sub-Clause 18.3 above, within 30 (thirty) calendar days, then the disputed matter shall be referred by any Party to this Agreement to Georgian courts to settle a Dispute in accordance with the Applicable Law.

19. LANGUAGE

The language of this Agreement and the transactions envisaged by it is English and all notices to be given in connection with this Agreement must be in English. All demands, requests, statements, certificates or other documents or communications to be provided in connection with this Agreement and the transactions envisaged by it must be in English or accompanied by a certified English translation; in this case the English translation prevails unless the document or communication is a statutory or other official document or communication.

AS WITNESS this Agreement has been signed by the Parties (or their duly authorized representatives) on the date stated at the beginning of this Agreement.

SIGNATORIES

Signed by

.....
for **GEORGIAN OIL AND GAS CORPORATION JSC**

Signed by

.....
for **[THE PURCHASER]**

ANNEX 1

THE COMPANY

Company name: Limited Liability Company Gardabani TPP 3 (in short: Gardabani TPP 3 LLC)

Registered number: №406322536

Registered office: 21 Kakheti Highway, 0190, Tbilisi, Georgia

Date and place of incorporation: 12 February, 2021, 21 Kakheti Highway, Isani district, Tbilisi, Georgia

Director(s): General Director - Giorgi Gvelesiani (ID: 01024066339)

ANNEX 2
PROPERTIES
PART 1
MATERIAL ASSETS

Description:

| Item Group | Item | Quantity |
|--------------------------------------|--|-----------------|
| Land | Non-Agricultural land, Cadaster Code: 81.15.20.432 | 120004 sq.m |
| Office Equipment | IP Phone Farvil X4G | 9 |
| | Air-conditioner VOX VSA7-9BE Set | 1 |
| | Air-conditioner VOX VSA7-18BE Set | 3 |
| | Monitor/ Samsung/ LU28E590DS/RU | 5 |
| | UniFi AP AC Long-Range | 2 |
| Furniture and other inventory | Combination wardrobe | 5 |
| | Low cabinet | 10 |
| | Cabinet with glass door | 10 |
| | Work table with desk | 3 |
| | Filing cabinet with lock | 5 |
| | Table with filing cabinet | 10 |
| | Soft office chair | 15 |
| Vehicles | Mitsubishi L200 | 2 |

Legal owner: Gardabani TPP 3 LLC

PART 2

NON-MATERIAL ASSETS

Description:

| Item | Subject |
|--|---|
| Contract №60-7-121-016 (№75-301220-03) with regard to connecting to the electricity transmission network concluded on 6 January, 2021 between Georgian Oil and Gas Corporation JSC (Assignee: Gardabani TPP 3 LLC) and JSC Georgian State Electrosystem | JSC Georgian State Electrosystem shall ensure to connect a new combined cycle gas-fired thermal power plant to its electricity transmission network until 31 October 2026. For information, 1 000 000 GEL is paid in advance and the final payment shall be specified after subsequent negotiations between the parties to the contract. |
| Contract №572.07.20 (№75-241220-01) with regard to connecting to the natural gas transportation system concluded on 24 December, 2020 between Georgian Oil and Gas Corporation JSC (Assignee: Gardabani TPP 3 LLC) and Georgian Gas Transportation Company LLC | Georgian Gas Transportation Company LLC shall ensure to connect a new combined cycle gas-fired thermal power plant to the natural gas transportation system and the timeframe for such connection shall be agreed between the parties to the contract until 31 December 2023. For information, 1 821 600 GEL is paid in advance and the final payment shall be specified after subsequent negotiations between the parties to the contract. |

Legal owner: Gardabani TPP 3 LLC

ANNEX 3

Requirements for the Combined Cycle Gas-Fired Thermal Power Plant

The Seller has certain technical requirements to be met during the construction of the power plant prescribed by the Project (hereinafter; the Plant) which are set out below in the present Annex.

For the purpose of increasing stability, safety and reliability of the electro energetics system, the Plant is considered to be a source of guaranteed capacity and therefore the Project shall be implemented within the scope of PPP (Public Private Partnership Project) in accordance with the Applicable Law and the Purchaser shall meet all the requirements stipulated by the Applicable Law. Information on PPP legislation and PPP procedures is available on the following link: <https://ppp.gov.ge/en/>

In the future when the Plant is constructed the Ministry of Economy and Sustainable Development of Georgia will use its best endeavors to mediate and assist an investor in coordination with Governmental organizations to obtain a guaranteed capacity source status. For the purpose of clarity, neither the Ministry of Economy and Sustainable Development of Georgia nor the Seller shall bear any kind of responsibility with respect to acts/decisions of any other Governmental organization in matters relating to obtaining a guaranteed capacity source status.

The period for constructing and commissioning of the Plant shall be 4 (four) years from the signature of this Agreement.

- The Plant should have **installed capacity** of 350-430 MW;
- The Plant net efficiency considering actual configuration of the Plant should be no less than 56%;
- The Plant and materials, parts and equipment shall be new;
- Vendor list for the Plant's gas turbines is the following:

| Equipment | Vendor |
|-------------|-------------------|
| Gas Turbine | General Electrics |
| | Siemens |
| | Ansaldo Energia |

Generators for turbines shall be the same vendor as turbines.

- Redundancy for the Plant's critical equipment must be envisaged, in order to ensure uninterrupted and reliable work of station. The percentage of redundancy for critical equipment should be calculated so that damage or malfunction of one device shall not cause full or partial reduction of productivity (To avoid misunderstanding GT, ST, HRSG are not considered as part of critical equipment and the Purchaser is not obliged to have redundancy on these parts).
- The Plant shall be operated during the exploitation period by an experienced company and/or professional staff.
- The Plant shall be built in accordance with prudent industry practices which means those sound and prudent practices, acts, methods, specifications, codes and standards generally followed by electric utility industry in the countries of the European Union and the United States of America or other equivalent codes and standards applicable in international prudent industry practices with respect to design, construction, operation, and maintenance of first class gas-fired combined cycle electric generation facilities (including but not limited to, the engineering, operating and safety practices generally followed by the electric utility industry) that, in the exercise of good judgment, would have been expected to accomplish the desired result in a manner consistent with this Agreement, applicable permits, reliability, safety, environmental protection, local conditions, economy and efficiency.
- All works regarding the Plant shall comply with the Applicable Law including building, construction and environmental laws.

- As the Plant is considered to be a source of guaranteed capacity in line with the Applicable Law, for avoidance of any doubts, pursuant to the guaranteed capacity fee calculation methodology approved by **the №68 Resolution (dated 15 December, 2020)** of the Georgian National Energy and Water Supply Regulatory Commission, when given such a status it should be compensated a guaranteed capacity fee which means a fee determined for ensuring the country's entire electro-energetic system with guaranteed capacity and which compensates capital expenditures and fixed operational expenditures of the guaranteed capacity source, and in case of a power plant built after 2010, compensation should be made according to the percentage share defined by the Government of Georgia. According to the guaranteed capacity fee calculation methodology, the Regulated Assets Base (RAB) component is used while calculating CAPEX (capital expenditures) and, on the other hand, CAPEX is used while calculating a guaranteed capacity fee. Thus, the RAB component is applied in the guaranteed capacity fee calculation formula.
- Importantly, the price of natural gas does not make any difference for the Purchaser as it is a part of a guaranteed capacity source electricity generation tariff and therefore it is compensated. **For more detailed information about the guaranteed capacity source electricity generation tariff calculation methodology, please refer to the №68 Resolution (dated 15 December, 2020) of the Georgian National Energy and Water Supply Regulatory Commission.**

Technical Requirements for the Plant

| Technical requirements for the 350-430 MW installed capacity CCGT | | |
|---|--|--|
| N | Requirements | Technical characteristic of Requirements |
| 1 | Generating unit max power | Up to 100 MW (This restriction not applicable for Steam Turbine) |
| 2 | Ramping Speed | Gas Turbine Power increase/decrease speed should not be less than 0.133% Pn/sec [8% Pn/min]; |
| 3 | Flexibility Operation Capability | a. Minimum stable level 25% Pnom b. Unlimited operation range 25%-100% Pnom |
| 4 | Operation Capabilities | Pnom=350-430 MW: 4GT+ST; 3GT+ST (as normal), 2GT+ST, 1GT+ST, GT(s) (critical importance is the ability of the gas turbines (each one) to operate in open cycle (without steam turbines) and in modes without full number of gas turbines 4GT+ST; 3GT+ST (as normal), 2GT+ST, 1GT+ST, GT(s). GT(s) mean each GT1, GT2, GT3 GTn gas turbines) |
| 5 | Frequency vs time Ranges | 47.0 – 47.5 Hz for 20 seconds 47.5 – 48.5 Hz for 30 minutes 48.5 – 49.0 for 60 minutes 49.0 – 51.0 Hz unlimited time 51.0 – 51.5 Hz for 30 minutes 51.5 – 52.5 Hz for 30 seconds 52.5 – 53.0 Hz for 10 seconds |
| 6 | Speed Droop setting | in 2%-12% range |
| 7 | Rate of change of frequency (ROCOF) range while the units must stay in operation | 2,5 Hz/sec (Measured in 500 ms with 20 ms step), if not restricted by manufacturer's original documentation, but not less than 2 Hz/sec (measured in 500 ms with 20 ms step) Maintain parallel operation with the system, if the power system frequency does not exceed 50.75 Hz. |
| 8 | Black start capability | power plant should have black start capability (cold start, warm start, hot start) |
| 9 | Loss of power output, due to the outage of one unit | Outage of one of the generation unit of the station should not cause the trip of rest operating units, also reduction of their output, in case of such necessity, should be done by possible minimal amount. Also, each gas turbine must be able to operate independently. |
| 11 | Reactive Power capability | a.Reactive Power Generation Capability b.Reactive Power Consumption (Compensation) Capability |

| | | |
|----|--|--|
| 12 | Generator excitation system modes: | a. Voltage control mode (V); |
| | | b. Reactive power mode (Q); |
| | | c. Capacity factor control mode (cosf) |
| 13 | Nominal Power Factor | cosf<0.85 |
| 14 | Capability to take part in isolated mode | The generator speed governor system must be able to operate in the frequency range 45.0 Hz - 55.0 Hz, if not restricted by manufacturer's original documentaion. |
| 15 | Voltage vs time Ranges | a. in case of connection point of the power plant between 110 - 300 kV: 0.85 – 0.90 pu for 60 minutes; 0.90 – 1.12 pu for unlimited time; 1.12 – 1.15 pu for 20 minutes |
| | | b. in case of connection point of the power plant between 300 - 500 kV: 0.85 – 0.90 pu for 60 minutes; 0.90 – 1.12 pu for unlimited time; 1.12 – 1.15 pu for 20 minutes. |
| 16 | Generator excitation regulator | Must be able to work in forcing mode for at least 10 seconds; |
| 17 | The excitation system of the generators must be equipped with a Power System Stabilizer (PSS); | The excitation system of the generators must be equipped with a Power System Stabilizer (PSS); |
| 18 | Must participate in the Remedial Action System; | Must participate in the Remedial Action System and must have the ability to withstand sudden (accidental) shutdowns without damage; |